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Working for Effective Government



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NEW ENGLAND STATE
BUDGET REPORT CARDS
VolckerAlliance.org



Truth and Integrity in State Budgeting

PREVENTING THE NEXT
FISCAL CRISIS



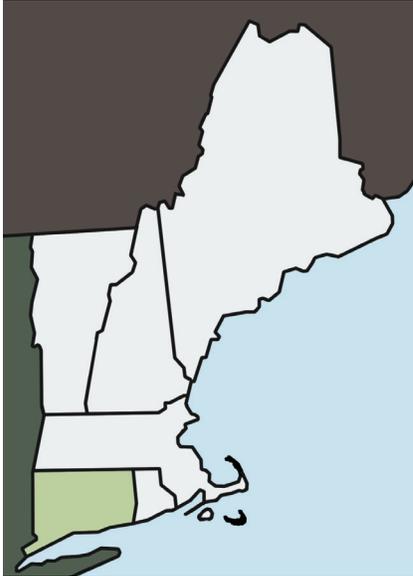
INTRODUCTION

TO EMPHASIZE THE NEED for clear and comprehensible budgets to inform citizens, promote responsible policymaking, and improve fiscal stability, the Volcker Alliance in 2016 began a study of budgetary and financial reporting practices of all fifty states. The Volcker Alliance’s mission is to improve the effectiveness of the administration of government at all levels. Making state budgeting more transparent and accountable is an important part of that goal.

The report cards presented here are taken from the 2018 Volcker Alliance report, *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* which proposes a set of best practices for policymakers. The report cards contain grades of the state’s budgetary practices during the fiscal years of 2016 through 2018. Each state received marks in five critical categories, based on their adherence to best practices in several key budgeting indicators. The five categories covered methods used to achieve budgetary balance as well as how budgets and other financial information are disclosed to the public.

States received grades of A to D-minus (there are no “failed states”) for their procedures in estimating revenues and expenditures; their use of one-time actions to balance budgets; how they oversee and use rainy day funds and other fiscal reserves; the adequacy of their funding of public worker retirement and other postemployment benefits; and the quality of transparency of budget and related financial information.

CONNECTICUT Budget Report Card



OVER DECADES, CONNECTICUT has dug itself into a pension hole that left it with a D average in legacy costs for fiscal 2016 through 2018, the second-lowest mark possible, even though the state contributed close to 100 percent of the actuarially recommended amount to the public employee retirement system.

Because of chronic underfunding in past years, Connecticut's pension funding level was only 43.8 percent as of 2017, almost 25 percentage points lower than the total for US states. Only Illinois, Kentucky, and New Jersey had lower levels. A lack of actuarially determined annual funding for other postemployment benefits, principally health care, also contributed to Connecticut's poor showing in legacy costs.

Digging out will be particularly difficult for Connecticut: Its total revenues dropped slightly in fiscal 2018 (while most other states' revenues were on the upswing). As a result, the state has relied on one-time budget maneuvers, which earned it a D in the category for 2018 and a C average for the three years examined. Connecticut also relied on one-time revenues from a tax amnesty program to balance its 2018 budget.

Connecticut's best performance was in budget forecasting, in which it received straight As. The state relies on consensus revenue forecasting—a best practice identified by the Volcker Alliance. It produces multiyear expenditure and revenue forecasts and also provides evidence to support revenue estimates.

NEW ENGLAND STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Connecticut	A	C	D	B	B
Maine	B	B	B	B	B
Massachusetts	C	D	D-	A	B
New Hampshire	D	A	D	B	B
Rhode Island	A	C	B	B	B
Vermont	B	A	D	B	B
US AVERAGE	C	B	C	B	B

NOTE States are grouped by US Census Bureau divisions.

Average grades are based on annual numerical scores. For more information, download *Truth and Integrity in State Budgeting: Preventing the Next Fiscal Crisis* at VolckerAlliance.org.

