

FY 2026 Budget Summary



Fiscal Year 2026 Governor's Budget Recommendations

Philip B. Scott
Governor of Vermont
January 28, 2025





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Dear Members of the General Assembly and Fellow Vermonters:

Three weeks ago, I talked to you about my priorities and the need to keep demographics and affordability at the center of everything we do. These issues are tied together in a way that makes them both a symptom *and* a cause of many of our other challenges. The budget I present today follows through on my commitment to Vermonters to prioritize affordability and find solutions to address demographics, such as a 21st century education system and housing people can afford, while revitalizing cities, towns and villages in every section of the state.

Voters made it clear they want us to work together to *fix* broken systems, not just *fund* them. My budget focuses resources on three key areas that need our attention: housing, education and affordability. Making meaningful progress in each of these areas won't be easy, but we are expected to solve big problems. If we stay focused, and we put our communities and the wellbeing of the entire state first, we'll deliver the brighter future Vermonters asked for and deserve.

Across all funds, my budget totals \$9.0 billion. That seems like a lot of money – and it *is* a lot of money, particularly compared to what we had

when I became Governor eight years ago – but when we take out federal funds which are tied to specific programs, address recurring obligations, and absorb inflationary increases to payroll and programs, we're left with a far smaller sum to invest. Budgeting is about choosing between many good things. Vermonters were very clear: They expect us to separate our wants from our needs and live within *their* means. Let's work together to approach this budget with discipline and a laser focus on the most pressing issues.

That starts with housing where it's now too hard and too expensive to buy, own or rent. Housing isn't just about units. It's about community and opportunity. We've learned a lot over the last several years after investing hundreds of millions of dollars in this area. My team has a plan to build on what's worked and fix what hasn't. This budget has funds to build new units, and it supports increased tax incentives to restore existing structures in the heart of our communities. We also need to focus on the basics for building more homes, such as water, sewer and stormwater infrastructure. Across the state we see projects with the financing and permits for hundreds of units, but expensive infrastructure prevents them from crossing the finish line. That's why this budget invests \$40 million in one-time funds to help municipalities and middle-income housing projects with this critical infrastructure.

Right up there with our housing challenge is the need to fix education. Our kids aren't getting what they deserve from the \$2.6 billion we spend. Neither are teachers or taxpayers. The reason is a financing method that drives up costs and inequity along with a structure that's far too big for a declining number of students. My education reform proposal has a new approach to education funding that ensures resources are available, regardless of where you live. It also provides for things like early education, after school and summer programs, career and college training, and special courses like art, music and foreign language. Importantly, my proposal calls for right sizing our school districts and our infrastructure which was built to educate far more students than are currently enrolled. We know this type of transition won't be easy. The Agency of Education will be on the ground helping districts and school boards along the

way. My budget includes additional resources to support them. The bottom line is, we're committed to seeing this through in a way that minimizes disruption for kids, teachers, schools and taxpayers.

If we fail to make meaningful changes to our education system, we'll be right back where we started with higher and higher costs every year. We had an historic increase last year, and yet we're facing another 6% increase to property tax bills. That doesn't work for anyone. While we fix the education system together, we can also use \$77 million dollars in general fund to eliminate the property tax increase for the coming year and provide some well-deserved relief.

But that's not enough. This budget also supports a \$13.5 million-dollar tax relief package targeted to those with the greatest needs. We can help those living on social security by expanding that exemption to higher levels of household income. To help more low-income working adults, we can increase the Earned Income Tax Credit. We can cover more families by increasing the Child Tax Credit for kids up to age 6. And, as I've done nearly every year, I propose eliminating the income tax on military pensions, bringing us in line with nearly every other state. This will keep, and help attract, a valuable and important part of the workforce and make sure those who serve our nation can afford to retire here. For Vermonters who have been pleading with us for relief, whose fixed income has been losing ground for years, this package is the very least we can do to show them we're listening.

We have an incredible opportunity, and a clear mandate, to *fix* the underlying structural issues that make Vermont unaffordable. With this budget, and commonsense reforms, we can help more folks from all income levels put, and keep, a permanent roof over their head.

We can let them keep more of their hard-earned paychecks. We can restore left-behind communities, giving them back the pride and opportunity they once felt. And we can keep and attract the workforce and families we desperately need.

As I said three weeks ago, we can be the ones who finally tackle these challenges head on. We can leave this place better than we found it, with a legacy that gives generations of kids, workers, families and communities the more affordable, stronger, and brighter future we all deserve.

Sincerely,

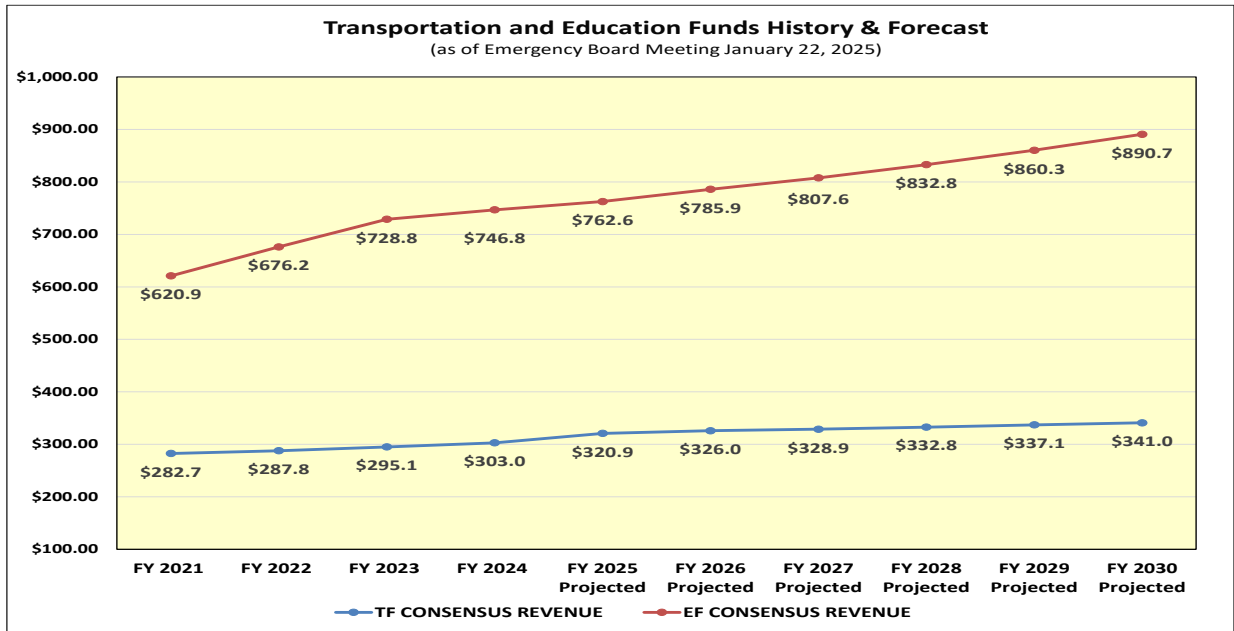
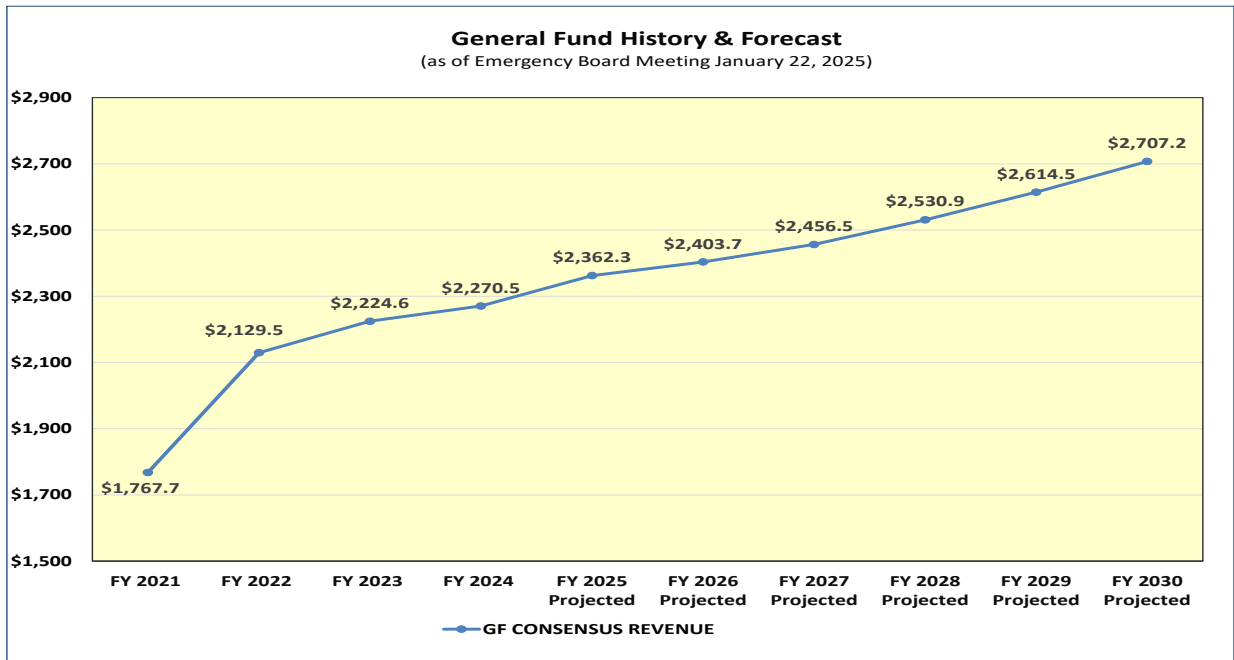
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Philip B. Scott
Governor

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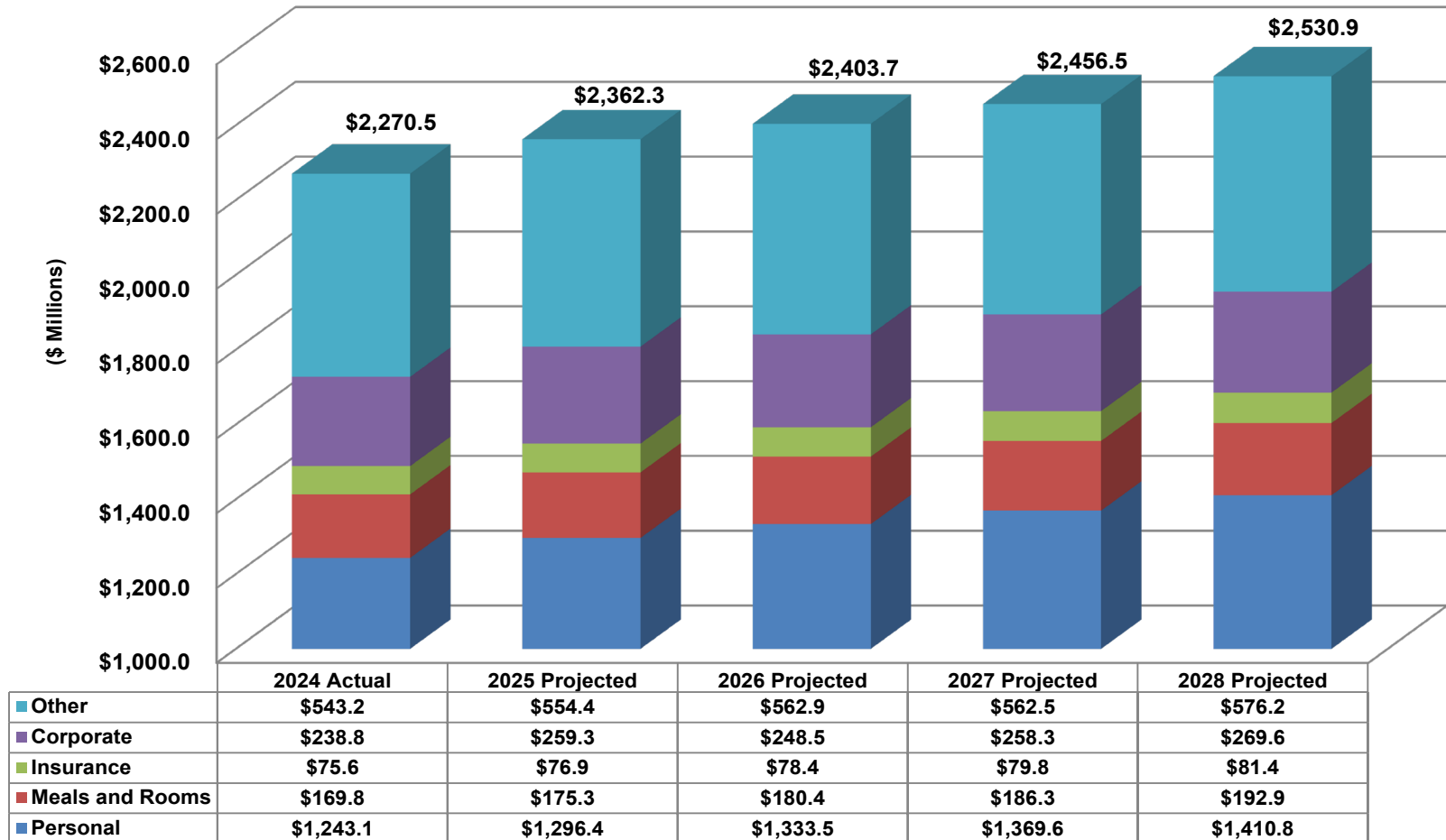
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CONSENSUS REVENUE HISTORY & FORECAST



