Capital Construction Proposal

Fiscal Years 2026 & 2027

Philip B. Scott, Governor

January 28, 2025

An act to appropriate and reallocate capital funds for various purposes and authorize the issuance of bonds.

Photos in this booklet are courtesy of Jeb Wallace-Brodeur, Sgt. 1st Class Jason Alvarez, Staff Sgt. Sarah Mattison, Marcus Tracy, Kevin Moore, Steven Collier, Tammy Baldwin, Jennifer L. Theoret, Bill Keefe, Jason Wallace, Sarah Grenier, Brattleboro Housing Partnerships, North Branch Nature Center (Montpelier), the Vermont State Colleges System, the University of Vermont, the Vermont Historical Society, the Vermont Council on the Arts, the Agency of Agriculture, Foods & Markets, the Departments of Environmental Conservation, Forest, Parks & Recreation, Public Safety, Motor Vehicles, and Buildings and General Services.

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PHILIP B. SCOTT
GOVERNOR

State of Vermont
OFFICE OF THE GOVERNOR

January 28, 2025

Senate Committee on Appropriations
Senate Committee on Institutions
House Committee on Appropriations
House Committee on Corrections and Institutions

Dear Legislators:

I am pleased to present my fifth biennial Capital Budget. As in prior years, I am recommending bonding-backed capital spending in line with the recommendations of the Capital Debt Affordability Advisory Committee (CDAAC): $100,000,000 for the current biennium. This represents a decrease of $8 million, or 7.4%, from the prior recommendation, which was itself 12.3% lower than the biennium before. The decline in borrowing-backed capital spending over the past decade has been critical to minimizing taxpayer-funded debt service obligations and maintaining the fiscal discipline cited by credit rating agencies as contributing to Vermont's strong rating. At the same time, the past decade has also seen historic levels of inflation and sharp increases in the costs of construction, so to meet ongoing capital needs and make future infrastructure investments, we need a capital budget in which bonding is just one piece of the funding puzzle. As such, I continue to recommend full statutory funding for the Cash Fund for Capital Investments, which supports an additional $16,969,723 of capital projects in FY26.

Together, these recommendations comprise a budget focused on maintaining and improving critical capital assets like courthouses and correctional facilities and investing in new infrastructure to support pressing policy priorities like public safety and economic development. It follows through on prior commitments with continued funding for clean water projects and accessibility improvements and provides support to a variety of partner organizations across the state. As in years past, it maximizes available funding to prioritize those investments that ensure our State facilities and infrastructure continue to meet the needs of all Vermonters.

I look forward to working with you on these proposals during this session.

Sincerely,

Phil Scott

Philip B. Scott
Governor

The Governor of Vermont proposes to the General Assembly the following capital appropriations act in fiscal years 2026 and 2027:

No. XX An act relating to capital construction and State bonding.

(H. XXX)

It is hereby enacted by the General Assembly of the State of Vermont:

*** Legislative Intent ***

Sec. 1. LEGISLATIVE INTENT

(a) It is the intent of the General Assembly that of the $110,003,608 authorized in Sections 2-16 of this act, not more than $55,928,081 shall be appropriated in the first year of the biennium, and the remainder shall be appropriated in the second year.

Sec. 2. STATE BUILDINGS

(a) The following sums are appropriated in FY 2026 to the Department of Buildings and General Services for the following projects:

(1) Statewide, 3-acre parcel stormwater compliance:	$1,500,000
(2) Statewide, Art in State Buildings Program:	$75,000
(3) Rutland, Asa Bloomer Building sewage system upgrades:	$1,500,000
(4) Rutland, multimodal garage renovation:	$600,000
(5) Waterbury, State Office Complex historic core roof replacement:	$2,000,000
(6) Burlington, 32 Cherry St. parking garage repairs:	$1,500,000

(b) The following sums are appropriated in FY 2027 to the Department of Buildings and General Services for the following projects:

(1) Statewide, major maintenance:	$8,500,000
(2) Statewide, planning, reuse, and contingency:	$250,000
(3) Statewide, physical security enhancements:	$250,000
(4) Statewide, 3-acre parcel stormwater compliance:	$1,500,000
(5) Statewide, Art in State Buildings program:	$75,000
(6) Pittsford, Academy firing range upgrades:	$200,000
(7) Montpelier, State House replacement of historic interior finishes:	$50,000

(8) Montpelier, 120 State Street HVAC – steam lines interior renovation: $2,000,000

(9) Middlesex, Vermont State Archives roof replacement, main building: $1,000,000

(10) Waterbury, State Office Complex historic core roof replacement: $2,000,000

(11) Burlington, 32 Cherry St. parking garage repairs: $500,000

Appropriation – FY 2026 $7,175,000

Appropriation – FY 2027 $16,325,000

Total Appropriation – Section 2 $23,500,000

Sec. 3. HUMAN SERVICES

(a) The following sums are appropriated in FY 2026 to the Department of Buildings and General Services for the Agency of Human Services for the following projects:

(1) Statewide, planning, design and construction for HVAC system upgrades at correctional facilities: $5,000,000

(2) Statewide, accessibility upgrades at correctional facilities: $2,000,000

(3) Statewide, correctional facility safety and security upgrades: $225,000

(4) St. Johnsbury, Northeast Correctional Complex (NECC) door control system replacements: $1,000,000

(5) St. Albans, Northwest Regional Correctional Facility (NWRCF) roof replacement: $1,200,000

(b) The following sums are appropriated in FY 2027 to the Department of Buildings and General Services for the Agency of Human Services for the following projects:

(1) Statewide, planning, design and construction for HVAC system upgrades at correctional facilities: $1,000,000

(2) Statewide, correctional facility safety and security upgrades: $200,000

(3) Rutland, Marble Valley Regional Correctional Facility (MVRCF) door control system replacements: $500,000

(4) St. Johnsbury, Northeast Correctional Complex (NECC) door control system replacements: $2,600,000

(5) Newport, Northern State Correctional Facility (NSCF) sprinkler system upgrades: $1,000,000

Appropriation – FY 2026	$9,425,000
Appropriation – FY 2027	$5,300,000
Total Appropriation – Section 3	$14,725,000

Sec. 4. COMMERCE AND COMMUNITY DEVELOPMENT

(a) The following sums are appropriated in FY 2026 to the Agency of Commerce and Community Development for the following projects described in this subsection:

(1) Major maintenance at statewide historic sites: $550,000

(2) Underwater preserves: $46,000

(3) Bennington Highschool redevelopment, housing infrastructure: $1,100,000

(4) Barre, Prospect Heights, housing infrastructure: $1,000,000

(5) Brattleboro, Winston Prouty Center housing infrastructure: $1,000,000

(b) The following sums are appropriated in FY 2026 to the Agency of Commerce and Community Development for the following projects described in this subsection:

(1) Major maintenance at statewide historic sites: $550,000

(2) Underwater preserves: $46,000

Appropriation – FY 2026	$3,696,000
Appropriation – FY 2027	$596,000
Total Appropriation – Section 4	$4,292,000

Sec. 5. GRANT PROGRAMS

(a) The following sums are appropriated in FY 2026 for the Building Communities Grants established in 24 V.S.A. chapter 137:

(1) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Preservation Grant Program: $250,000

(2) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Barns Preservation Grant Program: $250,000

(3) To the Vermont Council on the Arts, for the Cultural Facilities Grant Program: $250,000

(4) To the Department of Buildings and General Services for the Recreational Facilities Grant Program: $250,000

(5) To the Department of Buildings and General Services for the Human Services and Educational Facilities Competitive Grant Program (Human Services): $150,000

(6) To the Department of Buildings and General Services for the Human Services and Educational Facilities Competitive Grant Program (Education): $150,000

(7) To the Department of Buildings and General Services for the Regional Economic Development Grant Program: $250,000