CONNECTICUT Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	A	A	A
	Consensus Revenue Forecasts	✓	✓	✓
	Multiyear Expenditure Forecasts	✓	✓	✓
	Multiyear Revenue Forecasts	✓	✓	✓
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE A		3-YEAR TREND —		

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	C	C	D
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	✗	✗	✗
	Funding Recurring Expenditures with Debt	✗	✗	✗
	Using Asset Sales and Up-Front Revenues	✓	✓	✗
3-YEAR AVERAGE C		3-YEAR TREND ↘		

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	D	D	D
	Public Employee OPEB Funding	✗	✗	✗
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	44%	44%	44%
3-YEAR AVERAGE D		3-YEAR TREND —		

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	✗	✗	✗
3-YEAR AVERAGE B		3-YEAR TREND —		

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	✗	✗	✗
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

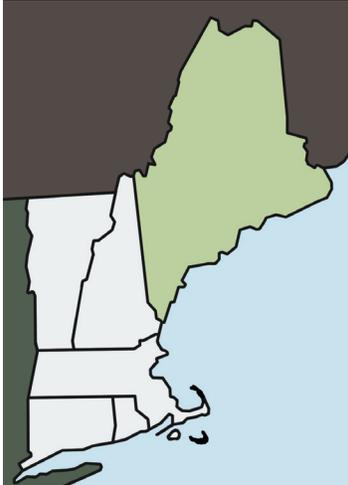
KEY

✓	Followed best practice
✗	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg; 2017 data also used for 2018.

MAINE Budget Report Card



MAINE, THE POOREST OF the New England states based on median household income, was the only state to achieve a B average for fiscal 2016 through 2018 in all five budgetary categories: budget forecasting, budget maneuvers, legacy costs, reserve funds, and transparency.

In reserve funds and transparency, Maine has the same opportunities for improvement that most states have. Though the state has solid policies for disbursing and using money in its Budget Stabilization Fund, it has not linked reserve fund policies to revenue volatility—a practice employed by nineteen states in 2018. The transparency of the state’s finances would benefit from disclosing the costs of deferred infrastructure replacement, a practice that only Alaska, California, Hawaii, and Tennessee followed in 2017 and 2018.

Maine would have scored better in budget maneuvers if it had fully funded its general purpose aid for local schools. But it shortchanged the schools and required local districts to cover some of the costs that ostensibly belonged to the state.

Maine could improve its budget forecasting by disclosing expenditure projections over three years or more. While the state has four-year revenue estimates, the governor’s budget gives spending projections for just two years.

NEW ENGLAND STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Connecticut	A	C	D	B	B
Maine	B	B	B	B	B
Massachusetts	C	D	D-	A	B
New Hampshire	D	A	D	B	B
Rhode Island	A	C	B	B	B
Vermont	B	A	D	B	B
US AVERAGE	C	B	C	B	B

NOTE States are grouped by US Census Bureau divisions.

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MAINE Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consensus Revenue Forecasts	✓	✓	✓
	Multiyear Expenditure Forecasts	X	X	X
	Multiyear Revenue Forecasts	✓	✓	✓
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	X	X	X
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	C	A	A
	Public Employee OPEB Funding	X	✓	✓
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	77%	82%	82%
3-YEAR AVERAGE B		3-YEAR TREND ↗		

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	X	X	X
3-YEAR AVERAGE B		3-YEAR TREND —		

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

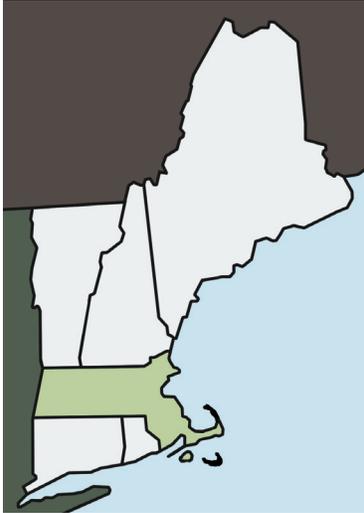
KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* SOURCE Bloomberg; 2017 data also used for 2018.

MASSACHUSETTS Budget Report Card



MASSACHUSETTS EARNED an average grade of D in budget maneuvers for fiscal 2016 through 2018, the second-lowest mark possible. It has relied heavily on one-time actions to close a long-term gap between revenues and expenditures after passing tax cuts in 2000 without either sufficiently reducing spending or growing its economy to cover shortfalls. As a result, Massachusetts has chronically deferred recurring expenditures to future years.