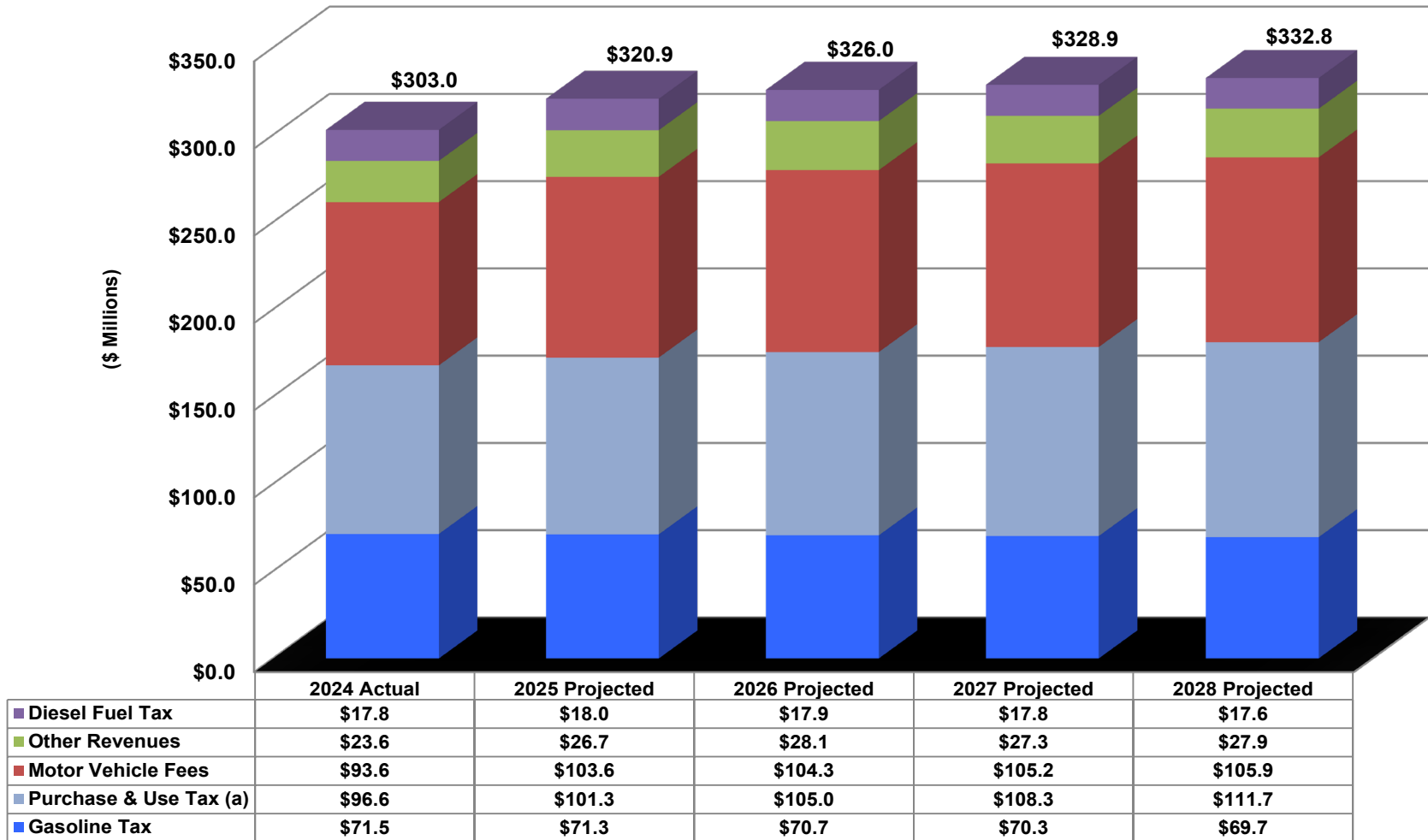
General Fund Revenue by Component FY 2024 – FY 2028

Emergency Board January 22, 2025



Transportation Fund Revenue by Component FY 2024 – FY 2028

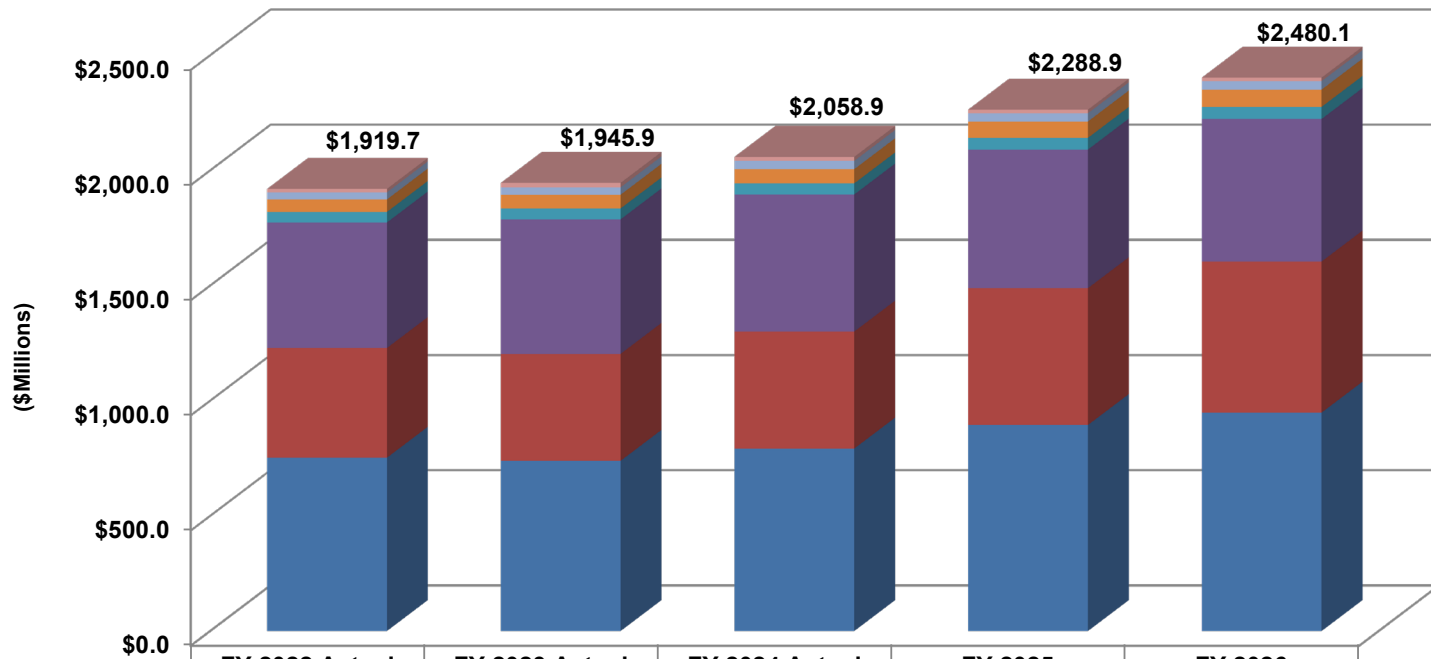
Emergency Board January 22, 2025



(a) One-third of motor vehicles purchase and use revenue is dedicated to the Education Fund

Education Fund Revenue by Component FY 2022 – FY 2026

Emergency Board January 22, 2025



	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Projected	FY 2026 Projected
Other	\$15.0	\$19.4	\$17.5	\$15.7	\$15.3
Lottery Revenue	\$30.8	\$32.1	\$36.0	\$35.6	\$36.7
Meals & Rooms (a)	\$54.2	\$59.4	\$61.5	\$71.2	\$75.0
Purchase & Use Tax (b)	\$45.7	\$47.4	\$48.3	\$50.7	\$52.5
Sales & Use Tax	\$545.2	\$584.0	\$595.2	\$601.9	\$619.0
Homestead Tax	\$476.4	\$464.6	\$508.1	\$594.2	\$656.0
Non-Homestead Tax	\$752.4	\$738.9	\$792.3	\$894.5	\$948.4

(a) The Education Fund's Meals & Rooms revenue represents one-fourth of total Meals & Rooms revenue

(b) The Education Fund's Purchase & Use revenue represents one-third of total Purchase & Use Tax revenue

Current Services General Fund Budget

Per 32 V.S.A. § 306 (a)(1)

A current services budget measures the cost to the state in an upcoming budget period to deliver the same quantity and quality of services delivered in the current budget period. A current services budget incorporates the impact of factors such as: inflation and other changes in the per-person cost of providing the programs and services; any expected changes in the number of people utilizing those services and benefits due to population growth or other factors; any previously enacted changes that have not been phased in, ongoing formula-based adjustments, and other factors that would require statutory changes to undo; and collective bargaining agreements.

A current services budget does not reflect the impact of factors such as: proposed new policy changes not yet enacted; new programmatic initiatives; and proposed new revenue or tax receipts.

See General Fund Overview on page 14 for further detail.

2024 Act and Resolves No. 113, Sec.	Dept Name	FY 2025 As Passed	Base Adjustments - See bottom of sheet	FY25 Adjusted Base Starting Point	FY26 Current Service Level Current Law Budget	Increase/(Decrease)	% Variance
B.100	Administration - secretary's office	2,449,890		2,449,890	2,907,340	457,450	18.7%
B.105	Agency of Digital Services	209,808		209,808	233,207	23,399	11.2%
B.106	Finance and management	1,183,688		1,183,688	1,254,559	70,871	6.0%
B.108	Human resources	1,835,968		1,835,968	1,931,766	95,798	5.2%
B.110	Libraries	2,151,812		2,151,812	2,371,969	220,157	10.2%
B.111	Tax	23,248,019		23,248,019	24,668,155	1,420,136	6.1%
B.113-116	Buildings and general services	6,611,619		6,611,619	6,882,414	270,795	4.1%
	Sub-total Agency of Administration	37,690,804	-	37,690,804	40,249,410	2,558,606	6.8%
B.124	Executive office - governor's office	1,896,299		1,896,299	1,997,850	101,551	5.4%
B.125-128	Legislative Branch - all appropriations	22,427,405		22,427,405	24,544,703	2,117,298	9.4%
B.129	Lieutenant governor	321,409		321,409	348,151	26,742	8.3%
B.130	Auditor of accounts	383,992		383,992	408,398	24,406	6.4%
B.131	Treasurer	2,233,091		2,233,091	2,729,084	495,993	22.2%
B.104.1	Retired State Employee Pension Plus	-	12,000,000	12,000,000	15,000,000	3,000,000	25.0%
B.135	State labor relations board	329,646		329,646	351,717	22,071	6.7%
B.136	VOSHA review board	72,964		72,964	84,251	11,287	15.5%
B.137	Homeowner rebate	19,100,000		19,100,000	19,000,000	(100,000)	-0.5%
B.138	Renter rebate	9,500,000		9,500,000	9,500,000	-	0.0%
B.139	Reappraisal & Listing Pmts	3,400,000		3,400,000	3,410,000	10,000	0.3%
B.140	Municipal Use Tax Reimbursement	20,050,000		20,050,000	21,350,000	1,300,000	6.5%
	Sub-total Property Tax Assistance	52,050,000	-	52,050,000	53,260,000	1,210,000	2.3%
	Sub-total General Government	117,405,610	-	129,405,610	138,973,564	9,567,954	7.4%
B.200	Attorney general	7,391,661		7,391,661	7,845,240	453,579	6.1%
B.201	Vermont court diversion	3,269,511		3,269,511	3,367,596	98,085	3.0%
B.202-203	Defender General	26,103,599		26,103,599	27,850,879	1,747,280	6.7%
B.204	Judiciary	63,414,698		63,414,698	72,601,728	9,187,030	14.5%
B.205	State's attorneys	18,734,634		18,734,634	19,891,309	1,156,675	6.2%
B.206	Special investigative units	2,230,579		2,230,579	2,291,219	60,640	2.7%
B.206.1	Crime Victims Advocates	3,120,552		3,120,552	3,339,331	218,779	7.0%
B.207	Sheriffs	5,473,594		5,473,594	5,888,629	415,035	7.6%
B.208-213	Public safety	72,195,490		72,195,490	83,680,419	11,484,929	15.9%
B.215-219	Military	6,797,040		6,797,040	7,103,522	306,482	4.5%
B.220	Center for crime victims services	1,601,998		1,601,998	1,650,091	48,093	3.0%
B.221	Criminal justice training council	3,835,126		3,835,126	4,220,265	385,139	10.0%
B.222-225.2	Agriculture, food and markets	12,116,166		12,116,166	12,726,113	609,947	5.0%
B.232	Secretary of State	1,000,000		1,000,000	300,000	300,000	30.0%
B.236	Human rights commission	953,800		953,800	1,042,811	89,011	9.3%
	Sub-total Protection	228,238,448	-	228,238,448	254,799,152	26,560,704	11.6%

2024 Act and Resolves No. 113, Sec.	Dept Name	FY 2025 As Passed	Base Adjustments - See bottom of sheet	FY25 Adjusted Base Starting Point	FY26 Current Service Level Current Law Budget	Increase/(Decrease)	% Variance
B.300, B.304	AHS - secretary's office (incl HSB)	13,399,367		13,399,367	16,177,787	2,778,420	20.7%
B.301	Global Commitment	668,380,623		668,380,623	698,806,341	30,425,718	4.6%
B.306, B.309, B.310	Department of Vermont Health Access	114,535,266		114,535,266	119,654,720	5,119,454	4.5%
B.311 - 313	Health	22,770,796	250,000	23,020,796	23,452,782	431,986	1.9%
B.314	Mental health	25,555,311		25,555,311	31,313,214	5,757,903	22.5%
B.316-328	Department for children and families	255,454,936		255,454,936	241,463,080	(13,991,856)	-5.5%
B.329-334.1	Disabilities, aging and independent living	33,800,894		33,800,894	35,626,515	1,825,621	5.4%
B.335-339	Corrections	185,326,878	5,000,000	190,326,878	223,137,230	32,810,352	17.2%
	Sub-total Agency of Human Services	1,319,224,071	5,250,000	1,324,474,071	1,389,631,669	65,157,598	4.9%
B.342	Vermont Veterans Home	4,320,687		4,320,687	10,033,214	5,712,527	132.2%
B.343	Commission on women	487,998		487,998	516,773	28,775	5.9%
B.344	Retired senior volunteer program	160,155		160,155	164,960	4,805	3.0%
B.345	Green Mountain Care Board	3,494,109		3,494,109	3,670,074	175,965	5.0%
B.346	Office of Child & Youth Advocate	431,786		431,786	457,363	25,577	5.9%
	Sub-total Human Services	1,328,118,806	5,250,000	1,333,368,806	1,404,474,053	71,105,247	5.3%
B.400	Labor	10,916,365		10,916,365	11,313,657	397,292	3.6%
	Sub-Total Labor	10,916,365	-	10,916,365	11,313,657	397,292	3.6%
B.500, 501, 504, 504.1, 511.1	Education - finance/admin/ed services - plus adult ed & literacy	18,475,381		18,475,381	19,658,918	1,183,537	6.4%
B.514	State teachers' retirement system	155,384,035		155,384,035	160,566,569	5,182,534	3.3%
B.515	Retired teachers health care	43,031,103		43,031,103	49,091,090	6,059,987	14.1%
B.513	Retired Teachers Pension Plus Funding	12,000,000		12,000,000	15,000,000	3,000,000	25.0%
	Sub-Total General Education	228,890,519	-	228,890,519	244,316,577	15,426,058	6.7%
B.600	University of Vermont	55,706,897		55,706,897	57,378,104	1,671,207	3.0%
B.602	Vermont state colleges	50,940,478		50,940,478	52,468,692	1,528,214	3.0%
B.603	Vermont state colleges - allied health	288,434		288,434	297,087	8,653	3.0%
B.605	Vermont student assistance corporation	26,139,946		26,139,946	27,084,946	945,000	3.6%
B.605.1	VSAC - Flexible Pathways Stipend	41,225		41,225	41,225	-	0.0%
B.606	New England higher education compact	86,520		86,520	86,520	-	0.0%
B.607	University of Vt - Morgan Horse Farm	1		1	-	(1)	-100.0%
	Sub-Total Higher Education	133,203,501	-	133,203,501	137,356,574	4,153,073	3.1%
B.700	Agency of natural resources - admin	5,129,356		5,129,356	5,344,094	214,738	4.2%
B.701	ANR Local property tax assessment	2,267,676		2,267,676	2,284,334	16,658	0.7%
B.702	Fish and wildlife	8,267,967		8,267,967	9,382,865	1,114,898	13.5%
B.703 - B.708	Forests, parks and recreation	12,036,993		12,036,993	13,586,861	1,549,868	12.9%
B.709 - B.712	Environmental conservation	14,330,576		14,330,576	15,448,560	1,117,984	7.8%
	Sub-Total Agency of Natural Resources	42,032,568	-	42,032,568	46,046,714	4,014,146	9.6%
B.713	Land Use Review Board	760,232		760,232	4,019,020	3,258,788	428.7%
	Sub-Total Natural Resources	42,792,800	-	42,792,800	50,065,734	7,272,934	17.0%

