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Adam Greshin, Commissioner

**TO:** Senator Andrew Perchlik  
**CC:** Rep. Robin Scheu, Rep. Marty Feltus, Emily Byrne, Aimee Pope, Autumn Crabtree, Elle Oille-Stanforth  
**FROM:** Adam Greshin  
**DATE:** February 3, 2026  
**RE:** **Technical Corrections to H.790 – An act relating to fiscal year 2026 budget adjustments**

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I write to suggest the following clarifications and technical edits to H.790 – *An act relating to fiscal year 2026 budget adjustments*, as passed by the House.

**Sec. 51.** 2025 Acts and Resolves No. 27, Sec. E.330 is amended to read:

(r) Department of Vermont Health Access. In fiscal year 2026, funds are appropriated for the following:

\* \* \*

(7) \$800,000 Global Commitment ~~for supplemental to increase payments for~~ nonemergency medical transportation funding.

**EXPLANATION:**

AHS needs clarity with the intent of this funding. DVHA currently pays the nonemergency transportation vendor on a per member per week basis in accordance with payment terms in the contract. DVHA will need to review the intent to ensure such funds could be used for NEMT payments in accordance with Federal Medicaid rules.

**Sec. XX.** 2025 Acts and Resolves No. 27, Sec. E.330 is added to read:

Sec. E.330 DEPARTMENT OF AGING AND INDEPENDENT LIVING; VERMONT CENTER FOR INDEPENDENT LIVING

Of the General Fund provided to the Department of Aging and Independent Living in Section B.330 of this act, \$30,000 shall be granted to the Vermont Center for Independent Living to provide home delivered meals to people with disabilities younger than age 60.

**EXPLANATION:**

The House provided an additional \$30,000 of General Fund with no designating language. The purpose of the additional spending authority should be stated within the act to allow the Executive Branch to execute the law as written.



**Sec. XX.** 2025 Acts and Resolves No. 27, Sec. E.334.1 is added to read:  
Sec. E.334.1 DEPARTMENT OF AGING AND INDEPENDENT LIVING; NURSING HOME  
EMERGENCY FISCAL RELIEF; AREA AGENCIES ON AGING; TIER 1 RESIDENTIAL  
CARE

Of the \$14,500,000 of Global Commitment provided to the Department of Aging and  
Independent Living in Section B.334.1 of this act: \$35,226 shall be used  
to increase payments to Area Agencies on Aging beginning April 01, 2026; \$267,888 shall  
be used to increase payments to Tier 1 Enhanced Residential Care facilities starting April  
01, 2026; and, \$14,196,886 shall be used for Nursing Home Emergency Financial Relief.

**EXPLANATION:**

The House provided the \$14,500,000 recommended by the Governor but did not provide language designating its intended, alternative uses for the funds. The purpose should be stated within the act to allow the Executive Branch to execute the law as written.

**Sec. 55.** 2025 Acts and Resolves No. 27, Sec. D.103 is amended to read:

Sec. D.103 RESERVES

(a) Notwithstanding any provision of law to the contrary, in fiscal year 2026, the following reserve transactions shall be implemented for the funds provided:

(1) General Fund.

\* \* \*

(D) The first \$74,908,097 of any fiscal year-end balance otherwise subject to the  
requirements of 32 V.S.A. § 308c(a) and 32 V.S.A. § 308f shall, instead, be reserved for  
addressing federal funding shortfalls, property tax relief, or any other uses determined to be  
in the best interests of the public in the subsequent fiscal year. Any proceeds reserved in  
accordance with the requirements of this subdivision (D) shall automatically be unreserved  
for use on July 1 of the subsequent fiscal year.

\* \* \*

(4) Education Fund.

(A) The \$13,000,000 reserved pursuant to 2023 Acts and Resolves No. 52, Sec. 2 is  
unreserved.

**EXPLANATION:**

The House removed the citation addressing the fiscal year-end closeout process related to the Child Care Contribution cash receipts. The language provided by the Administration established the order of precedence for the close-out process. 32 V.S.A. § 308c(a) states:

*“After satisfying the requirements of section 308 of this title, and after other reserve requirements have been met, any remaining unreserved and undesignated end of fiscal year General Fund surplus shall be reserved in the General Fund Balance Reserve.”*

The House version of the language states the first \$74.9M of any fiscal year-end balance *otherwise subject to the Balance Reserve requirements*. The Balance Reserve requirements require all other reserve requirements be met, including the reserve for the



Child Care cash receipts. This would put the Child Care cash receipt close out reserve in front of the reserve for the \$74.9M necessary to balance the subsequent fiscal year budget. This, therefore, puts the next fiscal year's budget at risk.