(8) To the Agency of Agriculture, Food and Markets for the Agricultural Fairs and Field Days Capital Projects Competitive Grant Program: $300,000

(b) The following sums are appropriated in FY 2027 for the Building Communities Grants established in 24 V.S.A. chapter 137:

(1) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Preservation Grant Program: $250,000

(2) To the Agency of Commerce and Community Development, Division for Historic Preservation, for the Historic Barns Preservation Grant Program: $250,000

(3) To the Vermont Council on the Arts, for the Cultural Facilities Grant Program: $250,000

(4) To the Department of Buildings and General Services for the Recreational Facilities Grant Program: $250,000

(5) To the Department of Buildings and General Services for the Human Services and Educational Facilities Competitive Grant Program (Human Services): $150,000

(6) To the Department of Buildings and General Services for the Human Services and Educational Facilities Competitive Grant Program (Education): $150,000

(7) To the Department of Buildings and General Services for the Regional Economic Development Grant Program: $250,000

(8) To the Agency of Agriculture, Food and Markets for the Agricultural Fairs and Field Days Capital Projects Competitive Grant Program: $300,000

Appropriation – FY 2026 $1,850,000

Appropriation – FY 2027 $1,850,000

Total Appropriation – Section 5 $3,700,000

Sec. 6. VETERANS' HOME

(a) The following sums are appropriated in FY 2026 to the Vermont Veterans' Home for the following projects:

(1) Replacement of air handlers: $730,000

(2) Expansion of laundry facilities: $420,000

Appropriation – FY 2026 $1,150,000

Total Appropriation – Section 6 $1.150,000

Sec. 7. UNIVERSITY OF VERMONT

(a) The sum of $1,600,000 is appropriated in FY 2026 to the University of Vermont for construction, renovations and major maintenance.

(b) The sum of $1,600,000 is appropriated in FY 2027 to the University of Vermont for the projects described in subsection (a) of this section.

Appropriation – FY 2026 $1,600,000

Appropriation – FY 2027 $1,600,000

Total Appropriation – Section 7 $3,200,000

Sec. 8. VERMONT STATE COLLEGES

(a) The following sums are appropriated in FY 2026 to the Vermont State Colleges:

(1) Statewide, construction, renovations and major maintenance: $1,500,000

(2) Johnson, central heating plant replacement: $1,500,000

(b) The following sums are appropriated in FY 2027 to the Vermont State Colleges:

(1) Statewide, construction, renovations and major maintenance: $1,500,000

(2) Johnson, central heating plant replacement: $3,500,000

Appropriation – FY 2026 $3,000,000

Appropriation – FY 2027 $5,000,000

Total Appropriation – Section 8 $8,000,000

Sec. 9. NATURAL RESOURCES

(a) The sum of $500,000 is appropriated in FY 2026 to the Agency of Natural Resources, Department of Environmental Conservation for dam safety and hydrology projects.

(b) The following sums are appropriated in FY 2026 to the Agency of Natural Resources, Department of Forests, Parks and Recreation for the following projects:

(1) Park infrastructure rehabilitation, improvement and 3-acre rule compliance: $3,500,000

(2) Public lands access infrastructure: $700,000

(c) The sum of $1,105,000 is appropriated in FY 2026 to the Agency of Natural Resources, Department of Fish and Wildlife for major maintenance and infrastructure projects.

(d) The following sums are appropriated in FY 2027 to the Agency of Natural Resources, Department of Environmental Conservation for the following projects:

(1) State match, EPA Drinking Water State Revolving Fund (DWSRF) capitalization grants: $590,000

(2) Dam safety and hydrology projects: $500,000

(e) The following sums are appropriated in FY 2027 to the Agency of Natural Resources, Department of Forests, Parks and Recreation for the following projects:

(1) Park infrastructure rehabilitation, improvement and 3-acre rule compliance: $2,500,000

(2) Public lands access infrastructure: $700,000

(f) The sum of $1,029,360 is appropriated in FY 2027 to the Agency of Natural Resources, Department of Fish and Wildlife for major maintenance and infrastructure projects.