The state relies by statute on consensus revenue estimates, yet it received only a C average in budget forecasting. Its budgetary revenue and expenditure projections do not extend beyond the current fiscal year, thus providing leaders with incomplete information about potential budget stresses.

Massachusetts was one of just six states to receive the lowest possible average of D-minus in legacy costs. It failed to make the full contribution recommended by actuaries for public employee pension funds and other postemployment benefits, principally health care, in all three years studied. Its pension funded ratio in 2017 was 59.9 percent, about nine percentage points below the US total.

The state's lone A average was in the reserve funds category: Massachusetts's rainy day fund contributions are tied to revenue volatility, and the state has clear policies for replenishing and disbursing money it has set aside.

NEW ENGLAND STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Connecticut	A	C	D	B	B
Maine	B	B	B	B	B
Massachusetts	C	D	D-	A	B
New Hampshire	D	A	D	B	B
Rhode Island	A	C	B	B	B
Vermont	B	A	D	B	B
US AVERAGE	C	B	C	B	B

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MASSACHUSETTS Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	C	C	C
	Consensus Revenue Forecasts	✓	✓	✓
	Multiyear Expenditure Forecasts	X	X	X
	Multiyear Revenue Forecasts	X	X	X
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE		C	3-YEAR TREND —	

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	C	D	D
	Deferring Recurring Expenditures	X	X	X
	Revenue and Cost Shifting	X	X	X
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Up-Front Revenues	✓	X	X
3-YEAR AVERAGE		D	3-YEAR TREND ↘	

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	D	D	D
	Public Employee OPEB Funding	X	X	X
	Public Employee Pension Funding	X	X	X
	Public Employee Pension Funded Ratio*	58%	60%	60%
3-YEAR AVERAGE		D	3-YEAR TREND —	

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	A	A	A
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	✓	✓	✓
3-YEAR AVERAGE		A	3-YEAR TREND —	

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE		B	3-YEAR TREND —	

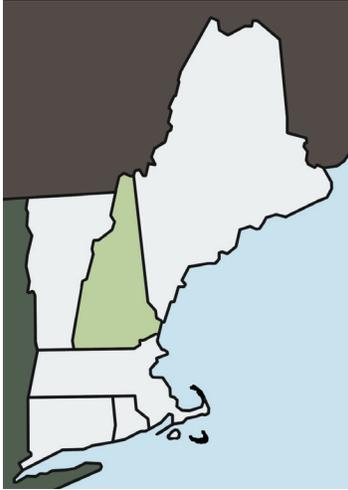
KEY

✓	Followed best practice
X	Did not follow best practice

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* SOURCE Bloomberg; 2017 data also used for 2018.

NEW HAMPSHIRE Budget Report Card



NEW HAMPSHIRE WAS one of sixteen states to earn an A average in budget maneuvers for fiscal 2016 through 2018. In doing so, it showed no evidence of deferring recurring expenditures or accelerating revenues, or using other one-time techniques to achieve budgetary balance.

That mark contrasts with the state's low averages in the budget forecasting and legacy cost categories. In budget forecasting for 2018, New Hampshire received the lowest grade possible, a D-minus, along with Alabama, Missouri, and North Dakota. New Hampshire's poor showing reflected a lack of information on how it derived its short-term projections of revenue growth. It also failed to employ other fundamental practices, including consensus revenue estimates and multiyear revenue and expenditure forecasts.

New Hampshire's insufficient funding of other postemployment benefit costs for public workers, principally health care, contributed to its D average in legacy costs. The accrued liability for these benefits is \$2.1 billion, equivalent to almost half of the state's general fund budget in fiscal 2017. Although New Hampshire has fully funded its actuarially determined pension contributions in recent years, it often fell short in the past. Its pension funded ratio was only 62.6 percent as of 2017, almost six percentage points below the total for all states.

