

# Fiscal Year 2026 Contingent Appropriations

House Appropriations Committee

Emily Byrne, Deputy Fiscal Officer

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# Where Does the Money Come From?

- The General Assembly builds its budget off anticipated revenues and transfers
  - Estimates for existing revenue sources come from the January adopted revenue consensus forecast
  - General Assembly also accounts for any additional revenue raised or lowered through policy changes that would impact the relevant budget year
- Sometimes it's clear that actual revenue collections will exceed the forecast
  - When this happens, the General Assembly sometimes creates a "contingency list"
    - A list of items, in priority order, to be funded only if there is sufficient revenue
- We generally don't know this until April, since it is the most significant month for General Fund tax revenues



# Let's Go Back In Time



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# April 2025: Additional Revenues Available

- After April 15, 2025 – when Personal Income Tax returns are due – it became apparent that the State would collect over \$100 million more General Fund revenue than was forecasted
- At the same time, we were starting to see signs of uncertainty in the economy and in how the federal government was interacting with states



# May 2025: Contingent Appropriations and Reserves Added

- Senate Appropriations Committee added a contingent list to the Big Bill
- The Committee of Conference included a contingent list in the final version of the Big Bill



# Contingency List Closeout Mechanism: Act 27 (2025) B.1101(a)

*(a) As part of the fiscal year 2025 closeout, the Department of Finance and Management shall execute the requirements of 32 V.S.A. § 308. If any balance remains after meeting these requirements, then, notwithstanding 32 V.S.A. § 308c, the Department of Finance and Management shall designate the first \$138,970,000 as unallocated carryforward for use in meeting the requirements of the fiscal year 2026 appropriations act as passed by the General Assembly. The Department of Finance and Management shall then, notwithstanding 32 V.S.A. § 308c, calculate the maximum number of contingent transactions that can be funded, in the order provided in subsection (b) of this section, and designate that money to remain unallocated for such purpose in fiscal year 2026. Any residual balance remaining after such designations shall be reserved in accordance with 32 V.S.A. § 308c.*



# Statutory Closeout Mechanism

## 32 V.S.A § 308(b)

### § 308. General Fund Budget Stabilization Reserve; creation and purpose

*(b) There is hereby created a General Fund Budget Stabilization Reserve determined on a budgetary basis and administered by the Commissioner of Finance and Management. Any budgetary basis undesignated General Fund surplus occurring at the close of a fiscal year shall be reserved within the General Fund Budget Stabilization Reserve, provided that the balance reserved shall not exceed five percent of the appropriations from the General Fund for the prior fiscal year, and any additional amounts as may be authorized by the General Assembly. Any undesignated General Fund surplus remaining after the General Fund Budget Stabilization Reserve has been brought to the maximum authorized level shall remain in the General Fund. When the General Assembly next meets, it may specifically appropriate the use of the undesignated General Fund surplus for the reduction of General Fund bonds authorized but yet to be issued by the Treasurer, a reduction of revenues, or for other needs as the General Assembly may determine.*