2024 Act and Resolves No. 113, Sec.	Dept Name	FY 2025 As Passed	Base Adjustments - See bottom of sheet	FY25 Adjusted Base Starting Point	FY26 Current Service Level Current Law Budget	Increase/(Decrease)	% Variance
B.800	ACCD-Admin	3,597,146		3,597,146	3,802,763	205,617	5.7%
B.801	Economic Development	5,701,138		5,701,138	5,937,190	236,052	4.1%
B.802	Housing & Community Development	5,365,841		5,365,841	5,656,505	290,664	5.4%
B.806	Tourism and marketing	4,785,247		4,785,247	4,990,125	204,878	4.3%
	Sub-Total Agency of Commerce	19,449,372	-	19,449,372	20,386,583	937,211	4.8%
B.808	Vermont council on the arts	973,848		973,848	1,003,063	29,215	3.0%
B.809	Vermont symphony orchestra	149,680		149,680	154,170	4,490	3.0%
B.810	Vermont historical society	1,135,640		1,135,640	1,202,564	66,924	5.9%
B.812	Vermont humanities council	309,000		309,000	318,270	9,270	3.0%
	Sub-Total Commerce	22,017,540	-	22,017,540	23,064,650	1,047,110	4.8%
B.1000	Debt service	675,000		675,000	675,000	-	0.0%
	Sub-Total Debt Service	675,000	-	675,000	675,000	-	0.0%
	Total Base Appropriations	2,112,258,589	17,250,000	2,129,508,589	2,265,038,960	135,530,371	6.4%
G.109(a)	Executive Branch Pay Act	27,279,337		27,279,337	24,644,442	(2,634,895)	-9.7%
G.109(c)	Legislative Branch Pay Act	884,808		884,808	758,613	(126,195)	-14.3%
G.109(b)	Judicial Branch Pay Act	2,470,963		2,470,963	2,388,783	(82,180)	-3.3%
	Sub-Total Pay Act	30,635,108	-	30,635,108	27,791,838	(2,843,270)	-9.3%
	Total Base Appropriations + Pay Act	2,142,893,697	17,250,000	2,160,143,697	2,292,830,798	132,687,101	6.1%
	2024 Act and Resolves No. 113, Secs. C.105 and B.1102(b)(6): Pension Plus payment was not funded in Sec. B.104.1 in FY 2025 As Passed		12,000,000				
	2023 Acts and Resolves No. 78, Secs. E.100(a)(2)(G): Positions Director of Health Equity [\$150,000] Private Secretary [\$100,000]		250,000				
	2023 Acts and Resolves No. 78, Sec. E.100.1 and E.100.2: Health Department - Permanent Administrative Location						
	2024 Act and Resolves No. 113, Sec. B.1104: ARPA Hold Harmless		5,000,000				
	Total Base Adjustments		17,250,000				

GOVERNOR SCOTT'S FY 2026 BUDGET ITEMS

Overview

- Supports fiscal year 2026 General Fund total uses of \$2.4 billion.
- Solidifies the state's historic investments in housing and community revitalization.
- Enhances base funding for Continuum of Care initiatives, including a new pilot recovery campus and expanded pretrial facilities.
- Assists a dramatic transformation in the state's public education system.
- Mitigates the affordability crisis for families and seniors by supporting a series of tax reduction initiatives.
- Fully funds all state retirement and debt service obligations and maintains statutory reserve requirements.

Housing and Community Revitalization

When it comes to meeting the demand for housing and community revitalization, we must continue with what works but we also have to be creative. This means updating or eliminating legacy regulations that impede development for the wrong reasons. It also means committing to programs that have a proven track record of success.

- \$2 million base funding for the Manufactured Home Improvement and Repair Program (MHIR) to help with project costs for owner-occupied manufactured homes.
- \$4 million base funding for the Vermont Housing Improvement Program (VHIP) which brings vacant rental units up to code and adds new units to existing buildings.
- \$9.1 million to the Vermont Bond Bank for the newly created Vermont Infrastructure Sustainability Fund (VISF) which will support municipal infrastructure projects statewide.
- \$15 million to the Vermont Housing Finance Agency (VHFA) Rental Revolving Loan Fund which incentivizes developers for the creation and preservation of rental units for middle income households.
- \$15 million to the VHFA Middle Income Homeownership Development Program to support the construction and rehabilitation of affordable housing.
- \$2 million additional base funding to lift the cap on Downtown and Village Center Tax Credits from \$3 million annually to \$5 million annually.

Assisting Vulnerable Populations and Public Safety Efforts

One measure of a society is how it cares for its most vulnerable populations. Even with an historically strong economy and one of the country's most expansive social safety nets, we can still do more to move all Vermonters into a stable, sustainable living arrangement.

- \$500,000 to build a pilot Recovery Campus in the Northeast Kingdom for justice-involved individuals and \$617,850 base funding (\$1.5 million with federal match) to operate the facility.
- \$30.5 million plus \$8 million in existing base funding to continue the emergency housing (hotel/motel) program for unhoused individuals and families.

- \$3.4 million base funds for the Housing Opportunity Program (HOP) to provide the services associated with emergency shelter beds.
- \$2 million to expand emergency shelter bed capacity.
- \$650,000 additional base funding to build on the success of the Newport pre-trial supervision pilot by adding one more district office.
- \$300,000 to investigate and begin conversion of the Northeast Regional Correctional Facility into a treatment-specific facility for incarcerated individuals.

Education Transformation

Vermont spends more money than most states on pre-K-12 education and yet our results do not reflect it. Voters sent a clear message that they are not happy. They are not looking for a few tweaks – we’ve tried that every year and it hasn’t worked. They are asking for a transformation in how we finance and how we deliver public education.

- \$4 million to the Agency of Education to provide them the resources to help districts and school boards with a variety of transformational tasks, including administrative restructuring, financial and budgeting support, developing high quality academic standards and tools to support, and much more.
- \$77 million General Fund transfer to the Education Fund to stabilize education tax rates by eliminating this year’s projected property tax increase. This will provide relief for overburdened property owners and breathing room for education leaders to begin the transformation process.

Affordability

Property tax relief is the least we can do to mitigate the high cost of living in Vermont, but it’s not enough. Households are stressed, particularly those living on a fixed income, or those who earn too much income to qualify for benefit programs but not enough to keep up with the ever-rising cost of living. We must do more to make Vermont more affordable for young families and retirees.

- \$3.9 million for a full income tax exemption on military pension income, removing a major barrier to our veterans remaining in Vermont. Military veterans are some of the best trained and motivated workers available. It is long past time we do what nearly every other state in the nation has done and make it possible for them start second careers here.
- \$4.5 million to expand the Child Tax Credit for income eligible families with children up to age 6. This fully refundable \$1,000 credit is currently available for children up to age 5.
- \$3 million to increase the Vermont percentage of the “childless” Earned Income Tax Credit from 38% to 100% of the federal amount. This initiative, fully refundable, would benefit lower income families without children.
- \$2.1 million to increase the social security income tax exemption threshold by \$5,000 to \$55,000 for single filers and \$70,000 for joint filers. Vermont is one of the few states that tax social security income, which is a major detriment to attracting and keeping retirees.

Good Government

As pandemic era programs wind down, and enhanced federal revenue slows, we must make sure our financial house is in order and we have the means to invest in programs and initiatives that promise a better future.

- \$4.4 million General Fund (total of \$10.8 million with federal funds) to bridge the transition away from “fee for service” medical care into a “Global Payment” program (called AHEAD). Another \$300,000 to enhance the Green Mountain Care Board’s regulatory capabilities to ensure it has the resources and knowledge base to oversee our health care reform efforts.
- \$1.6 million to modernize our “classification/compensation” system, which determines how we categorize and compensate state employees. Vermont has one of the oldest classification systems in the country. It is outdated and unsupported. A new system is expected to lead to improved employee retention, greater employee satisfaction and more predictable budgeting.
- \$5 million for Vermont State Colleges, the last payment in a 5-year commitment to help our state colleges transform into a unified university that provides the education and training to help every Vermonter succeed.
- \$3 million for the Municipal Technical Assistance Program, run by the Agency of Administration in partnership with regional planning commissions. This program assists rural communities with high needs but limited capacity to apply for federal and state funds to help with flood recovery or other pressing needs.

FY 2026 GENERAL FUND BUDGET OVERVIEW - SOURCES

Sources:	General Fund Impact
Base revenue:	
Official E-Board forecast January 2025	2,403,700,000
Additional Property Transfer Tax	3,080,363
Direct applications, reversions, and other transfers:	
AHS Certified matching funds for Medicaid	4,641,960
Department of Financial Regulation	66,897,085
Attorney General settlements	2,000,000
Liquor Control	14,849,754
Unclaimed Property	6,541,757
Sports Wagering	7,600,000
Reversions from Legislature	121,815
Secretary of State	-
Subtotal - Direct Applications, Reversions, and Transfers	102,652,371
Total Base GF Sources before policy changes	2,509,432,734
Governor's Initiatives (Sources)	
Downtown & Village Center Tax Credit cap adjustment	(2,000,000)
Expand Child Tax Credit by one year - age 6	(4,500,000)
Expand 'childless' EITC to 100%	(3,000,000)
Expand exemption - social security	(2,100,000)
Military pension inc. tax exemption	(3,900,000)
Subtotal Revenue policy changes	(15,500,000)
Base revenue after policy changes	2,493,932,734
One-time revenue:	
Funds reserved in FY2025 per Governor's BAA and unreserved for use in FY2026	131,295,892
One-Time revenue:	131,295,892
Total General Fund sources:	2,625,228,626

FY 2026 General Fund Overview

Budget development began with the submission of FY 2026 budget requests from agencies and departments, as well as input via the Public Budget Forum. Regular meetings with the Secretary of Administration and the Governor yielded a budget balanced to the projected available revenues while incorporating the Governor's priorities. The Governor's budget recommendations were finalized based on the Consensus Revenue Forecast adopted by the Emergency Board on January 22, 2025, just prior to the Governor's budget address to the General Assembly on January 28, 2025. The individual items reflected on the worksheet are discussed in more detail elsewhere in this document and in departmental budget materials.

A detailed breakdown of the Governor's one-time appropriations for policy initiatives can be found on page 16.

Uses:		
FY 2025 As Passed base appropriations - 2024 Act 113 Secs. B.100 through B.1000	2,112,258,589	
FY 2025 As Passed Pay Act - 2024 Act 113 Sec. G. 109	30,635,108	
Add to VDH base for Permanent Location for Office of Health Equity - 2023 Act 78 Secs. E.100.1, E.100.2	250,000	
Add to DOC base to replace FY 2025 ARPA funding - 2024 Act 113 Sec. B.1104	5,000,000	
FY 2025 VSERS Pension Plus payment - 2024 Act 113 Sec. B.1102(b)(6)	12,000,000	
FY 2025 base appropriations starting point		2,160,143,697
Current services appropriation changes:		
Increase in salaries and wages	43,289,188	
Increase in health benefits employer contribution	19,809,126	
Increase in retirement employer contribution	19,455,117	
Increase in all other employee benefits	7,783,327	
Increase in Internal Service Fund allocations	2,820,565	
Increase in property tax assistance	1,210,000	
Increase in VSERS Pension Plus B.104.1 from \$12M to \$15M	3,000,000	
Increase in VSTRS Pension Plus B.513 from \$12M to \$15M	3,000,000	
Increase in VSTRS B.514	5,182,534	
Increase in Retired Teachers Health Care B.515	6,059,987	
Child Care Financial Assistance Program caseload savings	(3,501,972)	
Child Care Financial Assistance Program GF to SF revenue shift based on Jan 2025 E-Board	(19,000,000)	
Increase in Global Commitment GF match for Federal Funds	30,425,718	
Increases in Higher Education (UVM, VSC, VSAC) B.600-B.607	4,153,073	
Net impact of all other upward and downward current services changes	11,843,708	
Decrease in Pay Act GF appropriations	(2,843,270)	
Total current services appropriation changes:	132,687,101	2,292,830,798
	<i>Variance to base starting point</i>	<i>6.1%</i>
Governor's Initiatives		
Base Uses - Policy Changes		
ACCD: \$2.150M MHIR, \$4.3M VHIP base funding; Int'l Business Dev Office \$350k	6,800,000	
AHS: GF match for GC - VDH Recovery Campus \$618k, DMH Alternatives to Emergency Beds \$357k	974,651	
DCF-OEO: Housing Opportunity Program baseline pressures	3,352,820	
DEC - Confined Animal Feeding permitting transition	300,000	
DOC - Pretrial Expansion: adding one more site	650,000	
DPS-State Police: Replace \$20.25M T-Fund with GF	20,250,000	
DPS: Radio Equipment \$500k; School Safety Center \$150k; Hazard Mitigation Grants Mgr \$5k	655,000	
Green Mtn Care Board expansion including three new positions	300,000	
VDH: Aftercare positions, re-engagement beds, withdrawal management (Substance Use CoC)	1,320,000	
Subtotal Base Uses - Policy Changes	34,602,471	2,327,433,269
	<i>Variance to base starting point</i>	<i>7.7%</i>
One-time Uses - Policy Changes		
One-time General Fund Appropriations - Sec. B.1100	99,905,102	
Transfer to Education Fund for property tax relief	77,200,000	
Transfer to Computer Information Technology Fund for ADS billing model change	15,000,000	
Transfer to Environmental Contingency Fund for PCB testing/remediation in schools	9,520,000	
Subtotal One-Time Uses - Policy Changes	201,625,102	
Total Policy Initiatives - Base and One-Time	236,227,573	
Transfers and Reserves- statutory requirements or deficit mitigation:		
From Cannabis Regulation Fund	(5,900,000)	
To General Obligation Bonds Debt Service Fund	81,155,462	
To Capital Infrastructure Fund (based on 4% prior year appropriations less debt service)	14,881,093	
To Tax Computer System Modernization Fund	4,300,000	
To Fish & Wildlife Fund	185,000	
Unreserved from Budget Stabilization Reserve	(1,429,925)	
Unreserved from Human Services Caseload Reserve	(2,721,375)	
Reserved in 27/53 Reserve	5,700,000	
Subtotal	96,170,255	
Total One-Time Appropriations, Transfers, and Reserves:		297,795,357
Total General Fund Uses		2,625,228,626

