

Budgeted Vacancy Savings

Budgeted vacancy savings is determined by agencies and departments statewide and incorporated in their annual budget submissions to DFM. There is not any set formulaic process for calculation, and in the annual budget instructions, there is not any specific direction given to agencies/departments regarding the budgeting of vacancy savings, other than the text copied below (from Page 3 of “FY2027 Budget Instructions Technical Supplement”):

The salary and benefits budget figures provided by the Adaptive Planning system represent the sum of all salary and benefit costs for all positions defined within an organization. The budgeting of Vacancy Savings should reflect a best possible estimate of savings (salary and benefit costs combined) resulting from positions that are not expected to be filled for part (or all) of FY 2027 (please see section “b” below for guidance on benefit rate assumptions).

If Vacancy Savings budget submissions appear to be inconsistent with your department’s historical trend of savings related to position vacancies, please be prepared to justify your assumptions during budget review.

DFM’s role in the process is described in the second paragraph above. DFM budget analysts use various methods to evaluate whether departmental submissions for vacancy savings are consistent with historical trends, for example by reviewing VTHR data for actual position vacancies, and VISION data for actual salary and benefits spending compared to budgeted amounts. In the annual budget review meeting, DFM may push back and recommend changes based on this analysis, but again, there is no set formulaic calculation that determines the final budgeted vacancy savings amount. For example, if budgeted vacancy appears lower than actual savings in recent history, a DFM analyst may point out (based on examining VTHR data) “9 of your position numbers have a last paycheck date in FY2023 or earlier, so is it reasonable to assume that some or all of these positions will still be vacant in FY27? If you expect that no, in fact the positions will now be filled after years of vacancy, what is the justification for this expectation?”

Departments *do* have a point of time reference, which is when VTHR position data is imported into the budget system in the August/September time frame at the start of the budget development cycle, this data shows which positions are vacant at that time, and the annual dollar amounts associated with the salaries and benefits for those positions. However, it is up to the departments to determine what amounts to carry for vacancy savings, depending on whether they think those positions are still likely to be vacant in the upcoming fiscal year.

Please see worksheet provided as a separate attachment for data comparing actual position vacancies at the “point of time” Autumn 2025 budget development

Emergency Rental Assistance Program; Reversion and Reallocation

Background

The Consolidated Appropriations Act in December 2020 (ERAP-1) and American Rescue Plan Act in March 2021 (ERAP-2) allocated a total of \$352 million to Vermont. A major portion of the federal funds was granted by the Agency of Administration to the Vermont State Housing Authority (VSHA) for administration of the VERAP grant program. The period of performance for ERAP-2 closed September 30, 2025.

Approximately \$6.9M of ERAP-2 funds administered by VSHA were expended on uses that have subsequently been determined to be disallowed by ERAP-2 federal program rules. The U.S. Treasury will require the return of these funds.

2024 Act 113 Sec. C.110 as amended by 2025 Act 27 Sec. 105 created a mechanism for the application of ERAP-2 funds to allowable uses originally funded by General Fund; in return, the General Fund can be applied to the uses disallowed by ERAP-2.

In the Secretary of Administration's authorization memo of December 19, 2025 (provided as a separate attachment), one of the specified fund transfers in the amount of \$1.192M involves the use of a State fund other than the General Fund: the Other Infrastructure, Essential Investments and Reserves Subaccount in the Cash Fund for Capital and Essential Investments. To complete this transaction will require the language amendment below.

Administration's Proposed Language

Sec. XX

2024 Acts and Resolves No. 113, Sec. C.110, as amended by Sec. C.105 2025 Acts and Resolves No. 27, Sec. C.105 is further amended to read:

Sec. C.110 EMERGENCY RENTAL ASSISTANCE PROGRAM; REVERSION AND REALLOCATION

(a) The Secretary of Administration may reimburse up to \$14,300,000 of prior fiscal year federal funds expended through the Emergency Rental Assistance Program, as approved by the Joint Fiscal Committee pursuant to Grant Request #3034 with new appropriations of General Fund or Other Infrastructure, Essential Investments and Reserves Subaccount in the Cash Fund for Capital and Essential Investments ~~appropriations~~ transferred from existing State programs that meet the eligibility criteria established by the U.S. Treasury. These programs shall receive an amount of spending authority from the Emergency Rental Assistance Program equal to the amount of General Fund or Other Infrastructure, Essential Investments and Reserves Subaccount in the Cash Fund for Capital and Essential Investments fund appropriation transferred.