NEW ENGLAND STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Connecticut	A	C	D	B	B
Maine	B	B	B	B	B
Massachusetts	C	D	D-	A	B
New Hampshire	D	A	D	B	B
Rhode Island	A	C	B	B	B
Vermont	B	A	D	B	B
US AVERAGE	C	B	C	B	B

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NEW HAMPSHIRE Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	D	D	D
	Consensus Revenue Forecasts	X	X	X
	Multiyear Expenditure Forecasts	X	X	X
	Multiyear Revenue Forecasts	X	X	X
	Revenue Growth Projections	✓	✓	X
3-YEAR AVERAGE		D	3-YEAR TREND ↘	

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	A	A	A
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	✓	✓	✓
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	✓
3-YEAR AVERAGE		A	3-YEAR TREND —	

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	D	D	D
	Public Employee OPEB Funding	X	X	X
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	58%	63%	63%
3-YEAR AVERAGE		D	3-YEAR TREND —	

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	X	X	X
3-YEAR AVERAGE		B	3-YEAR TREND —	

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE		B	3-YEAR TREND —	

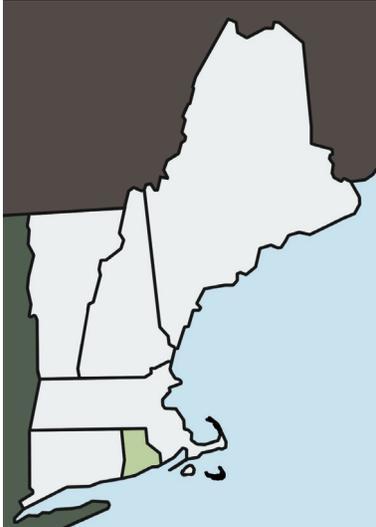
KEY

✓	Followed best practice
X	Did not follow best practice

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* SOURCE Bloomberg; 2017 data also used for 2018.

RHODE ISLAND Budget Report Card



RHODE ISLAND'S BUDGET forecasting procedures, which are among the nation's most solid, earned the state a top A average in the category for fiscal 2016 through 2018. The state disclosed multiyear forecasts for expenditures and revenues, with further-looking estimates than those of most other states. Rhode Island's Revenue Estimating Conference, composed of the governor's budget officer and fiscal advisers to the house and senate, produces reports twice a year that contain forecasts for the current fiscal year and following four fiscal years, as well as the following five calendar years.

The state's poorest performance was in budget maneuvers, where it scored a C average. It did not use debt to pay for recurring expenditures in 2018 – a maneuver it had used in the previous two years – but that positive move was offset by the infusion of \$12.5 million in one-time revenue from a tax amnesty program that ended in February 2018. Such one-time cash might not be available to cover future recurring expenditures.

Rhode Island averaged Bs in the reserve funds and transparency categories. It missed an A in the former because it did not link rainy day fund policies to revenue volatility, a best practice followed by nineteen states in 2018; and in the latter by failing to disclose deferred infrastructure replacement costs, a shortcoming of all but four states in 2017 and 2018.

NEW ENGLAND STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Connecticut	A	C	D	B	B
Maine	B	B	B	B	B
Massachusetts	C	D	D-	A	B
New Hampshire	D	A	D	B	B
Rhode Island	A	C	B	B	B
Vermont	B	A	D	B	B
US AVERAGE	C	B	C	B	B

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RHODE ISLAND Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	A	A	A
	Consensus Revenue Forecasts	✓	✓	✓
	Multiyear Expenditure Forecasts	✓	✓	✓
	Multiyear Revenue Forecasts	✓	✓	✓
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE A		3-YEAR TREND —		

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	C	C	C
	Deferring Recurring Expenditures	✓	✓	✓
	Revenue and Cost Shifting	X	X	X
	Funding Recurring Expenditures with Debt	X	X	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	X
3-YEAR AVERAGE C		3-YEAR TREND —		

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Public Employee OPEB Funding	✓	✓	✓
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	55%	55%	55%
3-YEAR AVERAGE B		3-YEAR TREND —		

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	X	X	X
3-YEAR AVERAGE B		3-YEAR TREND —		

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

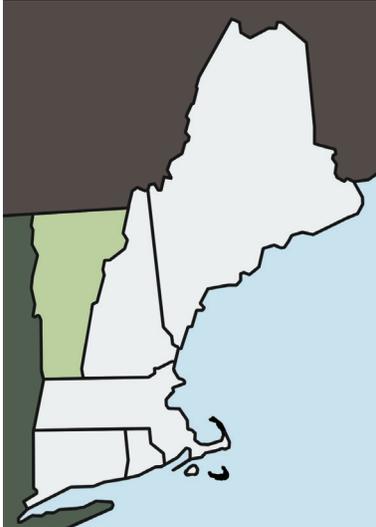
KEY

✓	Followed best practice
X	Did not follow best practice

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* **SOURCE** Bloomberg; 2017 data also used for 2018.