One-time General Fund Appropriations for Policy Initiatives – Section B.1100

Sec. #	Recipient - Purpose	Amount
B.1100(a)(1)	AOA-IDEAL VT Two Year Funding	\$ 220,000
B.1100(a)(2)	AOA-Truth and Reconciliation Commission	\$ 1,100,000
B.1100(a)(3)	AOA-Municipal Technical Assistance Program	\$ 3,000,000
B.1100(b)(1)	DHR-Classification Modernization	\$ 1,575,000
B.1100(d)(1)	DPS-Cybersecurity Grant Match	\$ 600,000
B.1100(d)(2)	DPS-Mobile and Portable Radio Equipment	\$ 920,000
B.1100(e)(1)	AHSCO-Blueprint and SASH Programs	\$ 4,448,520
B.1100(g)(1)	VDH-PCB Testing	\$ 480,000
B.1100(g)(2)	VDH-Pilot Recovery Campus Startup	\$ 500,000
B.1100(h)(1)	DCF-Shelter Capacity Expansion	\$ 2,000,000
B.1100(h)(2)	DCF-GA Emergency Housing	\$ 30,500,000
B.1100(i)(1)	DOC-Facility Conversion for Treatment Services	\$ 300,000
B.1100(j)(1)	AOE-Education Transformation Support/AOE Capacity Building	\$ 4,000,000
B.1100(k)(1)	Vermont State Colleges-Tuition Advantage Program	\$ 1,000,000
B.1100(k)(2)	Vermont State Colleges-FY26 Bridge Payment	\$ 5,000,000
B.1100(l)(2)	DFW-Mobile and Portable Radio Equipment	\$ 80,000
B.1100(m)(1)	DEC-Municipal Wastewater Connections Database	\$ 50,000
B.1100(m)(2)	DEC-Confined Animals Feeding Operation Permitting Transition	\$ 850,000
B.1100(n)(1)	HCD-Limited Service Position Extension	\$ 300,000
B.1100(n)(2)	HCD-Vermont Bond Bank Infrastructure Sustainability Fund	\$ 9,100,000
B.1100(n)(3)	HCD-VHFA Rental Revolving Loan Fund	\$ 15,000,000
B.1100(n)(4)	HCD-VHFA Middle Income Homeownership Development Program	\$ 15,000,000
B.1100(o)(1)	DED-Vermont Professionals of Color Network	\$ 250,000
B.1100(o)(2)	DED-Brownfields Revitalization Fund	\$ 2,000,000
B.1100(p)(1)	VHCB-Land Access Opportunity Board	\$ 1,631,582
	Grand Total	\$ 99,905,102

Total Appropriations History FY 2022 – FY 2026 (All Funds)

Funding Sources	2022 Final Appropriations	2023 Final Appropriations	2024 Final Appropriations	2025 Gov's Rec Budget Adjustment (a)	FY 2026 Governor's Recommended Budget (b)
General Fund	2,333,376,886	2,092,040,666	2,400,913,883	2,324,657,713	2,427,338,372
Transportation Fund	311,123,868	318,673,640	331,738,705	354,999,921	339,298,358
Education Fund	1,863,469,652	1,961,209,411	2,139,517,015	2,310,696,891	2,418,628,817
Special Funds & Other Funds ^(c)	424,544,880	512,737,364	629,391,612	625,628,337	669,703,406
Sub-Total	<u>4,932,515,286</u>	<u>4,884,661,081</u>	<u>5,501,561,215</u>	<u>5,615,982,862</u>	<u>5,854,968,953</u>
Total State Funds after EF Transfer	<u>4,932,515,286</u>	<u>4,884,661,081</u>	<u>5,501,561,215</u>	<u>5,615,982,862</u>	<u>5,854,968,953</u>
percent of total		56.36%	63.02%	63.61%	64.79%
Federal Funds	2,450,935,367	3,189,459,388	3,170,202,380	3,175,563,390	3,134,325,429
Federal ARRA Funds ^(d)	520,000	510,535	-	-	6,627
COVID Funds	601,014,176	566,696,781	22,280,000	5,000,000	-
Total Funds Before Dedicated Dollars	<u>7,984,984,829</u>	<u>8,641,327,785</u>	<u>8,694,043,595</u>	<u>8,796,546,252</u>	<u>8,989,301,009</u>
percent of total	99.62%	99.70%	99.60%	99.63%	99.47%
Dedicated Sources					
Local Match	1,833,316	4,585,799	11,104,867	7,717,496	19,650,159
Enterprise Funds	12,792,458	13,626,186	14,720,611	15,074,405	17,851,996
Debt Service Obligation Funds	2,505,863	-	-	-	-
Pension & Private Purpose Trust Funds ^(e)	13,450,072	7,833,395	9,382,370	9,727,290	10,407,684
Sub-Total	<u>30,581,709</u>	<u>26,045,380</u>	<u>35,207,848</u>	<u>32,519,191</u>	<u>47,909,839</u>
Total Funds and Dedicated Sources	<u>8,015,566,538</u>	<u>8,667,373,165</u>	<u>8,729,251,443</u>	<u>8,829,065,443</u>	<u>9,037,210,848</u>
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	162,465,540	202,486,578	229,234,960	237,892,038	235,176,276
Interdepartmental Transfer	66,295,845	66,930,449	69,221,761	82,238,212	109,644,270
Global Commitment Fund	1,789,162,244	1,977,336,518	2,006,691,247	2,123,693,716	2,130,926,133
Total	<u>2,017,923,629</u>	<u>2,246,753,545</u>	<u>2,305,147,968</u>	<u>2,443,823,966</u>	<u>2,475,746,679</u>
Total All Appropriations	<u>10,033,490,167</u>	<u>10,914,126,710</u>	<u>11,034,399,411</u>	<u>11,272,889,409</u>	<u>11,512,957,527</u>

NOTES:

(a) Governor's FY 2025 budget adjustment recommendations presented on January 10, 2025.

(b) Governor's budget recommendations presented to the General Assembly on January 28, 2025.

(c) "Special Funds" also include: Fish & Wildlife, Tobacco, State Health Care Resources, Transportation Infrastructure Bond Funds.

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

(e) Includes Permanent Trust Funds, Pension Funds, Retired Teachers' Health Fund and Private Purpose Trust Funds.

FY 2026 Governor's Recommended Budget – All Funds by Function

Funding Sources	2025 Gov's Rec Budget Adjustment (a)	FY 2026 Governor's Recommended Budget (b)	% Change from BAA	All General Government			Total Human Services			GC/Medicaid/ LTC Federal & State Only
				General Government	Property Tax Assistance ^(c)	Protection to Persons & Property	Corrections	Non-GC/Medicaid	Non-GC/Medicaid	
General Fund	2,324,657,713	2,427,338,372	4.42%	85,713,564	53,260,000	275,704,152	221,183,300	369,121,516	820,766,708	
Transportation Fund	354,999,921	339,298,358	-4.42%	4,542,959	-	-	-	-	-	
Education Fund	2,310,696,891	2,418,628,817	4.67%	-	-	-	-	-	-	
Special Funds ^(d)	625,628,337	669,703,406	7.04%	21,798,313	12,240,000	121,482,909	2,102,028	195,267,251	88,224,234	
Total Funds Before Federal Dollars	5,615,982,862	5,854,968,953	4.26%	112,054,836	65,500,000	397,187,061	223,285,328	564,388,767	908,990,942	
percent of total	63.61%	64.79%		1.91%	1.12%	6.78%	3.81%	9.64%	15.53%	
Federal Funds	3,175,563,390	3,134,325,429	-1.30%	1,273,020	-	239,445,060	530,119	380,137,449	1,546,245,456	
ARRA Funds	5,000,000	6,627		-	-	6,627	-	-	-	
COVID Funds	-	-		-	-	-	-	-	-	
Total Funds Before Dedicated Dollars	8,796,546,252	8,989,301,009	2.19%	113,327,856	65,500,000	636,638,748	223,815,447	944,526,216	2,455,236,398	
percent of total	99.63%	99.47%		1.26%	0.73%	7.08%	2.49%	10.51%	27.31%	
Dedicated Sources										
Local Match	7,717,496	19,650,159	154.62%	-	-	-	-	-	-	
Enterprise Funds	15,074,405	17,851,996	18.43%	4,427	-	17,847,569	-	-	-	
Debt Service Obligation Funds	-	-	0.00%	-	-	-	-	-	-	
Pension Trust & Private Purpose Trust Funds	9,727,290	10,407,684	6.99%	6,572,029	-	-	-	25,000	-	
Sub-Total	32,519,191	47,909,839	47.33%	6,576,456	-	17,847,569	-	25,000	-	
Total Funds and Dedicated Sources	8,829,065,443	9,037,210,848	2.36%	119,904,312	65,500,000	654,486,317	223,815,447	944,551,216	2,455,236,398	
percent of total	100.00%	100.00%		1.33%	0.72%	7.24%	2.48%	10.45%	27.17%	
Fund Sources that are duplicated in the above appropriations:										
Internal Service Funds	237,892,038	235,176,276	-1.14%	209,117,870	-	-	403,853	-	-	
Interdepartmental Transfer	82,238,212	109,644,270	33.33%	9,219,740	-	17,289,829	545,099	23,972,937	8,176,054	
Global Commitment Fund	2,123,693,716	2,130,926,133	0.34%	-	-	-	6,112,619	800,167,915	1,312,085,599	
Total	2,443,823,966	2,475,746,679	1.31%	218,337,610	-	17,289,829	7,061,571	824,140,852	1,320,261,653	
Total All Appropriations	11,272,889,409	11,512,957,527	2.13%	338,241,922	65,500,000	671,776,146	230,877,018	1,768,692,068	3,775,498,051	

NOTES (both pages):
(a) Governor's FY 2025 budget adjustment recommendations presented on January 10, 2025.
(b) Governor's budget recommendations presented to the General Assembly on January 28, 2025.
(c) Includes Homeowner Rebate; Renter Rebate; reappraisal and listing payments; and municipal current use.
(d) "Special Funds" also include: Fish & Wildlife, Tobacco, State Health Care Resources, Transportation Infrastructure Bond Funds.

FY 2026 Governor's Recommended Budget

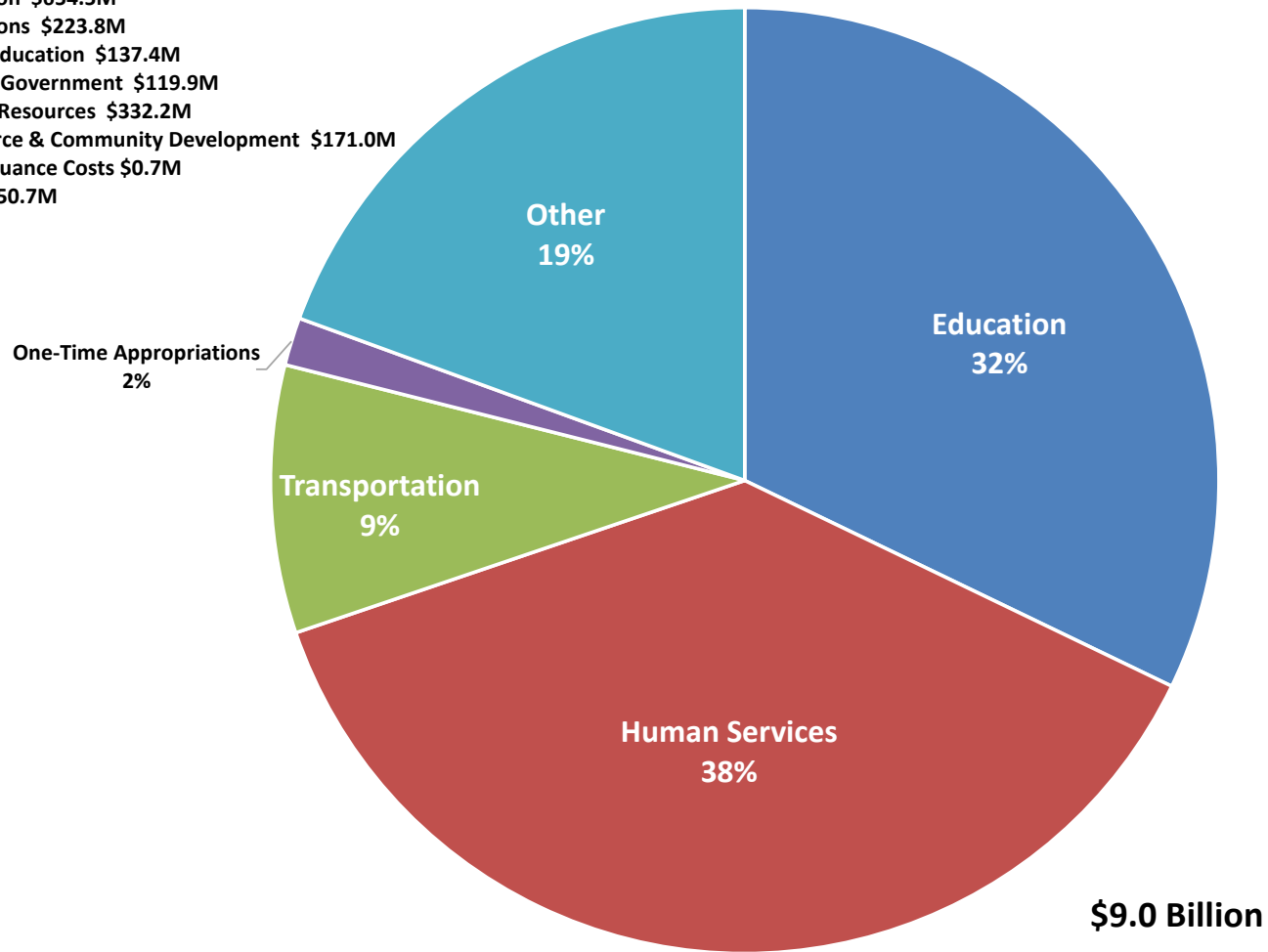
Funding Sources	Labor	General Education	Higher Education & Other	Natural Resources	Commerce & Community Development	Transportation	Debt Service	One-Time and Other
General Fund	11,313,657	244,316,577	137,356,574	50,365,734	29,864,650	-	675,000	127,696,940
Transportation Fund	-	-	-	-	-	331,755,399	-	3,000,000
Education Fund	-	2,418,587,592	41,225	-	-	-	-	-
Special Funds ^(d)	9,710,673	33,449,942	-	96,908,285	53,784,771	24,030,000	-	10,705,000
Total State Funds after EF Transfer	21,024,330	2,696,354,111	137,397,799	147,274,019	83,649,421	355,785,399	675,000	141,401,940
0.00%	0.36%	46.05%	2.35%	2.52%	1.43%	6.08%	0.01%	2.42%
Federal Funds	29,640,603	206,397,296	-	184,885,710	87,393,425	452,025,811	-	6,351,480
	-	-	-	-	-	-	-	-
Total Funds Before Dedicated Dollars	50,664,933	2,902,751,407	137,397,799	332,159,729	171,042,846	807,811,210	675,000	147,753,420
percent of total	0.56%	32.29%	1.53%	3.70%	1.90%	8.99%	0.01%	1.64%
Dedicated Sources								
Local Match	-	-	-	-	-	19,650,159	-	-
Enterprise Funds	-	-	-	-	-	-	-	-
Debt Service Obligation Funds	-	-	-	-	-	-	-	-
Pension Trust & Private Purpose Trust	-	3,810,655	-	-	-	-	-	-
Sub-Total	-	3,810,655	-	-	-	19,650,159	-	-
Total Funds and Dedicated Sources	50,664,933	2,906,562,062	137,397,799	332,159,729	171,042,846	827,461,369	675,000	147,753,420
	0.56%	32.16%	1.52%	3.68%	1.89%	9.16%	0.01%	1.63%
Fund Sources that are duplicated in the above appropriations:								
Internal Service Funds	-	-	-	-	-	25,654,553	-	-
Interdepartmental Transfer	122,841	2,376,046	-	14,976,689	2,703,567	30,261,468	-	-
Global Commitment Fund	-	260,000	1,500,000	-	-	-	-	10,800,000
Total	122,841	2,636,046	1,500,000	14,976,689	2,703,567	55,916,021	-	10,800,000
Total All Appropriations	50,787,774	2,909,198,108	138,897,799	347,136,418	173,746,413	883,377,390	675,000	158,553,420