UVM Multi-Purpose Center Proposal Higher Education Endowment Trust Fund

Higher Education Endowment Trust Fund (HEETF) Background

Currently, the HEETF is funded by unclaimed property accounts less than \$100 and greater than 10 years old, by investment earnings, and (somewhat sporadically) by excess receipts of the estate tax and gifts. If receipts exceed 125% of consensus projected revenue made by the Emergency Board, the excess above 125% is applied to the fund.

There are many years when the threshold is not met, but the fund still grows based on the performance of the market (and to a smaller extent, on the unclaimed property transfer). In FY25, the fund balance increased by 11.4%.

The fund is managed by the Treasurer's Office. Annually, up to 5% of the corpus of the fund can be evenly distributed between UVM, Vermont State University, and VSAC for financial aid (16 VSA § 2885). However, distributions cannot exceed investment earnings. If capacity permits (based on investment earnings), an additional 2% of the fund balance may also be authorized to increase the permanent endowments of UVM and VSC.

Unexpected 2025 Fund Growth

Because of an anomalous estate tax receipt last year, the fund grew by more than \$26 million in 2025, increasing the total corpus of the fund from its \$36 million FY25 starting balance, to nearly \$66 million at fiscal year end.

Governor's Proposal for UVM Multi-Purpose Center

Sec. B.1100 MISCELLANEOUS FISCAL YEAR 2027 ONE-TIME APPROPRIATIONS

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(d) University of Vermont. In fiscal year 2027, funds are appropriated for the following:
(1) \$15,000,000 Higher Education Endowment Trust Fund, notwithstanding 16 V.S.A. § 2885, for the Multi-Purpose Center Project approved by the Board of Trustees in 2019.

For context, UVM has already invested more than \$70 million in the effort. Because of decisions from the previous UVM administration, the project is in jeopardy. Ground has been broken, concrete poured, and tens of millions of dollars of steel has already been purchased and is in staging. Tens of millions have already been pledged by donors, and failure to complete the project would leave the University, which relies significantly on philanthropy, in jeopardy of losing confidence among benefactors.

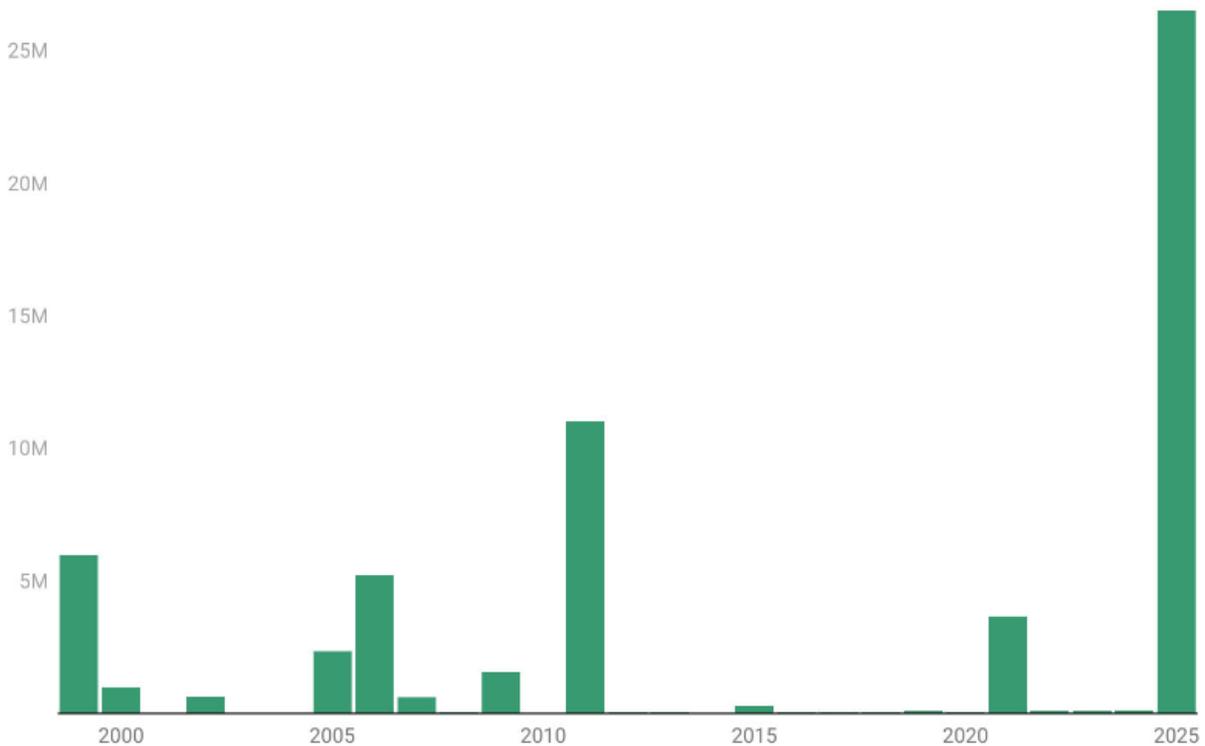
UVM requires approximately \$100 million of additional funding to complete the project. About \$40 million has already been pledged by donors; in addition to the State's contribution of \$15 million, UVM will need to raise another \$45 million in donations.

