

1 **FISCAL YEAR 2026 YEAR-END CLOSEOUT AND INTERIM BUDGET**
2 **ADJUSTMENT (UTILIZATION OF RAINY DAY FUND, CONTINGENT**
3 **APPROPRIATIONS, RECISSIONS) LANGUAGE**

4 Sec. B.1101 FISCAL YEAR 2025 CLOSEOUT

5 (a) As part of the fiscal year 2025 closeout, the Department of Finance and
6 Management shall execute the requirements of 32 V.S.A. § 308. If any balance
7 remains after meeting these requirements, then, notwithstanding 32 V.S.A. §
8 308c, the Department of Finance and Management shall designate the first
9 \$138,520,000 as unallocated carryforward for use in meeting the requirements
10 of the fiscal year 2026 appropriations act as passed by the General Assembly.
11 The Department of Finance and Management shall then, notwithstanding 32
12 V.S.A. § 308c, calculate the maximum number of contingent transactions that
13 can be funded, in the order provided in subsection (b) of this section, and
14 designate that money to remain unallocated for such purpose in fiscal year
15 2026. Any residual balance remaining after such designations shall be reserved
16 in accordance with 32 V.S.A. § 308c.

17 (b) In fiscal year 2026, the following contingent transactions shall be
18 executed in the following order from the designated unallocated balance as
19 determined in subsection (a) of this section:

20 (1) \$5,000,000 is transferred to the Communications and Information
21 Technology Special Fund to cover the costs of transitioning billable services
22 from a service level agreement model to a core enterprise services model.

23 (2) \$45,000,000 is appropriated to the Agency of Administration to be
24 transferred by the Emergency Board pursuant to 32 V.S.A. §133 if federal
25 funds are reduced while the General Assembly is not in session.

1 Sec. E.127 32 V.S.A. § 704 is amended to read:

2 § 704. INTERIM BUDGET AND APPROPRIATION ADJUSTMENTS

3 (a) The General Assembly recognizes that acts of appropriations and their
4 sources of funding reflect the priorities for expenditures of public funds
5 enacted by the General Assembly and that major reductions or transfers, when
6 required by reduced State revenues or other reasons, ought to be made
7 whenever possible by an act of the General Assembly reflecting its revisions of
8 those priorities. Nevertheless, the General Assembly also recognizes that
9 when it is not in session, it may be necessary to reduce authorized
10 appropriations and their sources of funding, and funds may need to be
11 transferred, to maintain a balanced State budget. Under these limited
12 circumstances, it is the intent of the General Assembly that appropriations may
13 be reduced and funds transferred when the General Assembly is not in session
14 pursuant to the provisions of this section.

15 (b)(1) Except as otherwise provided in subsection (f) of this section, in
16 each instance that the official State revenue estimate for the General Fund, the
17 Transportation Fund, or federal funds has been reduced by one percent or more
18 from the estimates determined and assumed for purposes of the current fiscal
19 year's appropriations, the Secretary of Administration shall prepare an
20 expenditure reduction plan for consideration and approval by the Joint Fiscal
21 Committee pursuant to subsection (e) of this section, provided that any total
22 reductions in appropriations and transfers of funds are not greater than the
23 reductions in the official State revenue estimate.

1 Sec. E.127.1 32 V.S.A. § 133 is amended to read:

2 § 133. DUTIES

3 (a) The Board shall have authority to make expenditures necessitated by
4 unforeseen emergencies and may draw on the State's General Fund and
5 General Fund Balance Reserve for that purpose.

6 (b) Pursuant to section 706 of this title, the Board shall also have authority
7 to transfer appropriations made to other agencies and to use the transferred
8 amounts to make expenditures necessitated by unforeseen emergencies.

9 (c) In a fiscal year, the sum of the Board's expenditures under subsections
10 (a) and (b) of this section shall not exceed two percent of the total General
11 Fund appropriation for the year of the expenditures.

1 Sec. E.127.2 32 V.S.A. § 308c is amended to read:

2 § 308c. GENERAL FUND AND TRANSPORTATION FUND BALANCE

3 RESERVES

4 (a) There is hereby created within the General Fund a General Fund
5 Balance Reserve, also known as the “Rainy Day Reserve.” After satisfying the
6 requirements of section 308 of this title, and after other reserve requirements
7 have been met, any remaining unreserved and undesignated end of fiscal year
8 General Fund surplus shall be reserved in the General Fund Balance Reserve.
9 The General Fund Balance Reserve shall not exceed ~~five~~ 10 percent of the
10 appropriations from the General Fund for the prior fiscal year without
11 legislative authorization.

12 (1), (2) [Repealed.]

13 (3) Of the funds that would otherwise be reserved in the General Fund
14 Balance Reserve under this subsection, the following amounts shall be
15 reserved as necessary and transferred from the General Fund as follows:

16 (A) 25 percent to the Vermont State Retirement Fund established by
17 3 V.S.A. § 473; and

18 (B) 25 percent to the Postretirement Adjustment Allowance Account
19 established in 16 V.S.A. § 1949a.