FY 2026 Governor's Recommended Appropriations by Function

Appropriations by Function (FY26 Governor's Budget)

OTHER:

- Property Tax Assistance \$65.5M
- Protection \$654.5M
- Corrections \$223.8M
- Higher Education \$137.4M
- General Government \$119.9M
- Natural Resources \$332.2M
- Commerce & Community Development \$171.0M
- Bond Issuance Costs \$0.7M
- Labor \$50.7M



FY 2026 Governor's Recommended Appropriations by Fund

Appropriations by Fund (FY26 Governor's Budget)

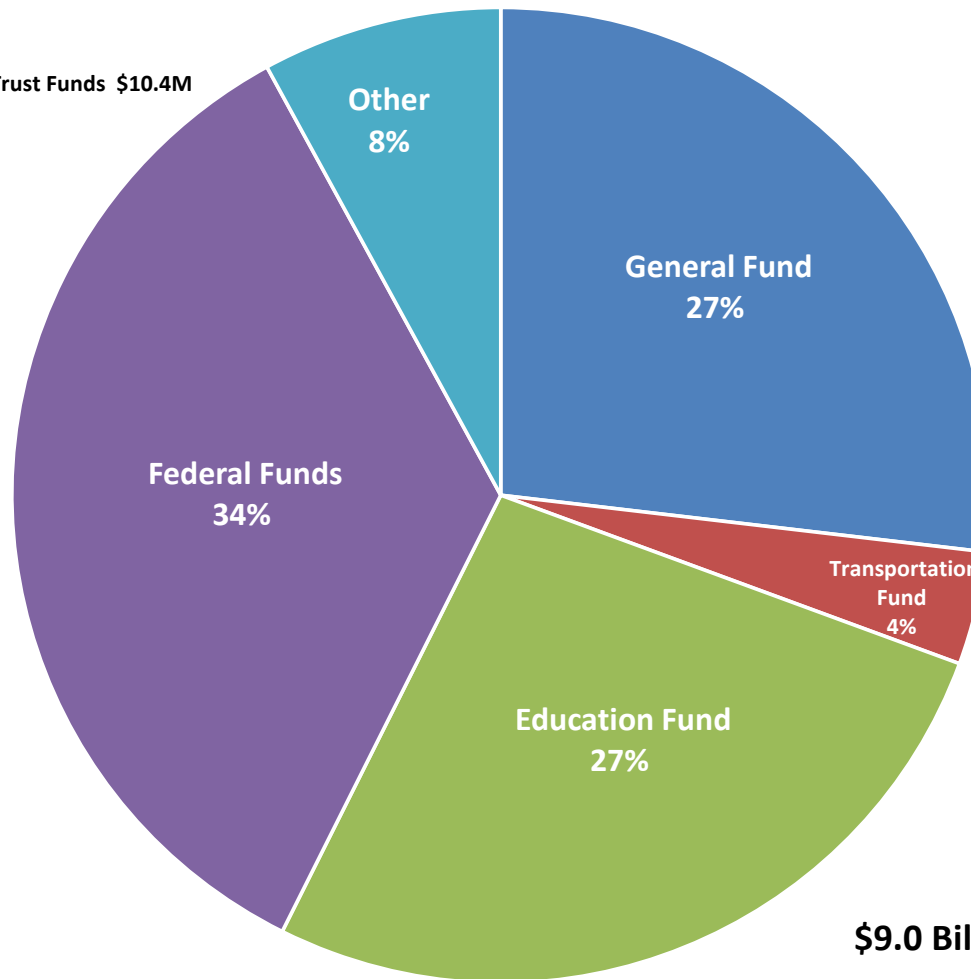
OTHER:

Local Match \$19.7M

Enterprise Funds \$17.9M

Pension & Private Purpose Trust Funds \$10.4M

Special Funds \$669.7M



FY 2026 Governor's Recommended Budget by Department and Funding Source

Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund	Subtotal State Funds, Net	Federal Funds	Subtotal Before Dedicated Sources	Dedicated Sources (b)	Total Funds and Dedicated Sources	Duplicate Appropriations (c)		FY 2026 Governor's Recommended Total Appropriations
										Global Commitment	ISF, IDT, and ARRA IDT	
GENERAL GOVERNMENT												
Agency of Administration:												
Secretary of Administration	2,907,340	-	875,000	-	3,782,340	-	3,782,340	-	3,782,340	-	3,377,759	7,160,099
Secretary of Administration - Insurance	-	-	-	-	-	-	-	-	-	-	1,776,661	1,776,661
Finance & Management	1,254,559	-	-	-	1,254,559	-	1,254,559	-	1,254,559	-	5,242,479	6,497,038
Human Resources	1,931,766	-	171,235	-	2,103,001	-	2,103,001	-	2,103,001	-	16,950,603	19,053,604
Libraries	2,371,969	-	96,994	-	2,468,963	1,273,020	3,741,983	-	3,741,983	-	120,449	3,862,432
Tax	24,668,155	-	12,413,386	-	37,081,541	-	37,081,541	-	37,081,541	-	115,000	37,196,541
Buildings and General Services	6,882,414	4,542,959	450,213	-	11,875,586	-	11,875,586	4,427	11,880,013	-	48,469,538	60,349,551
Total Agency of Administration	40,016,203	4,542,959	14,006,828	-	58,565,990	1,273,020	59,839,010	4,427	59,843,437	-	76,052,489	135,895,926
Executive Office	1,997,850	-	-	-	1,997,850	-	1,997,850	-	1,997,850	-	526,835	2,524,685
Legislative Counsel	4,706,416	-	-	-	4,706,416	-	4,706,416	-	4,706,416	-	-	4,706,416
Legislature	12,457,101	-	-	-	12,457,101	-	12,457,101	-	12,457,101	-	-	12,457,101
Legislative Information Technology	2,417,221	-	-	-	2,417,221	-	2,417,221	-	2,417,221	-	-	2,417,221
Joint Fiscal Office	3,157,769	-	-	-	3,157,769	-	3,157,769	-	3,157,769	-	-	3,157,769
Sergeant at Arms	1,806,196	-	-	-	1,806,196	-	1,806,196	-	1,806,196	-	-	1,806,196
Lieutenant Governor	348,151	-	-	-	348,151	-	348,151	-	348,151	-	-	348,151
Auditor of Accounts	408,398	-	53,145	-	461,543	-	461,543	-	461,543	-	4,456,988	4,918,531
Treasurer	2,729,084	-	4,179,251	-	6,908,335	-	6,908,335	1,382,916	8,291,251	-	541,775	8,833,026
State Employees/Municipal Retirement Systems	15,000,000	-	2,538,102	-	17,538,102	-	17,538,102	5,189,113	22,727,215	-	-	22,727,215
Agency of Digital Services	233,207	-	1,014,199	-	1,247,406	-	1,247,406	-	1,247,406	-	136,482,169	137,729,575
Labor Relations Board	351,717	-	6,788	-	358,505	-	358,505	-	358,505	-	2,788	361,293
VOSHA Review Board	84,251	-	-	-	84,251	-	84,251	-	84,251	-	51,004	135,255
Homeowner Rebate	19,000,000	-	-	-	19,000,000	-	19,000,000	-	19,000,000	-	-	19,000,000
Renter rebate	9,500,000	-	-	-	9,500,000	-	9,500,000	-	9,500,000	-	-	9,500,000
Reappraisal and Listing Payments	3,410,000	-	-	-	3,410,000	-	3,410,000	-	3,410,000	-	-	3,410,000
Use Tax Reimbursement - Municipal Current Use	21,350,000	-	-	-	21,350,000	-	21,350,000	-	21,350,000	-	-	21,350,000
Ethics Commission	-	-	-	-	-	-	-	-	-	-	223,562	223,562
PILOT	-	-	12,200,000	-	12,200,000	-	12,200,000	-	12,200,000	-	-	12,200,000
PILOT - Montpelier	-	-	-	-	-	-	-	-	-	-	-	-
PILOT - Corrections	-	-	40,000	-	40,000	-	40,000	-	40,000	-	-	40,000
TOTAL GENERAL GOVERNMENT	138,973,564	4,542,959	34,038,313	-	177,554,836	1,273,020	178,827,856	6,576,456	185,404,312	-	218,337,610	403,741,922
percent of total	5.73%	1.34%	5.08%	0.00%	3.03%	0.04%	1.99%	13.73%	2.05%	0.00%	63.32%	3.51%
PROTECTION TO PERSONS AND PROPERTY												
Attorney General	7,845,240	-	2,903,549	-	10,748,789	1,809,676	12,558,465	-	12,558,465	-	4,530,040	17,088,505
Court Diversion	3,367,596	-	257,997	-	3,625,593	-	3,625,593	-	3,625,593	-	-	3,625,593
Defender General	27,850,879	-	589,653	-	28,440,532	-	28,440,532	-	28,440,532	-	-	28,440,532
Judiciary	72,601,728	-	1,997,094	-	74,598,822	1,560,412	76,159,234	-	76,159,234	-	2,340,222	78,499,456
State's Attorneys and SIUs	25,521,859	-	-	-	25,521,859	31,000	25,552,859	-	25,552,859	-	553,027	26,105,886
Sheriffs	5,888,629	-	-	-	5,888,629	-	5,888,629	-	5,888,629	-	-	5,888,629
Public Safety	104,585,419	-	19,272,898	-	123,858,317	81,674,953	205,533,270	-	205,533,270	-	6,325,939	211,859,209
Military	7,103,522	-	285,217	-	7,388,739	72,031,959	79,420,698	-	79,420,698	-	-	79,420,698
Center for Crime Victims Services	1,665,091	-	4,015,489	-	5,665,580	5,151,451	10,817,031	-	10,817,031	-	-	10,817,031
Criminal Justice Council	4,220,265	-	-	-	4,220,265	-	4,220,265	-	4,220,265	-	390,852	4,611,117
Agriculture, Food & Markets	12,726,113	-	21,023,179	-	33,749,292	23,986,837	57,736,129	-	57,736,129	-	2,258,258	59,994,387
Financial Regulation	-	-	20,792,801	-	20,792,801	-	20,792,801	-	20,792,801	-	-	20,792,801
Secretary of State	1,300,000	-	19,155,734	-	20,455,734	6,706,404	27,162,138	-	27,162,138	-	-	27,162,138
Public Service Department	-	-	13,742,215	-	13,742,215	46,399,595	60,148,437	10,848	60,159,285	-	821,491	60,980,776
Public Service Board	-	-	5,144,439	-	5,144,439	-	5,144,439	-	5,144,439	-	-	5,144,439
E-911 Board	-	-	5,397,395	-	5,397,395	-	5,397,395	-	5,397,395	-	-	5,397,395
Human Rights Commission	1,042,811	-	-	-	1,042,811	92,773	1,135,584	-	1,135,584	-	-	1,135,584
Liquor and Lottery	-	-	375,579	-	375,579	-	375,579	17,836,721	18,212,300	-	70,000	18,282,300
Cannabis Control Board	-	-	6,529,670	-	6,529,670	-	6,529,670	-	6,529,670	-	-	6,529,670
TOTAL PROTECTION	275,704,152	-	121,482,909	-	397,187,061	239,445,060	636,638,748	17,847,569	654,486,317	-	17,289,829	671,776,146
percent of total	11.36%	0.00%	18.14%	0.00%	6.78%	7.64%	7.08%	37.25%	7.24%	0.00%	5.01%	5.83%

