

State of Vermont
Agency of Administration
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Sarah Clark, Secretary

February 3, 2026

Honorable Andrew Perchlik
Chair, Senate Committee on Appropriations
Vermont State House
Montpelier, VT 05602

Dear Senator Perchlik:

I write to provide the Administration's comments on H.790 – *An act relating to fiscal year 2026 budget adjustments*. The House-passed bill contains common ground, but we have highlighted concerns that should be addressed by the Senate.

Property Tax Relief (Sec. 55)

The Administration and the House agree that the full, unallocated balance of \$74.9 million should be reserved and carried forward into the next fiscal year.

We differ, however, in what it should be reserved for. The Governor was very clear this balance should be transferred to the Education Fund and used for property tax relief. House language, however, expands the possible uses to “federal funding shortfalls, property tax relief, or any other uses determined to be in the best interests of the public.” Act 27 already designated \$80 million specifically for federal funding shortfalls.

With a looming 12% average increase in statewide property tax bills, property tax relief – and following through on education transformation – must be our focus for these funds. It is so critical that we have also designated an additional \$30 million for this same purpose in the FY27 budget. The Administration asks the Senate to restore the language in the Governor's budget adjustment proposal.

Base Pressures

A great effort was made to hold the line on base growth in both the FY26 Budget Adjustment Act (BAA) and in the FY27 Big Bill. This discipline is essential given the budgetary pressures that increase current services by \$139 million in this year's budget, the high tax burden on Vermonters, and signs we should expect less growth in revenue. The House BAA moves in the opposite direction by making base



increases to the Department of Disabilities, Aging, and Independent Living, the Department of Vermont Health Access, and the Vermont Department of Health. While we support the intent of these increases, we risk adding base budget costs we cannot afford to fund in this more volatile revenue environment and considering Vermont's crisis of affordability.

Housing Authority Assistance (Sec. 79)

The House bill carves \$5 million out of a \$50 million appropriation to the Secretary of Administration to provide financial assistance to housing authorities operating Section 8 voucher programs due to declining federal funds. First, this funding allocation should be clear it is a **one-time** expenditure and not create ongoing base pressure or expectation.

Second, the House language tasks the Agency of Administration (AOA) with, among other things, "establish(ing) procedures for validating that such expenditures (by the housing authorities) conform to applicable Housing and Urban Development (HUD) requirements and are a necessary and proper expense prior to issuing funds." HUD Section 8 is a federal program operated by the State Housing Authorities. AOA does not have the staff, the systems, nor the expertise to carry out this task. If the Senate agrees with the House proposal, we request the Agency of Human Services, Department for Children and Families, be the lead on program administration, in consultation with the Agency of Commerce and Community Development, Department of Housing and Community Development. These agencies and departments have related experience and would be better suited to manage this new mandate. The Department of Finance & Management's technical letter also makes suggestions for how this appropriation should be handled.

ReadVT

The House removed \$700,000 of funding for the Agency of Education's ReadVT program. Building upon Act 139 of the 2024 session, ReadVT is a comprehensive reading initiative dedicated to improving literacy outcomes for all students. This investment is critical as Vermont's reading scores have dropped significantly, starting before the pandemic. In 2022, Vermont scored in the top 5 nationally. We are now scoring only in the middle of the pack. Additionally, Vermont has experienced the steepest decline in performance compared to any other state. We request the Senate restore the Governor's proposal to fund statewide literacy training.



The Administration looks forward to working with the Senate to address the issues in this letter and pass a budget adjustment that meets our shared priorities.

Sincerely,

Sarah Clark
Secretary, Agency of Administration

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Cc: Representative Robin Scheu, House Committee on Appropriations, Chair
Senator Philip Baruth, State Senate, Senate President Pro Tempore
Representative Jill Krowinski, House of Representatives, Speaker
Catherine Benham, Joint Fiscal Office, Chief Fiscal Officer
Adam Greshin, Department of Finance and Management, Commissioner