20 (b)(1) The General Assembly may ~~specifically unreserve and~~ appropriate
21 ~~the use of up to 50 percent of the amounts added in the prior fiscal year from or~~
22 transfer an amount not to exceed 10 percent of the General Fund Balance
23 Reserve to fund unforeseen or emergency needs. It is the intent of the General

1 Assembly that any General Fund Balance Reserve funds utilized in accordance
2 with this section be replenished.

3 (2) If the official State revenue estimates of the Emergency Board for
4 the General Fund, determined under section 305a of this title, have been
5 reduced by two percent or more from the estimates determined and assumed
6 for purposes of the ~~general~~ appropriations act or budget adjustment act, funds
7 in the General Fund Balance Reserve may be unreserved and appropriated or
8 transferred to compensate for a reduction of revenues.

9 (c) There is hereby created within the Transportation Fund a Transportation
10 Fund Balance Reserve. After satisfying the requirements of section 308a of
11 this title, and after other reserve requirements have been met, any remaining
12 unreserved and undesignated end of fiscal year Transportation Fund surplus
13 shall be reserved in the Transportation Fund Balance Reserve. Monies from
14 this Reserve shall be available for appropriation by the General Assembly.

15 (d) Determination of the amounts of the General Fund and Transportation
16 Fund Balance Reserves shall be made by the Commissioner of Finance and
17 Management and reported, along with the amounts appropriated pursuant to
18 subsection (a) of this section, to the legislative Joint Fiscal Committee at its
19 first meeting following September 1 of each year.

1 Sec. E.127.3 FEDERAL FUNDING; CALCULATION OF
2 APPROPRIATION REDUCTION; SECRETARY OF
3 ADMINISTRATION; JOINT FISCAL COMMITTEE

4 (a) As used in this section:

5 (1) “Unduplicated appropriation” means the total appropriation set forth
6 in this act for a governmental function excluding Global Commitment funds,
7 Interdepartmental Transfer funds, and Internal Service funds. For purposes of
8 this section, the determination of unduplicated appropriations shall not include
9 Education Fund.

10 (2) “Governmental function unit” refers to the governmental function
11 areas set forth in Sec. A.108 of this act.

12 (b) In each instance that a reduction in federal funds to the State results in:

13 (1) the unduplicated appropriation for each governmental function unit
14 to decrease by less than one half of one percent, the Secretary of
15 Administration shall notify the Joint Fiscal Committee.

16 (2) the unduplicated appropriation for any governmental function unit to
17 decrease by one half to one percent:

18 (A) the Secretary of Administration shall prepare an expenditure
19 reduction and transfer plan for consideration and approval by the Joint Fiscal
20 Committee pursuant to 32 V.S.A. § 704(e), provided that any total reductions
21 in appropriations and transfers of funds are not greater than the reductions in
22 federal funds; and

1 (B) to maintain a balanced State budget, minimize the impact to
2 Vermonters and to abide by the legislative intent set forth by the General
3 Assembly in this act, the Joint Fiscal Committee may make a recommendation
4 to the Emergency Board to:

5 (i) pursuant to 32 V.S.A. § 308c(b)(3), utilize the General Fund
6 Balance Reserve or the appropriation set forth in Sec. B.1101(b)(2) of this act,
7 or both, to support impacted programs at not more than the current fiscal year
8 funding level until the General Assembly is in session;

9 (ii) revert any unexpended and unobligated funds; and

10 (iii) make such reductions or transfers in appropriations necessary
11 to support the priorities of the General Assembly, and the recommended
12 reduction is limited to not more than 10 percent of any fund or 10 percent of
13 any appropriation.

14 (c) Notwithstanding any other provision of law to the contrary, for the
15 purpose of calculating any appropriation reduction that triggers the actions set
16 forth in this section, the baseline federal funding amounts shall be the federal
17 funding set forth in this act. The Secretary of Administration shall monitor any
18 changes in federal funding as the difference between the baseline federal
19 funding amount for use in fiscal year 2026 and any updated State federal funds
20 revenue forecast adopted by the Emergency Board and shall calculate the
21 percent reduction of the unduplicated appropriations for each governmental
22 function unit.

1 Sec. E.127.4 EMERGENCY BOARD; REPLENISH REDUCED SPENDING
2 AUTHORITY

3 (a) The Emergency Board, in response to a declared emergency pursuant to
4 20 V.S.A. § 9 occurring while the General Assembly is not in session, or a
5 reduction in State revenue estimates or federal funding pursuant to 32 V.S.A.
6 § 704(b) occurring while the General Assembly is not in session, may
7 unreserve and make available an amount not to exceed 10 percent of the
8 General Fund Balance Reserve to replenish the spending authority impacted by
9 the declared emergency or reduction in funding in order to maintain a balanced
10 State budget, minimize the impact to Vermonters, and to abide by the
11 legislative intent set forth by the General Assembly in the most recent fiscal
12 year appropriations act. In no event shall the amount provided to any agency
13 or department under this section exceed the original amount appropriated by
14 the General Assembly.