

Federal Fund Tracking
Sarah Clark, Secretary of Administration
House Appropriations Committee

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Federal Funding Reduction Process – 2025 Act 27 Sec. E.127.2

- Act 27 created a process for how to monitor and respond to potential federal funding reductions based on governmental function area
- Builds on the process established in 32 V.S.A. § 704 that establishes process for interim budget and appropriations adjustments

Reduction Threshold	Action
Less than 0.5% or \$2 million, whichever is greater	Secretary of Administration (SOA) shall notify the Joint Fiscal Committee (JFC) and prepare and implement a plan
Greater than 0.5% and \$2 million but less than 25% or \$50 million, whichever is lower	<ul style="list-style-type: none">•SOA shall prepare reduction plan for approval by JFC and implementation by JFC statutory process and•JFC recommends to Emergency Board utilize appropriations in Act 27 B.1101(b)(2)

Federal Funding Reduction Process – 2025 Act 27 Sec. E.127.2 (c)

“...The Secretary of Administration shall monitor any changes in federal funding as the difference between the baseline federal funding amount for use in fiscal year 2026 and any updated State federal funds revenue forecast adopted by the Emergency Board and shall calculate the percent reduction of the unduplicated function totals for each governmental function unit.”

- The Department of Finance & Management issued guidance to the Executive branch soliciting **monthly** data related to federal funding reductions.
- Updates due to DFM on the first business day of each month for the prior month.
- DFM has received five months of reporting – for July through December – which **did not trigger** any of the thresholds in Act 27.



Contingent Appropriations in FY26 Budget – 2025 Act 27 Sec. B.1101 (b)

- Act 27 created the structure for up to \$110 million in contingent General Fund appropriations in the “event of federal reductions”
- Established in the following manner:

Section	Amount	To	For	What
B.1101(b)(2)	\$50 million	Agency of Administration	Transfer by Emergency Board	Reduction in fed funds
B.1101(b)(3)	\$30 million	Reserved in GF	Future Appropriation by the General Assembly	Addressing fed fund shortfalls
B.1101(b)(4)	\$30 million	Reserved in GF	Future Appropriation by the General Assembly	Addressing fed fund shortfalls, VT Medicaid or other human services needs, property tax relief, permanent housing initiative, or other use