The Administration's version puts the reserve for the first \$74.9M of any fiscal year-end balance otherwise subject to the Balance Reserve requirement before the reserve for the Child Care cash contribution. This eliminates any risk that the subsequent fiscal year's budget will not be in balance on July 01. There is no risk to the Child Care Contribution Special Fund because the actual transfer amount, if the consensus estimate is less than the actual Child Care cash receipts, is 100% guaranteed by use of the Balance Reserve per the language establishing the close-out procedure. There is no language allowing the Balance Reserve to be used, during close-out, to ensure the \$74.9M reserve is made whole if the Child Care reserve consumes more than expected. The order of precedence, therefore, matters for close-out and the Administration's language ensures no risk to either the \$74.9M reserve or the reserve for the Child Care cash receipts.

**Sec. 58.** 32 V.S.A. § 308f is added to read:

**§ 308f. CHILD CARE CONTRIBUTION RESERVE**

(a) Annually, not later than the close of the first week of the new fiscal year, the Department of Taxes and the Joint Fiscal Office shall provide the Department of Finance and Management a consensus estimate of the anticipated fourth quarter receipts from the Child Care Contribution, pursuant to chapter 246 of this title, for the fiscal year being closed.

(b) As part of the annual fiscal year General Fund closeout process, the Commissioner of Finance and Management shall reserve an amount of General Fund dollars equal to the consensus estimate provided in subsection (a) of this section prior to executing the requirements of section 308c of this title.

(c) Upon completion of the annual fiscal year General Fund closeout process, the Commissioner of Finance and Management shall immediately unreserve the amount reserved pursuant to subsection (b) of this section ~~and transfer an amount equal to actual receipts to the Child Care Contribution Special Fund.~~

(d) If the amount unreserved pursuant to subsection (c) of this section is determined to be greater than the actual receipts due to the Child Care Contribution Special Fund, then the excess shall immediately be reserved in accordance with section 308c of this title.

(e) If the amount unreserved pursuant to subsection (c) of this section is determined to be less than the actual receipts due to the Child Care Contribution Special Fund, then the amount of the deficiency shall immediately be unreserved from the General Fund Balance Reserve established pursuant to section 308c of this title.

**EXPLANATION:**

The House added "and transfer an amount equal to actual receipts to the Child Care Contribution Special Fund" to the language provided by the Administration. The Administration requests the Senate Appropriations Committee eliminate this House adjustment.



The process provided by the Administration is a technical close-out procedure that safeguards Child Care Contribution cash receipts from being inadvertently subject to the General Fund Balance Reserve fiscal year-end close out process. The language has nothing to do with the deposit of Child Care Contribution cash receipts in the Child Care Contribution Special Fund.

Under current law, employers remit cash withholdings to the Tax Department and those withholdings are deposited into the General Fund. The Tax Department does not have forms separating Child Care Contribution amounts from other withholdings at the time the payments are received. The Tax Department reconciles the amounts quarterly when employers submit required tax documents. Once the reconciliations occur, and the actual amount due the Child Care Contribution Special Fund is known, a transfer of that exact amount is made from the General Fund to the Child Care Contribution Special Fund pursuant to 32 V.S.A. § 10554. The requirement that, immediately upon close of the fiscal year, a transfer of an amount equal to the actual receipts due the Child Care Contribution Special Fund is, therefore, not possible due to the quarterly reconciliation process.

Due to the timing of cash flows and the fact that state funds operate on a cash basis the first quarter revenues to the Child Care Contribution Special Fund are the last quarter cash receipts from the previous fiscal year, once the reconciliation process has been completed. The Child Care Contribution Special Fund is never at risk of not receiving the amount due given the requirement of 32 V.S.A. § 10554. Once the amount due the Child Care Contribution Special Fund is determined, it is automatically paid from the General Fund's cash balance. The House passed language inadvertently confuses the year-end close out process, and the need to safeguard Child Care Contribution cash receipts from the General Fund Balance Reserve procedure, from the deposit of said cash receipts into the Child Care Contribution Special Fund. These are two separate procedures that are only nominally interconnected with no risk to the Child Care Contribution Special Fund.