HEETF Balance

Because of the extraordinary receipt \$26M receipt by the HEETF, after the \$15M one-time transfer, the fund balance will still be significantly larger than anticipated, and an annual three-way distribution at 5% could still be made at record-high levels to the statutorily designated beneficiaries.

For reference, the chart below is copied from page 9 of the Treasurer's Annual Report on the Higher Education Trust Fund for Fiscal Year 2025.

Annual Contributions to The Higher Education Trust Fund



Redirection of Estate Tax Surplus from HEETF to School Construction Aid Special Fund

School Construction Aid Special Fund

This special fund was created by 2025 Act 73 § 16, eff. July 1, 2026, for the purpose of making awards under the Facilities Master Plan Grant Program and the State Aid for School Construction Program. Per current statute, the only source of revenue is transfers from other funds enacted by the General Assembly.

Governor's Proposal for School Construction Aid Special Fund source of funds:

Sec. E.501.3 16 V.S.A. § 3444 is amended to read:

§ 3444. School Construction Aid Special Fund [Effective July 1, 2026]

(a) Creation. There is created the School Construction Aid Special Fund, to be administered by the Agency of Education. Monies in the Fund shall be used for the purposes of:

- (1) awarding aid to school construction projects under section 3445 of this title;
- (2) awarding grants through the Facilities Master Plan Grant Program established in section 3441 of this title;
- (3) funding administrative costs of the State Aid for School Construction Program; and
- (4) awarding emergency aid under section 3445 of this title.

(b) Funds. The Fund shall consist of:

- (1) any amounts transferred ~~or appropriated~~ to it by the General Assembly; ~~and~~
- (2) any interest earned by the Fund;;
- (3) funds raised by the estate tax levied under 32 V.S.A. chapter 190 that are more than 125 percent of the amount projected by the Emergency Board in the July annual forecast made pursuant to 32 V.S.A. § 305a provided the requirements of 32 V.S.A. §§ 308, 308b and 308e have all been fulfilled and prior to the execution of 32 V.S.A. § 308c.

EXPLANATION:

(b)(1): Technical correction. Appropriations provide spending authority for expenditures. They are never sources to a fund.

(b)(3): Redirects estate tax receipts in excess of 125% of the July consensus revenue forecast from the Higher Education Endowment Trust Fund to the School Construction Aid Special Fund provided the General Fund Budget Stabilization Reserve, Human Services Caseload Reserve and 27/53 Reserve requirements have all been met and prior to the execution of the Balance Reserve requirements.