FY 2026 Governor's Recommended Budget by Department and Funding Source

Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund	Subtotal State Funds, Net	Federal Funds	Subtotal Before Dedicated Sources	Dedicated Sources (b)	Total Funds and Dedicated Sources	Duplicate Appropriations (c)		FY 2026 Governor's Recommended Total Appropriations
										Global Commitment	ISF, IDT, and ARRA IDT	
HUMAN SERVICES												
Human Services Agency:												
AHS - Secretary's Office	15,569,598	-	147,517	-	15,717,115	14,813,103	30,530,218	-	30,530,218	2,510,857	13,619,784	46,660,859
AHS - Secretary's Office - Global Commitment	700,624,808	-	83,463,997	-	784,088,805	1,387,953,476	2,172,042,281	-	2,172,042,281	-	4,997,210	2,177,039,491
Human Services Board	19,406,448	-	1,711,256	-	21,117,704	375,939	21,493,643	-	21,493,643	23,751,683	-	45,245,326
Department of Vermont Health Access	119,643,321	-	4,760,237	-	124,403,558	155,841,980	280,245,538	-	280,245,538	976,349,745	3,178,844	1,259,774,127
Health	24,575,271	-	37,832,945	-	62,408,216	91,238,223	153,646,439	25,000	153,671,439	66,530,577	5,810,155	226,012,171
Mental Health	12,686,491	-	6,836	-	12,693,327	12,908,621	25,601,948	-	25,601,948	263,577,498	1,307,809	290,487,255
Children and Families	246,572,662	-	134,838,390	-	381,411,052	206,740,219	588,151,271	-	588,151,271	84,055,554	868,905	673,075,730
Disabilities, Aging and Independent Living	35,667,241	-	1,629,370	-	37,296,611	48,381,326	85,677,937	-	85,677,937	695,477,600	2,366,284	783,521,821
Corrections	221,183,300	-	2,102,028	-	223,285,328	530,119	223,815,447	-	223,815,447	6,112,619	948,952	230,877,018
TOTAL HUMAN SERVICES AGENCY	1,395,929,140	-	266,492,576	-	1,662,421,716	1,918,783,006	3,581,204,722	25,000	3,581,229,722	2,118,366,133	33,097,943	5,732,693,798
Veterans' Home	10,033,214	-	12,799,530	-	22,832,744	8,130,018	30,962,762	-	30,962,762	-	-	30,962,762
Commission on Women	516,773	-	4,655	-	521,428	-	521,428	-	521,428	-	-	521,428
Retired Senior Volunteer Program	164,960	-	-	-	164,960	-	164,960	-	164,960	-	-	164,960
Green Mountain Care Board	3,970,074	-	6,296,752	-	10,266,826	-	10,266,826	-	10,266,826	-	-	10,266,826
Office of the Child, Youth, and Family Advocate	457,363	-	-	-	457,363	-	457,363	-	457,363	-	-	457,363
TOTAL HUMAN SERVICES	1,411,071,524	-	285,593,513	-	1,696,665,037	1,926,913,024	3,623,578,061	25,000	3,623,603,061	2,118,366,133	33,097,943	5,775,067,137
percent of total	58.13%	0.00%	42.64%	0.00%	28.98%	61.48%	40.31%	0.05%	40.10%	99.41%	9.60%	50.16%
Labor	11313657	0	9710673	0	21,024,330	29640603	50,664,933	-	50,664,933	-	122,841	50,787,774
TOTAL LABOR	11,313,657	-	9,710,673	-	21,024,330	29,640,603	50,664,933	-	50,664,933	-	122,841	50,787,774
percent of total	0.47%	0.00%	1.45%	0.00%	0.36%	0.95%	0.56%	0.00%	0.56%	0.00%	0.04%	0.44%
GENERAL EDUCATION												
Agency of Education	19,658,918	-	33,449,942	2,357,815,035	2,410,923,895	206,397,296	2,617,321,191	-	2,617,321,191	260,000	2,376,046	2,619,957,237
Teachers' Retirement	224,657,659	-	-	60,772,557	285,430,216	-	285,430,216	3,810,655	289,240,871	-	-	289,240,871
TOTAL GENERAL EDUCATION	244,316,577	-	33,449,942	2,418,587,592	2,696,354,111	206,397,296	2,902,751,407	3,810,655	2,906,562,062	260,000	2,376,046	2,909,198,108
percent of total	10.07%	0.00%	4.99%	100.00%	46.05%	6.59%	32.29%	7.95%	32.16%	0.01%	0.69%	25.27%
HIGHER EDUCATION AND OTHER												
University of Vermont	57,378,104	-	-	-	57,378,104	-	57,378,104	-	57,378,104	-	-	57,378,104
Vermont State Colleges	52,765,779	-	-	-	52,765,779	-	52,765,779	-	52,765,779	1,500,000	-	54,265,779
Vermont Student Assistance Corp.	27,126,171	-	-	41,225	27,167,396	-	27,167,396	-	27,167,396	-	-	27,167,396
N.E. Higher Education Compact	86,520	-	-	-	86,520	-	86,520	-	86,520	-	-	86,520
TOTAL HIGHER EDUCATION AND OTHER	137,356,574	-	-	41,225	137,397,799	-	137,397,799	-	137,397,799	1,500,000	-	138,897,799
percent of total	5.66%	0.00%	0.00%	0.00%	2.35%	0.00%	1.53%	0.00%	1.52%	0.07%	0.00%	1.21%
NATURAL RESOURCES												
Agency of Natural Resources:												
ANR - Central Office	7,628,428	-	722,828	-	8,351,256	-	8,351,256	-	8,351,256	-	2,055,981	10,407,237
Fish & Wildlife	9,382,865	-	10,461,756	-	19,844,621	9,927,754	29,772,375	-	29,772,375	-	1,526,302	31,298,677
Forests, Parks & Recreation	13,586,861	-	21,274,263	-	34,861,124	18,169,674	53,030,798	-	53,030,798	-	1,811,855	54,842,653
Environmental Conservation	15,748,560	-	63,079,512	-	78,828,072	156,788,282	235,616,354	-	235,616,354	-	9,582,551	245,198,905
Total Agency of Natural Resources	46,346,714	-	95,538,359	-	141,885,072	184,885,710	326,770,783	-	326,770,783	-	14,976,689	341,747,472
Natural Resources Board	4,019,020	-	1,369,926	-	5,388,946	-	5,388,946	-	5,388,946	-	-	5,388,946
TOTAL NATURAL RESOURCES	50,365,734	-	96,908,285	-	147,274,019	184,885,710	332,159,729	-	332,159,729	-	14,976,689	347,136,418
percent of total	2.07%	0.00%	14.47%	0.00%	2.52%	5.90%	3.70%	0.00%	3.68%	0.00%	4.34%	3.02%

FY 2026 Governor's Recommended Budget by Department and Funding Source

Agency/Department/Program	General Fund	Transportation Fund	Special Funds (a)	Education Fund	Subtotal State Funds, Net	Federal Funds	Subtotal Before Dedicated Sources	Dedicated Sources (b)	Total Funds and Dedicated Sources	Duplicate Appropriations (c)		FY 2026 Governor's Recommended Total Appropriations
										Global Commitment	ISF, IDT, and ARRA IDT	
COMMERCE & COMMUNITY DEVELOPMENT												
Agency of Commerce & Comm Development												
ACCD - Administration	3,802,763	-	-	-	3,802,763	-	3,802,763	-	3,802,763	-	-	3,802,763
Economic Development	6,287,190	-	3,150,350	-	9,437,540	5,264,940	14,702,480	-	14,702,480	-	200,000	14,902,480
Housing & Community Development	12,106,505	-	10,144,339	-	22,250,844	10,957,973	33,208,817	-	33,208,817	-	2,428,567	35,637,384
Tourism & Marketing	4,990,125	-	-	-	4,990,125	4,007,872	8,997,997	-	8,997,997	-	75,000	9,072,997
Total Agency of Commerce & Comm Development	27,186,583	-	13,294,689	-	40,481,272	20,230,785	60,712,057	-	60,712,057	-	2,703,567	63,415,624
Council on the Arts	1,003,063	-	-	-	1,003,063	-	1,003,063	-	1,003,063	-	-	1,003,063
Vermont Symphony Orchestra	154,170	-	-	-	154,170	-	154,170	-	154,170	-	-	154,170
Vermont Historical Society	1,202,564	-	-	-	1,202,564	-	1,202,564	-	1,202,564	-	-	1,202,564
Housing & Conservation Trust	-	-	40,490,082	-	40,490,082	67,162,640	107,652,722	-	107,652,722	-	-	107,652,722
Vermont Humanities Council	318,270	-	-	-	318,270	-	318,270	-	318,270	-	-	318,270
TOTAL COMMERCE & COMMUNITY DEV.	29,864,650	-	53,784,771	-	83,649,421	87,393,425	171,042,846	-	171,042,846	-	2,703,567	173,746,413
percent of total	1.23%	0.00%	8.03%	0.00%	1.43%	2.79%	1.90%	0.00%	1.89%	0.00%	0.78%	1.51%
TRANSPORTATION												
Agency of Transportation												
AOT Division Appropriations and Programs	-	236,507,766	15,683,017	-	252,190,783	411,834,419	664,025,202	17,170,047	681,195,249	-	55,794,325	736,989,574
AOT Dept. of Motor Vehicles	-	46,709,524	-	-	46,709,524	2,687,081	49,396,605	-	49,396,605	-	121,696	49,518,301
AOT Town Highway, Bridges & Municipal	-	48,333,938	8,346,983	-	56,680,921	37,504,311	94,185,232	2,480,112	96,665,344	-	-	96,665,344
Total Agency of Transportation	-	331,551,228	24,030,000	-	355,581,228	452,025,811	807,607,039	19,650,159	827,257,198	-	55,916,021	883,173,219
Transportation Board	-	204,171	-	-	204,171	-	204,171	-	204,171	-	-	204,171
TOTAL TRANSPORTATION	-	331,755,399	24,030,000	-	355,785,399	452,025,811	807,811,210	19,650,159	827,461,369	-	55,916,021	883,377,390
percent of total	0.00%	97.78%	3.59%	0.00%	6.08%	14.42%	8.99%	41.01%	9.16%	0.00%	16.22%	7.67%
Debt Service	675,000	-	-	-	675,000	-	675,000	-	675,000	-	-	675,000
DEBT SERVICE	675,000	-	-	-	675,000	-	675,000	-	675,000	-	-	675,000
percent of total	0.03%	0.00%	0.00%	0.00%	0.01%	0.00%	0.01%	-	0.01%	0.00%	0.00%	0.01%
One-Time	127,696,940	3,000,000	10,705,000	-	141,401,940	6,351,480	147,753,420	-	147,753,420	10,800,000	-	158,553,420
ONE TIME APPROPRIATIONS	127,696,940	3,000,000	10,705,000	-	141,401,940	6,351,480	147,753,420	-	147,753,420	10,800,000	-	158,553,420
percent of total	5.26%	0.88%	1.60%	0.00%	2.42%	0.20%	1.64%	0.00%	1.63%	0.51%	0.00%	1.38%
APPROPRIATION TOTAL	2,427,338,372	339,298,358	669,703,406	2,418,628,817	5,854,968,953	3,134,325,429	8,989,301,009	47,909,839	9,037,210,848	2,130,926,133	344,820,546	11,512,957,527
percent of total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

(a) Special Funds also includes: Fish & Wildlife, Tobacco, State Health Care Resources, and Transportation Infrastructure Bond Funds.
 (b) Dedicated sources include: Enterprise, General Obligation Debts Service, Local Match, Pension Trust, Private Purpose Trust, and Permanent Trust Funds.
 (c) Global Commitment, Internal Service Funds (ISF), Interdepartmental Transfers (IDT) are duplicate appropriations and do not represent additional funds.

General Fund Summary FY 2023 - FY 2026 (\$ millions)

	Actual FY 2023	Actual FY 2024	Governor's Recommended BAA FY 2025*	Governor's Recommended Budget FY 2026
Sources				
General Revenue	2,224.43	2,270.51	2,362.30	2,403.70
Direct Applications	70.46	100.15	96.88	102.53
Reversions	17.15	64.41	53.38	0.12
Revenue Changes	-	-	-	(15.50)
Additional Property Transfer Tax	18.70	11.96	11.05	3.08
Other Revenue	-	-	-	-
Carried Forward	177.41	337.44	158.34	0.00
Total Sources	2,508.15	2,784.47	2,681.95	2,493.93
Uses				
Base Appropriations	1,875.01	2,048.02	2,112.26	2,299.64
Budget Adjustment Act	(46.18)	21.54	82.72	-
<i>Net Base Appropriations</i>	1,828.83	2,069.56	2,194.98	2,299.64
Supplemental Budget Adjustment Act	-	-	-	-
One-time Appropriations	204.45	231.13	56.95	99.91
Other Bills	36.45	78.62	8.92	-
Pay Act	27.82	21.61	30.64	27.79
Contingent Appropriations	-	-	80.83	-
Total Uses	2,097.55	2,400.92	2,372.32	2,427.34
Subtotal operating surplus (deficit)	410.60	383.55	309.63	66.59
Allocation of surplus - transfers (to)/from other funds				
Transfers (to)/from other funds	(28.09)	(52.94)	(91.38)	(101.91)
Transfers (to)/from Tax Computer System Modernization Fund	-	-	(1.80)	(4.30)
Transfers (to)/from Cannabis Regulation Fund	-	2.02	15.42	5.90
Transfers (to)/from Capital Expenditure Cash Fund	(22.50)	(67.23)	(1.69)	(14.88)
Transfers (to)/from General Obligation Debt Service Fund	-	(71.20)	(78.24)	(81.16)
Transfers (to)/from Vermont State Retirement Fund	-	(8.87)	-	-
Transfers (to)/from Postretirement Adjustment Allowance Account	-	(8.87)	-	-
Total Transfers (to) from other funds	(50.59)	(207.09)	(157.69)	(196.35)
Budget Stabilization Reserve	(19.55)	1.79	(15.17)	1.43
Human Services Caseload Reserve	0.72	2.48	-	2.72
27/53 Reserve	(3.74)	(5.35)	(5.48)	(5.70)
Balance Reserve (Rainy Day Fund)	-	(17.74)	-	-
Other reserves / Carryforward	-	0.70	(131.30)	131.30
Total reserved in GF (designated)	(22.57)	(18.12)	(151.95)	129.75
Total Allocated	(73.16)	(225.21)	(309.64)	(66.60)
Unallocated operating surplus/(deficit)	337.44	158.34	0.00	0.00
Stabilization Reserve at statutory level	106.67	104.88	120.05	118.62
GF reserves (cumulative)				
Budget Stabilization Reserve	106.67	104.88	120.05	118.62
Human Services Caseload Reserve	97.01	94.53	94.53	91.81
27/53 Reserve	3.75	9.10	14.58	20.28
GF Balance Reserve	80.37	98.11	98.11	98.11
Other Reserves	0.70	-	131.30	-
Total GF reserve balance	288.50	306.62	458.57	328.82

* Includes Jan E-Board Revenue Update.