VERMONT Budget Report Card



VERMONT IS THE ONLY STATE without a balanced budget law but follows the example of its peers. It achieved an A average in budget maneuvers for fiscal 2016 through 2018, largely by avoiding one-time measures to keep revenues in line with expenditures. The only exception came in 2017, with the state pushing \$16.3 million of corporate income tax refunds to 2018, when they were paid. Delaying the payment until 2018 offset a shortfall in income tax receipts.

Vermont's lowest grade was its D average in legacy costs. Though the state made the actuarially required contributions to public employee pension plans, it was hurt by a pension funded ratio of only 64.3 percent as of 2017, compared with the US total of 68.6 percent.

Another reason for the low grade was the state's failure to follow actuarial recommendations for funding other postemployment benefits (OPEB), such as health care. According to the *Executive Budget Summary*, the actuary for the Vermont State Employees' Retirement System recommended a contribution of almost \$75 million to the OPEB plan in fiscal 2018, over twice the budgeted contribution of \$36 million.

NEW ENGLAND STATES SIDE BY SIDE: Three-Year Average Grades, 2016-18

	BUDGET FORECASTING	BUDGET MANEUVERS	LEGACY COSTS	RESERVE FUNDS	TRANSPARENCY
Connecticut	A	C	D	B	B
Maine	B	B	B	B	B
Massachusetts	C	D	D-	A	B
New Hampshire	D	A	D	B	B
Rhode Island	A	C	B	B	B
Vermont	B	A	D	B	B
US AVERAGE	C	B	C	B	B

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VERMONT Budget Report Card

BUDGET FORECASTING				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consensus Revenue Forecasts	✓	✓	✓
	Multiyear Expenditure Forecasts	X	X	X
	Multiyear Revenue Forecasts	✓	✓	✓
	Revenue Growth Projections	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

BUDGET MANEUVERS				
	2016	2017	2018	
	CATEGORY GRADE	A	B	A
	Deferring Recurring Expenditures	✓	X	✓
	Revenue and Cost Shifting	✓	✓	✓
	Funding Recurring Expenditures with Debt	✓	✓	✓
	Using Asset Sales and Up-Front Revenues	✓	✓	✓
3-YEAR AVERAGE A		3-YEAR TREND —		

LEGACY COSTS				
	2016	2017	2018	
	CATEGORY GRADE	D	D	D
	Public Employee OPEB Funding	X	X	X
	Public Employee Pension Funding	✓	✓	✓
	Public Employee Pension Funded Ratio*	64%	64%	64%
3-YEAR AVERAGE D		3-YEAR TREND —		

RESERVE FUNDS				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Positive Reserve or General Fund Balance	✓	✓	✓
	Reserve Funds Disbursement Policy	✓	✓	✓
	Reserve Funds Replenishment Policy	✓	✓	✓
	Reserves Tied to Revenue Volatility	X	X	X
3-YEAR AVERAGE B		3-YEAR TREND —		

TRANSPARENCY				
	2016	2017	2018	
	CATEGORY GRADE	B	B	B
	Consolidated Budget Website	✓	✓	✓
	Provides Debt Tables	✓	✓	✓
	Discloses Deferred Infrastructure Replacement Costs	X	X	X
	Discloses Tax Expenditures	✓	✓	✓
3-YEAR AVERAGE B		3-YEAR TREND —		

KEY

✓	Followed best practice
X	Did not follow best practice

BUDGET FORECASTING evaluates whether and how states estimated long-term revenue and expenditure trends. **BUDGET MANEUVERS** evaluates whether states used one-time revenues, borrowings, asset sales, and other measures to achieve short-term budgetary balance. **LEGACY COSTS** evaluates whether states provided adequate funding, as defined by retirement system actuaries, for pensions and other promised retirement benefits for public workers. **RESERVE FUNDS** evaluates states' rainy day funds and other fiscal reserves, as well as any policies governing their use and replenishment. **TRANSPARENCY** evaluates the accessibility to the public of states' budget practices.

* **SOURCE** Bloomberg; 2017 data also used for 2018.