It is unlikely the estimated amount of cash receipts reserved in the General Fund prior to the Balance Reserve process and then unreserved after the General Fund has been closed will match the actual transfer amount to the Child Care Contribution Special Fund. The contingency provisions included in the language are meant to make the General Fund whole for its first quarter cash receipts, NOT the Child Care Contribution Special Fund because the Child Care Contribution Special Fund receives the amount it is due regardless of the estimated amount reserved. If the amount reserved was too much then not enough was added to the Balance Reserve during close out and this is remedied by adding the excess estimated amount to the Balance Reserve following the first quarter reconciliation. If the amount reserved was too little then too much went into the Balance Reserve and this amount is retrieved from the Balance Reserve following the first quarter reconciliation. In both cases, the General Fund bears all risk from any variance between the estimated amount reserved and the actual amount transferred.



The net impact of this process is to reconcile and ensure the correct amount was put into the General Fund Balance Reserve while holding the Child Care Contribution Special Fund and both retirement accounts harmless for any error due to the estimate being too high or too low.

**Sec. 78.** 2025 Acts and Resolves No. 27, Sec. B.1101(b)(2) is amended to read:

(2) ~~\$50,000,000~~ \$45,000,000 is appropriated to the Agency of Administration to be transferred by the Emergency Board pursuant to 32 V.S.A. § 133 while the General Assembly is not in session in the event of a reduction in federal funds to the State as set forth in Sec. E.127.2 of this act. ~~The General Assembly may designate these funds for other purposes related to federal funding changes.~~ These funds shall carry forward each fiscal year until fully expended or reverted by an act of the General Assembly.

**EXPLANATION:**

The scenario presented by the House is, technically, not operational in the VISION system if, in the future, the General Assembly designates the use of this appropriation to another Business Unit. Internal controls within the VISION system properly prevent one Business Unit from accessing the accounting ledgers of another Business Unit.

Furthermore, the General Assembly only authorized itself to designate uses of the appropriated spending authority but the spending authority must still be transferred by an act of the Emergency Board once the General Assembly is no longer in session and only in the event of a reduction in federal funds to the state as set forth in Sec. E.127.2 of this act.

A better way to accomplish legislative intent is to amend the enabling legislation to reduce the original appropriation and establish a new, separate, one-time appropriation within the designated Business Unit.

**Sec. 79.** HOUSING ASSISTANCE:

(a) ~~Of the amount appropriated to the Agency of Administration in Sec. 2025 Acts and Resolves No. 27, Sec. B.1101(b)(2), \$5,000,000 shall be utilized by~~ is appropriated to the Agency of Administration in fiscal year 2026 for the purpose of assisting a housing authority to avoid termination of U.S. Department of Housing and Urban Development (HUD) Section 8 housing choice vouchers that would otherwise be lost as the result of reductions in federal funding.

(b) Funding may be made available to a housing authority for one of the following purposes:

(1) to maintain a current housing assistance payment in use or to prevent the retirement of a housing assistance payment currently in use by the housing authority; or

(2) with prior approval from HUD, to provide funding to a housing authority in order to prevent the termination of assistance to current housing choice voucher participants.

(c) A vote of the majority of a housing authority's commissioners shall be required prior to a housing authority requesting funds under this section.

(d) The Agency of Administration shall:



(1) establish procedures for validating that such expenditures conform to applicable HUD requirements and are a necessary and proper expense prior to issuing funds; and  
(2) ensure that access to funds authorized by this section is made available to all housing authorities across the State.

(e) As used in this section, “housing authority” has the same meaning as in 24 V.S.A. § 4002.

(f) The ~~funds allocated spending authority appropriated~~ in subsection (a) of this section shall ~~remain available carry forward~~ for the purposes outlined in this section until fully expended or reverted by an act of the General Assembly.

**EXPLANATION:**

Establishes a separate appropriation for housing assistance to be used directly by the Secretary of Administration that is not subject to Emergency Board action.

The subsection (f) requirement is technically non-sensical since spending authority, not allocations, carries forward and/or reverts. Section 79 provides no additional spending authority, so the amount is already subject to the carryforward provisions put forth in Section 78. The House may have intended the designation to remain intact until fully expended or removed by the General Assembly, however, only spending authority is subject to carry forward and reversion, not “funds” or “allocations”.