Results may not add due to rounding.

Transportation Fund Summary FY 2023 – FY 2026 (\$ millions)

	Actual FY 2023	Actual FY 2024	Governor's Recommended BAA FY 2025*	Governor's Recommended Budget FY 2026*
Sources				
Current law revenues	295.14	303.05	320.90	326.00
New revenue	-	-	-	-
Direct applications, reversions & 1-time revenue	0.01	0.06	1.00	4.56
Federal Reimbursements	3.12	0.18	6.29	-
For appropriation from TF	15.34	25.98	9.84	0.71
Total sources	313.61	329.27	338.03	331.27
Uses				
Base appropriations	325.37	331.74	358.26	339.18
Budget adjustment, rescissions & excess receipts	(41.49)	(12.22)	-	-
Total uses	283.89	319.52	358.26	339.18
Subtotal operating surplus (deficit)	29.72	9.74	(20.23)	(7.90)
Allocation of surplus				
Transfers (to) / from other funds				
Downtown Fund	(0.52)	(0.52)	(0.52)	(0.52)
Central Garage Fund	(1.56)	-	1.10	(1.65)
VT Recreational Trail Fund	(0.37)	(0.37)	(0.37)	(0.37)
Other Funds	0.15	(0.18)	22.52	12.33
Total transfers (to) / from other funds	(2.30)	(1.07)	22.73	9.79
Reserved in the TF (designated)				
Budget Stabilization Reserve	(1.43)	1.17	(1.78)	(1.89)
Bond Reserve	-	-	-	-
Total reserved in the TF (designated)	(1.43)	1.17	(1.78)	(1.89)
Total allocated	(3.74)	0.09	20.95	7.90
Unallocated operating surplus (deficit)	25.98	9.84	0.71	0.00
Stabilization Reserve at statutory level of 5%	15.36	14.19	15.98	17.86
TF Reserves (cumulative)				
Bond Reserve	-	-	-	-
Budget Stabilization Reserve	15.36	14.19	15.98	17.86
Total TF Reserve Balance	15.36	14.19	15.98	17.86

*Revenue as adopted by the Vermont Emergency Board on Jan 22, 2025.

Results may not add due to rounding.

Education Fund Summary FY 2023 – FY 2026 (\$ millions)

	Actual FY2023	Actual FY2024	Projected FY2025	Projected FY2026
Sources*				
Net Homestead Property Tax	464.63	508.10	594.22	610.50
Non-Homestead Property Tax	738.94	792.27	894.53	895.70
Sales & Use Tax - 100% of total	584.05	595.18	601.90	619.00
Purchase & Use Tax - one-third of total	47.39	48.29	50.70	52.50
Meals & Rooms Tax - one-quarter of total	59.41	61.54	71.20	75.00
Lottery Revenue - 100% of total	32.12	36.00	35.60	36.70
Medicaid Reimbursement	10.32	8.56	9.00	9.00
Other Sources (Wind, Solar, Fund Interest, Other)	9.04	8.97	6.70	6.30
Total sources	1,945.90	2,058.90	2,263.85	2,304.70
Uses				
Base Appropriations	1,943.91	2,143.08	2,309.70	2,418.63
Appropriations Savings	-	-	(24.26)	-
Total uses	1,943.91	2,131.62	2,285.44	2,418.63
Subtotal operating surplus/(deficit)	2.00	(72.72)	(21.59)	(113.93)
Allocation of surplus/(deficit)				
Transfer (to)/from the stabilization reserve	(2.54)	(5.20)	(5.03)	(2.84)
Transfer (to)/from continuing appropriations	28.21	(1.76)	-	-
Transfer (to)/from the General Fund	-	-	25.00	77.20
Transfer (to)/from PCB Reserve	32.00	-	-	-
Transfer (to)/from Tax Rate Offset Reserve	-	(13.00)	13.00	-
Transfer (to)/from VSTRS COLA	-	(9.34)	-	-
Transfer (to)/from other funds	-	(4.14)	(1.40)	(1.50)
Transfer (to)/from unallocated	(59.67)	106.16	(8.98)	41.07
Total allocated	(2.00)	72.72	22.59	113.93
Education fund reserves				
Budget stabilization reserve**	41.83	47.03	52.06	54.90
Statutory reserve at 5%	41.83	47.03	52.06	54.90

* Lottery, Meals and Room Tax, Sales and Use Tax, Purchase and Use Tax, and Fund Interest revenues are reflected as adopted by the Vermont Emergency Board in January 2025.

**Only the Budget stabilization reserve component of the Education Fund balance is reflected in this statement.
Results may not add due to rounding.

OTHER REQUIRED REPORTS

Tax Expenditure Report

Tax expenditures are statutory provisions that reduce the amount of revenue collected to encourage certain activities or to limit the tax burden on certain types of individuals. By reducing tax revenue collected, tax expenditures can have the same fiscal impact as direct expenditures, even though they appear as reductions in taxes.

Tax expenditures, however, differ from direct spending programs in one important respect. Direct appropriations for government programs are evaluated annually during the budget process, and the Legislature must take affirmative action to continue funding. Additionally, direct spending programs are itemized in the budget and are therefore more transparent to the public. Tax expenditure usually represents permanently foregone revenue and are not evident in the state budget or subject to the same annual review process.

Annual Tax Expenditure Budget reporting is codified under 32 V.S.A. § 306. The schedule for reporting is segregated into the following categories:

- (1) A budget covering tax expenditures related to non-profits and charitable organizations and covering miscellaneous expenditures shall be made by the third Tuesday of the legislative session beginning in January 2012 and every three years thereafter.
- (2) A budget covering tax expenditures related to economic development, including business, investment, and energy, shall be made by the third Tuesday of the legislative session beginning in January 2013 and every three years thereafter.
- (3) A budget covering tax expenditures made in furtherance of Vermont's human services, including tax expenditures affecting veterans, shall be made by the third Tuesday of the legislative session beginning in January 2014 and every three years thereafter.

This year's Tax Expenditure Budget Report covers tax expenditures related to economic development, including business, investment, and energy. The budget is shown on the following two charts first sorted by related department and second sorted by tax category.

Economic Development, Business Investment, and Energy Tax Expenditure Budget Report by Agency					
Tax Type	Agency/ Dept.	Tax Expenditure Category	2024	2025	2026
Individual Income	ACCD	Historic Rehabilitation Tax credit	92,000	92,000	92,000
Individual Income	ACCD	Façade Improvement Tax Credit	52,000	52,000	52,000
Individual Income	ACCD	Code Improvement Tax Credit	142,000	141,000	140,000
Individual Income	ACCD	Research and Development Tax Credit	685,000	685,000	685,000
Corporate Income	ACCD	Historic Rehabilitation Tax Credit	*	*	*
Corporate Income	ACCD	Façade Improvement Tax Credit	*	*	*
Corporate Income	ACCD	Code Improvement Tax Credit	*	*	*
Corporate Income	ACCD	Machinery and Equipment Tax Credit	0	0	0
Corporate Income	ACCD	Research and Development Tax Credit	5,192,000	6,083,000	6,585,000
Corporate Income	ACCD	Vermont Employment Growth Incentive	2,577,000	2,577,000	2,577,000
Sales and Use	ACCD	Newspapers	1,573,000	1,599,000	1,613,000
Sales and Use	ACCD	Sales of Films to Movie Theaters	557,000	557,000	557,000
Sales and Use	ACCD	Aircraft and Depreciable Parts for Commercial Use	Not estimated	Not estimated	Not estimated
Sales and Use	ACCD	Railroad Rolling Stock and Depreciable Parts	200,000	200,000	200,000
Sales and Use	ACCD	Sales of Building Materials	Not estimated	Not estimated	Not estimated
Sales and Use	ACCD	Reallocation of Receipts from Tax on Const. Materials	Not estimated	Not estimated	Not estimated
Sales and Use	ACCD	Prop. Incorporated into Net Metering System	862,000	828,000	811,000
Bank Franchise	ACCD	Downtown and Village Center Program Tax Credits	1,071,000	1,071,000	1,071,000
Bank Franchise	ACCD	Affordable Housing Tax Credits	2,435,000	2,435,000	2,435,000
Insurance Premiums	ACCD	Downtown and Village Center Program Tax Credits	*	*	*
Property	ACCD	Local Development Corporations	110,000	110,000	110,000
Property	ACCD	Ski Lifts and Snowmaking Equipment	2,704,000	2,810,000	2,864,000
Property	ACCD	Tax Increment Financing Districts	6,970,000	7,149,000	7,240,000
Agency of Commerce and Community Development Tax Expenditure Total			25,222,000	26,389,000	27,032,000
Individual Income	AGFM	Vermont Farm Income Averaging Credit	98,000	98,000	98,000
Sales and Use	AGFM	Agricultural Inputs	19,105,000	19,942,000	20,374,000
Sales and Use	AGFM	Veterinary Supplies	4,984,000	5,374,000	5,580,000
Sales and Use	AGFM	Agricultural Machinery and Equipment	4,251,000	4,754,000	5,027,000
Sales and Use	AGFM	Energy Purchases for Farming	2,924,000	3,234,000	3,402,000
Property	AGFM	Whey Processing Fixtures	0	0	0
Agency of Agriculture, Food, and Markets Tax Expenditure Total			31,362,000	33,402,000	34,481,000
Insurance Premiums	DFR	Annuity Considerations	15,049,000	15,049,000	15,049,000
Department of Financial Regulation Tax Expenditure Total			15,049,000	15,049,000	15,049,000
Property	PSD	Municipalities Hosting Large Power Plants	0	0	0
Public Service Department Tax Expenditure Total			0	0	0
Individual Income	TAX	Vermont Municipal Bond Income	1,790,000	1,790,000	1,790,000
Individual Income	TAX	Capital Gains Exclusion	18,777,000	18,777,000	18,777,000
Individual Income	TAX	Investment Tax Credit	1,157,000	1,157,000	1,157,000
Individual Income	TAX	Qualified Bond Interest Income Exemption	41,000	41,000	41,000
Individual Income	TAX	Vermont Higher Education Investment Credit	4,156,000	4,226,000	4,261,000
Motor Vehicle P&U	TAX	Diesel Fuel Exemptions	589,000	589,000	589,000
Property	TAX	Use Value Appraisal Program	50,371,000	50,657,000	50,800,000
Department of Taxes Tax Expenditure Total			76,881,000	77,237,000	77,415,000
Grand Total			\$148,514,000	\$152,077,000	\$153,977,000

In accordance with 32 V.S.A. § 306, the FY 2026 Tax Expenditure Budget "covers tax expenditures related to economic development, including business, investment, and energy." The budget does not include tax expenditures that are not included in the biennial tax expenditure report due to a lack of data. Tax expenditures related to Vermont's human services and those related to non-profits and charitable organizations will be reported in the next two years. Information pertaining to fewer than the number of returns authorized for release in IRS Publication 1075 has been suppressed by "*".

Economic Development, Business Investment, and Energy Tax Expenditure Budget Report by Tax Type					
Tax Type	Agency/ Dept.	Tax Expenditure Category	2024	2025	2026
Individual Income	TAX	Vermont Municipal Bond Income	1,790,000	1,790,000	1,790,000
Individual Income	TAX	Capital Gains Exclusion	18,777,000	18,777,000	18,777,000
Individual Income	TAX	Investment Tax Credit	1,157,000	1,157,000	1,157,000
Individual Income	AGFM	Vermont Farm Income Averaging Credit	98,000	98,000	98,000
Individual Income	TAX	Qualified Bond Interest Income Exemption	41,000	41,000	41,000
Individual Income	TAX	Vermont Higher Education Investment Credit	4,156,000	4,226,000	4,261,000
Individual Income	ACCD	Historic Rehabilitation Tax credit	92,000	92,000	92,000
Individual Income	ACCD	Façade Improvement Tax Credit	52,000	52,000	52,000
Individual Income	ACCD	Code Improvement Tax Credit	142,000	141,000	140,000
Individual Income	ACCD	Research and Development Tax Credit	685,000	685,000	685,000
Individual Income Tax Expenditure Total			26,990,000	27,059,000	27,093,000
Corporate Income	ACCD	Historic Rehabilitation Tax Credit	*	*	*
Corporate Income	ACCD	Façade Improvement Tax Credit	*	*	*
Corporate Income	ACCD	Code Improvement Tax Credit	*	*	*
Corporate Income	ACCD	Machinery and Equipment Tax Credit	0	0	0
Corporate Income	ACCD	Research and Development Tax Credit	5,192,000	6,083,000	6,585,000
Corporate Income	ACCD	Vermont Employment Growth Incentive	2,577,000	2,577,000	2,577,000
Corporate Income Tax Expenditure Total			7,769,000	8,660,000	9,162,000
Sales and Use	AGFM	Agricultural Inputs	19,105,000	19,942,000	20,374,000
Sales and Use	AGFM	Veterinary Supplies	4,984,000	5,374,000	5,580,000
Sales and Use	ACCD	Newspapers	1,573,000	1,599,000	1,613,000
Sales and Use	AGFM	Agricultural Machinery and Equipment	4,251,000	4,754,000	5,027,000
Sales and Use	AGFM	Energy Purchases for Farming	2,924,000	3,234,000	3,402,000
Sales and Use	ACCD	Sales of Films to Movie Theaters	557,000	557,000	557,000
Sales and Use	ACCD	Aircraft and Depreciable Parts for Commercial Use	Not estimated	Not estimated	Not estimated
Sales and Use	ACCD	Railroad Rolling Stock and Depreciable Parts	200,000	200,000	200,000
Sales and Use	ACCD	Sales of Building Materials	Not estimated	Not estimated	Not estimated
Sales and Use	ACCD	Reallocation of Receipts from Tax on Const. Materials	Not estimated	Not estimated	Not estimated
Sales and Use	ACCD	Prop. Incorporated into Net Metering System	862,000	828,000	811,000
Sales and Use Tax Expenditure Total			34,456,000	36,488,000	37,564,000
Bank Franchise	ACCD	Downtown and Village Center Program Tax Credits	1,071,000	1,071,000	1,071,000
Bank Franchise	ACCD	Affordable Housing Tax Credits	2,435,000	2,435,000	2,435,000
Bank Franchise Tax Expenditure Total			3,506,000	3,506,000	3,506,000
Insurance Premiums	ACCD	Downtown and Village Center Program Tax Credits	*	*	*
Insurance Premiums	DFR	Annuity Considerations	15,049,000	15,049,000	15,049,000
Insurance Premiums Tax Expenditure Total			15,049,000	15,049,000	15,049,000
Motor Vehicle P&U	TAX	Diesel Fuel Exemptions	589,000	589,000	589,000
Motor Vehicle P&U Tax Expenditure Total			589,000	589,000	589,000
Property	ACCD	Local Development Corporations	110,000	110,000	110,000
Property	ACCD	Ski Lifts and Snowmaking Equipment	2,704,000	2,810,000	2,864,000
Property	AGFM	Whey Processing Fixtures	0	0	0
Property	PSD	Municipalities Hosting Large Power Plants	0	0	0
Property	TAX	Use Value Appraisal Program	50,371,000	50,657,000	50,800,000
Property	ACCD	Tax Increment Financing Districts	6,970,000	7,149,000	7,240,000
Property Tax Expenditure Total			60,155,000	60,726,000	61,014,000
Grand Total			\$148,514,000	\$152,077,000	\$153,977,000

In accordance with 32 V.S.A. § 306, the FY 2026 Tax Expenditure Budget "covers tax expenditures related to economic development, including business, investment, and energy." The budget does not include tax expenditures that are not included in the biennial tax expenditure report due to a lack of data. Tax expenditures related to Vermont's human services and those related to non-profits and charitable organizations will be reported in the next two years. Information pertaining to fewer than the number of returns authorized for release in IRS Publication 1075 has been suppressed by "**."