# Statutory Closeout Mechanism

## 32 V.S.A § 308c(a)

### § 308c. General Fund and Transportation Fund Balance Reserves

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

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

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

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

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



# Contingent List

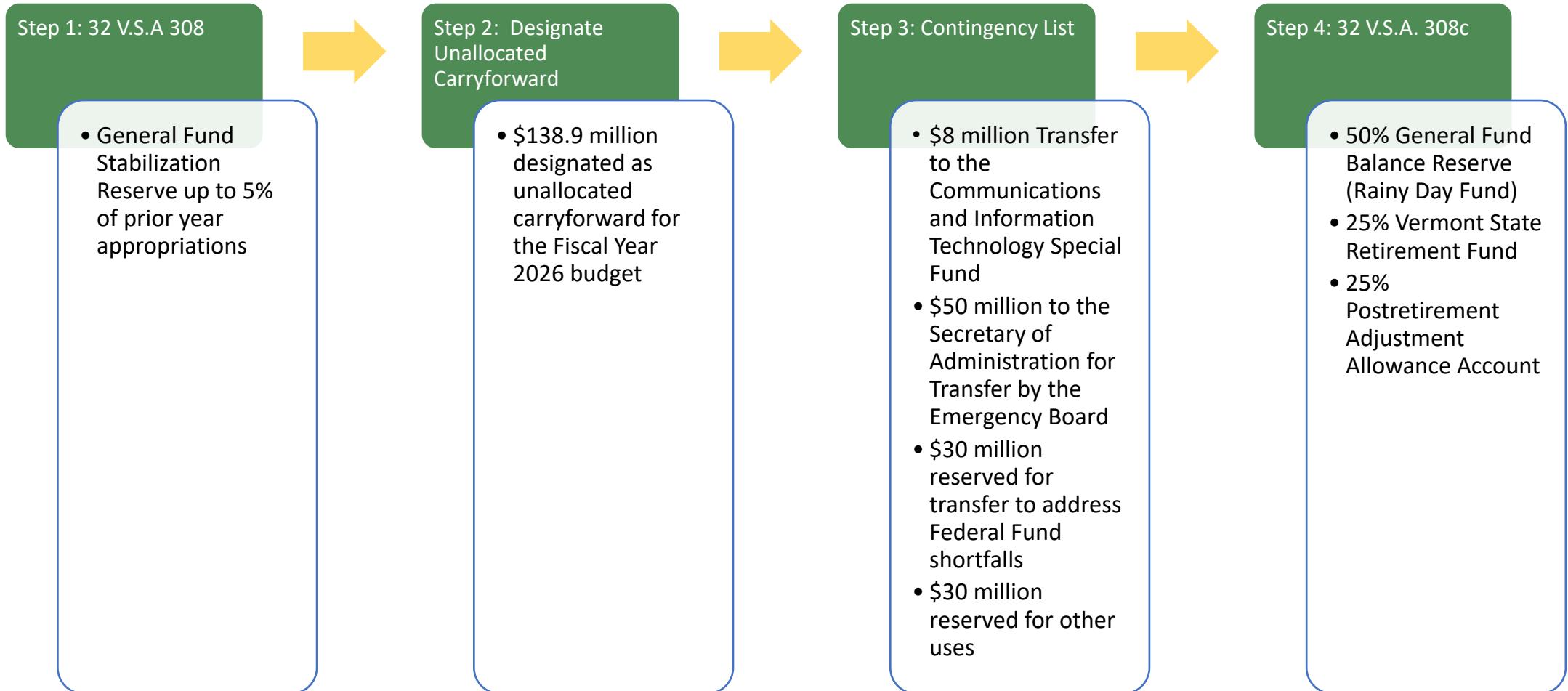
## Act 27 (2025) B.1101(b)

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

- (1) \$8,000,000 is transferred to the Communications and Information Technology Special Fund to cover the costs of transitioning billable services from a service level agreement model to a core enterprise services model.*
- (2) \$50,000,000 is appropriated to the Agency of Administration to be transferred by the Emergency Board pursuant to 32 V.S.A. §133 while the General Assembly is not in session in the event of a reduction in federal funds to the State as set forth in Sec. E.127.2 of this act.*
- (3) \$30,000,000 is reserved in the General Fund for future appropriation or transfer by the General Assembly for addressing federal funding shortfalls.*
- (4) \$30,000,000 is reserved in the General Fund for future appropriation or transfer by the General Assembly for addressing federal funding shortfalls, Vermont Medicaid and other human services needs, property tax relief, permanent housing initiatives, or any other uses determined to be in the best interests of the public.*



# Fiscal Year 2025 Closeout Steps



# Fiscal 2025 Year-end Results

<b>Allocated Funds at Year-end</b>	
Carried forward for fiscal year 2026	\$138,970,000
Contingent list	\$118,000,000
Transferred to Vermont State Retirement Fund	\$475,156
Transferred to the Postretirement Adjustment Allowance Account	\$475,156
Reserved in the General Fund Balance Reserve (Rainy Day fund)	\$950,313



# *Back to the Future*



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# (b)(2) – \$50 Million Appropriation for Transfer by the Emergency Board

***\$50,000,000 is appropriated to the Agency of Administration to be transferred by the Emergency Board pursuant to 32 V.S.A. §133 while the General Assembly is not in session in the event of a reduction in federal funds to the State as set forth in Sec. E.127.2 of this act.***

Amount Appropriated for Transfer by the E-Board (in millions)	\$50.00
October 29 E-Board      Vermont Foodbank grant	0.25
October 29 E-Board      November 7 one-time SNAP payment and admin costs	6.30
Remaining Funds	\$43.45
Percentage Remaining	86.9%



# 32 V.S.A § 133 – Emergency Board

## 133. Duties

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

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

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

FY 2026 General Fund Appropriations	\$2,451,323,661
2%	\$49,026,473



# Contingent List

## Act 27 (2025) B.1101(b)(3)(4)

- 3) *\$30,000,000 is reserved in the General Fund for future appropriation or transfer by the General Assembly for addressing federal funding shortfalls.*
- 4) *\$30,000,000 is reserved in the General Fund for future appropriation or transfer by the General Assembly for addressing federal funding shortfalls, Vermont Medicaid and other human services needs, property tax relief, permanent housing initiatives, or any other uses determined to be in the best interests of the public.*

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- **The only way these funds can be unreserved for use is through an Act of the General Assembly**
  - The budget adjustment, as recommended by the Governor, did not recommend unreserving these funds