Retirement Systems Financial Integrity Report

As specified in 32 V.S.A. § 311, the following is a report on the financial integrity of the State Employees' and State Teachers' Retirement Systems.

Contribution Levels

VSERS

As a result of the June 30, 2024 actuarial valuation, the actuary for the Vermont State Employees' Retirement System (VSERS) recommended a FY 2026 contribution of \$136,481,622 to the pension plan (VSERS pension) and \$94,121,082 to the Vermont State Employees' Other Post-Employment Benefits (VSERS OPEB) plan.

The State's VSERS pension contribution is offset by \$1,850,000, based on the Treasurer's estimate of FY 2025 contributions to VSERS by town participants, which reduces the state contribution to \$134,631,622. Per 3 V.S.A. § 473(c)(8)(B), the State is further committed to an additional payment in FY 2026 of \$15,000,000 above the actuarial recommendation towards the system's unfunded liability, for an adjusted total of \$149,631,622.

The State's contribution to the VSERS OPEB during FY 2026 will be \$94,121,082 reflecting the full actuarial recommendation.

VSTRS

As a result of the June 30, 2024 actuarial valuation, the actuary for the Vermont State Teachers' Retirement System (VSTRS) recommended a FY 2026 contribution of \$212,752,627 to the pension fund (VSTRS pension) and \$71,052,589 to the Retired Teachers' Health and Medical Benefits (VSTRS OPEB) fund.

The actuarially recommended FY 2026 VSTRS contribution of \$212,752,627 will be funded by \$160,566,569 of State general funds, \$38,811,058 of State education funds and \$13,375,000 from local education agencies for teacher salaries supported by federal grants. Of the \$13,375,000, \$2,603,591 will be applied to the normal cost, and \$10,771,409 will be applied to the unfunded liability. Per 16 V.S.A. § 19449(c)(13)(B), the State is further committed to an additional payment in FY 2026 of \$15,000,000 above the actuarial recommendation towards the system's unfunded liability, which will be funded from State general funds.

The FY 2026 VSTRS OPEB contribution of \$71,052,589 will be funded by \$49,091,090 of State general funds, \$21,961,499 of State education funds, and \$8,900,000 from the employer annual charge for new teacher health care. Of the \$8,900,000, \$2,750,883 will be applied to the normal cost, and \$6,149,117 will be applied to the unfunded liability.

Funding Levels

State statutes define the method of funding the retirement systems, which is assessed and reported by an independent actuary. The funded ratios (and resulting unfunded liability) for the VSERS and VSTRS pension systems for the period ended June 30, 2024 are 70.99% (\$1,088,615,115 unfunded liability) and 61.65% (\$1,753,130,749 unfunded liability) respectively. The funded ratios (and resulting unfunded liability) for the VSERS OPEB and VSTRS OPEB plans for the period ended June 30, 2024 are 14.45% (\$1,045,562,948 unfunded liability) and 11.62% (\$861,332,701 unfunded liability), respectively. The pension system (VSERS and VSTRS) values are derived using the GASB 67 accounting standard actuarial valuations, and the OPEB system values are derived from the GASB 74 actuarial valuations, all of which are produced by the State's actuary.

APPENDIX A: FY 2026 Performance Accountability

CONTINUOUS IMPROVEMENT PROGRAM

Measuring government performance is a critical aspect of accountability that involves evaluating the efficiency and effectiveness of government activities. It provides a way to assess whether public resources are being utilized optimally and if policy objectives are being achieved. It also helps identify areas of success and areas that require improvement. By gauging government performance, policymakers and program implementers can enhance service delivery, address challenges, and allocate resources more efficiently. Government has two main types of accountabilities which are intricately linked: population accountability and program accountability.

To address population accountability, the Vermont State Legislature enacted Act 186 in 2014. The law established ten aspirational outcomes of well-being for Vermonters. These outcomes range from a prosperous economy to a safe environment, nurturing families, and dignified living for elders and individuals with disabilities. Each outcome is linked to specific indicators that quantitatively assess various aspects of the Vermont experience at a population-level. As per 3 VSA §2311 (a), on or before September 30 of each year, the Chief Performance Officer within the Agency of Administration submits to the General Assembly a [State Outcomes report](#) demonstrating the State's progress in reaching the population-level outcomes for each area of Vermont's quality of life by providing data for the population-level indicators. This is done through an interactive scorecard which serves as a mechanism by which the underlying data can be made available to the public, stakeholders, and decision-makers, ensuring it can be used collectively to drive positive change for the state and its residents.

The [Programmatic Performance Measure Budget \(PPMB\) report](#) is one of the ways in which program accountability is achieved. As a supplement to the budget associated with 32 V.S.A. §307 (c)(2), PPMB is intended to bring together financial information and performance data at a programmatic level to better inform decision-making and resource allocation, increase accountability and transparency, and drive continuous improvement in government operations. Programmatic and performance measure data are reported by Performance Accountability Liaisons and program staff, while financial information is obtained from the VANTAGE budget system and VISION accounting system managed by the Department of Finance and Management. Participation by the Governor's Cabinet (agencies and departments) is strongly encouraged while other non-Cabinet executive branch elected offices, boards, commissions, and the Judiciary are invited, but not required, to participate.

The Chief Performance Office (CPO) oversees the Annual Outcomes report and the PPMB reporting process each year. In FY 2026, both the number of programs reporting and the number of measures being reported continued to grow. In addition, the CPO requested that polarities (indicating whether a trend is favorable or unfavorable) and targets be added to measures. With the addition of polarities, it is now possible to calculate a 'Change Since Previous Year' value which includes a trend arrow, percent change, and a visual polarity indicator. This should hopefully make it more apparent how measures are changing from year to year. Finally, a new 'Data by Program' view was introduced, displaying program details, all reported measures with targets displayed in line charts, and tooltips for additional context. Additional improvements are already being planned for next year.

APPENDIX B: PUBLIC COMMENTS

Public Participation - Public Budget Forums

In accordance with 32 V.S.A. § 306 (d), the development process for the Governor’s budget recommendations includes public participation and a current services budget.

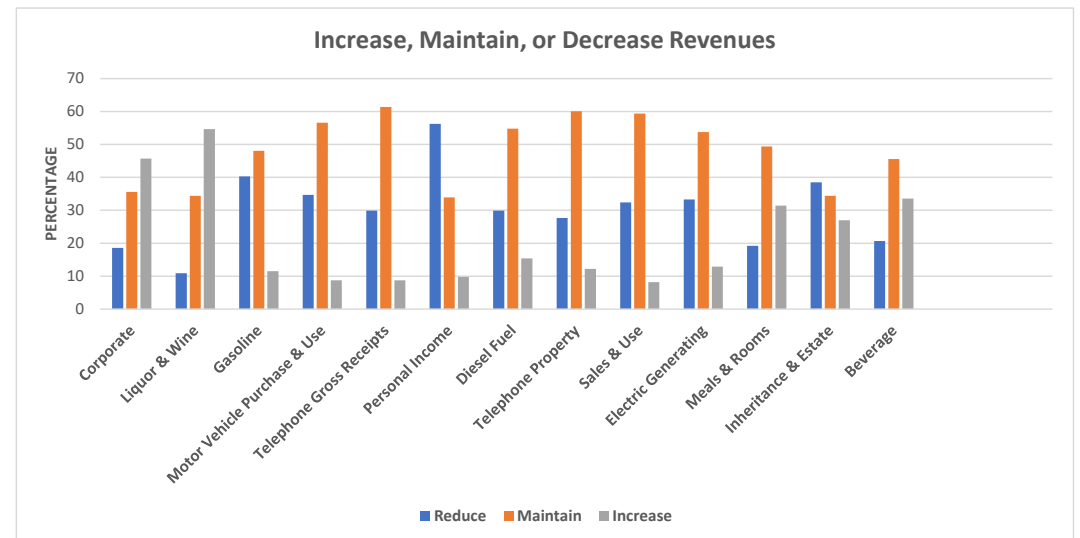
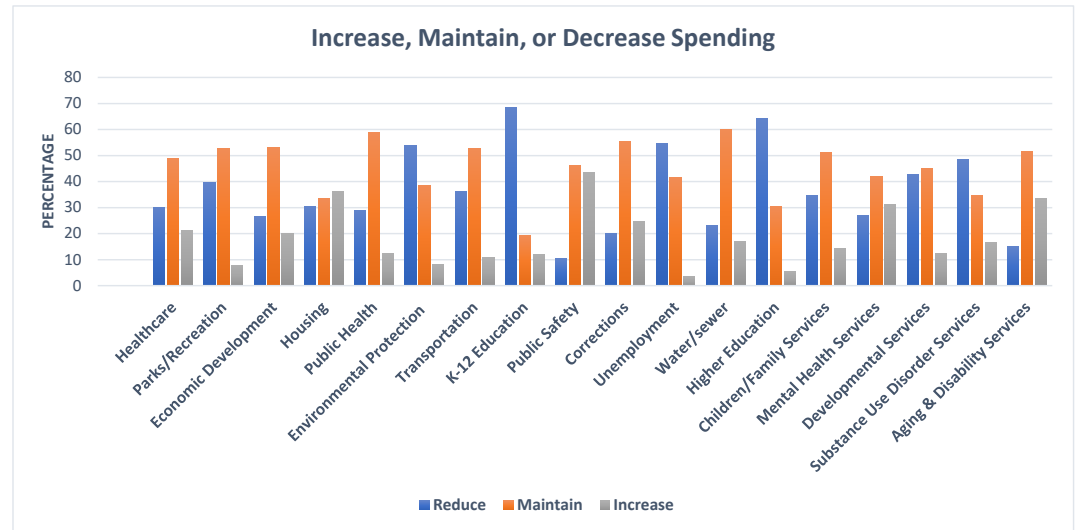
Public Participation ~ Public Budget Forums

Under this section, the Governor is required to develop a process for public participation in the development of goals and general prioritization of spending and revenue initiatives as part of the state’s budget. To meet this requirement the Secretary of Administration and the Department of Finance & Management posted an online survey and hosted an online feedback request form.

Using the Department of Finance & Management’s public website, the Administration posted an online presentation describing the overall budget and budgeting process, found online on their [website](#).

The Administration invited comments both via survey and via written submissions during an eight-week period in November, December, and January of 2024-2025.

During this time, Finance and Management received 251 responses (via Microsoft Forms) and 237 written comments, a few of which can be reviewed in detail on page 35.



APPENDIX B: PUBLIC COMMENTS

Categories of responses

Add funding for the VT Foodbank – 27

Tax Reform – 10

Natural Resources Conservation Districts – 13

Fund Adult Education and Literacy Programs – 21

Vermont Access Network – 44

Human Services – 45

Agriculture, Food and Markets – 70

Tobacco Settlement Fund – 5

Transportation – 2

Selected Quotes from Respondents:

“Please include \$20,000,000 for farmers to recover after a climate emergency or extreme weather event in your proposed FY2026 budget. The local food economy is such a vital part of Vermont's identity and future success, and our farmers need support.”

“Please support the Vermont Access Network - our state’s 24 Community Media (PEG TV) Centers - with a base appropriation of \$1,350,000 in fiscal year 2026, as part of a 3-year funding plan developed in consultation with the Secretary of State’s office. By filming local government meetings and local events, Community Media Centers keep our democracy strong and provide opportunities for people to engage in decision-making at all levels. This financial support is critically important as Vermonters are changing the way they receive news and entertainment, as local newspapers are disappearing across the state, and as misinformation with little or no attribution proliferates.”

“The Free Degree Promise is a great opportunity for students who have financial difficulties because it gives them an opportunity to have that extra level of education without the financial hardship. Not to mention, some students like myself may also have the ability to work through school, which could continue to support/help them financially.”

“Please include \$1.75 million in base funding for responsive readiness through Vermont Emergency Management for the Vermont Foodbank. In the aftermath of the 2023 and 2024 flooding, I personally spoke to hundreds of people who experienced devastating financial and property losses. They turned to Vermont Foodbank for emergency food, water, help applying for replacement 3SquaresVT benefits, and more. Many were barely making ends meet before the flooding and were now facing dangerous shortages of basic needs. Vermont Foodbank's operations and network is already stretched thin in "normal" times. Dedicated emergency funding is needed to ensure Vermont Foodbank can respond when neighbors need help most.”

ACKNOWLEDGEMENTS AND CREDITS

This Executive Summary and the Governor's recommended budget were prepared by the Budget & Management Division of the Department of Finance & Management with the assistance of agency and department heads, business managers, and finance staff across the State.

Vermont Department of Finance & Management—Budget & Management Division

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Fiscal Year 2026 Budget Summary

is a publication of the Vermont Department of Finance & Management

Adam Greshin, Commissioner

The purpose of this publication is to inform members of the Vermont Legislature, state and local government officials, and Vermont residents of the Fiscal Year 2026 Budget Recommendations of Governor Philip B. Scott.

This publication is available for viewing or printing at the
Department of Finance & Management website:
[FY2026 | Department of Finance and Management \(vermont.gov\)](#)

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