Appropriation - FY 2026	$5,805,000
Appropriation - FY 2027	$5,319,360
Total Appropriation - Section 9	$11,124,360

Sec. 10. CLEAN WATER INITIATIVES

(a) The sum of $3,000,000 is appropriated in FY 2026 to the Agency of Agriculture, Food and Markets for water quality grants and contracts.

(b) The sum of $4,000,000 is appropriated in FY 2026 to the Agency of Natural Resources, Department of Environmental Conservation for municipal pollution control grants.

(c) The sum of $200,000 is appropriated in FY 2026 to the Agency of Natural Resources, Department of Forests, Parks and Recreation for water quality improvements to forest access roads.

(d) (1) The following sums are appropriated in FY 2026 to the Vermont Housing and Conservation Board for the following projects:

(A) Agricultural water quality projects: $800,000

(B) Land conservation and water quality projects: $2,000,000

(2) A grant issued under subdivision (1)(A) of this subsection:

(A) Shall not be considered a State grant under 6 V.S.A. chapter 215, subchapter 3 for purposes of calculating the maximum amount of a State water quality assistance award under 6 V.S.A. § 4824 or 4826; and

(B) may be used to satisfy a grant recipient's cost-share requirements.

(e) The sum of $10,000,000 is appropriated in FY 2027 to the Agency of Natural Resources for the Department of Environmental Conservation for clean water implementation projects.

Appropriation - FY 2026	$10,000,000
Appropriation - FY 2027	$10,000,000
Total Appropriation - Section 10	$20,000,000

Sec. 11. MILITARY

(a) The following sums are appropriated in FY 2026 to the Military Department for the following projects:

(1) Major maintenance, renovations, and ADA compliance at State armories: $1,272,838

(2) Northwest Regional Readiness Center, planning and design: $1,343,333

(b) The sum of $1,310,167 is appropriated in FY 2027 to the Military Department for major maintenance, renovations, and ADA compliance at State armories.

Appropriation - FY 2026	$2,616,171
Appropriation - FY 2027	$1,310,167
Total Appropriation - Section 11	$3,926,338

Sec. 12. AGRICULTURE, FOOD & MARKETS

(a) The following sums are appropriated in FY 2026 to the Department of Buildings and General Services for the Agency of Agriculture, Food and Markets for the following projects:

(3) Renovations to the Vermont Building at the Eastern States Exposition: $1,500,000

(4) Upgrades to the heat systems serving the Vermont State University Randolph Campus and the Vermont Agricultural and Environmental Laboratory: $3,500,000

(b) The sum of $1,500,000 is appropriated in FY 2027 to the Department of Buildings and General Services for the Agency of Agriculture, Food and Markets for renovations to the Vermont Building at the Eastern States Exposition.

Appropriation - FY 2026	$5,000,000
Appropriation - FY 2027	$1,500,000
Total Appropriation - Section 12	$6,500,000

Sec. 13. PUBLIC SAFETY

(a) The following sums are appropriated in FY 2027 to the Department of Buildings and General Services for the Department of Public Safety for the following projects:

(5) Shaftsbury Field Station, land acquisition, planning and design: $150,000

(6) Rutland Field Station $4,000,000

Appropriation - FY 2027	$4,150,000
Total Appropriation - Section 13	$4,150,000

Sec. 14 JUDICIARY

(a) The following sums are appropriated in FY 2026 to the Judiciary for the following projects:

(1) Woodstock Courthouse, backup power system: $100,000

(2) Essex County Courthouse expansion: $3,685,910

(b) The sum of $1,000,000 is appropriated in FY 2027 to the Department of Buildings and General Services for the Judiciary for Newport Courthouse replacement planning and design.

Appropriation - FY 2026	$3,785,910
Appropriation - FY 2027	$1,000,000
Total Appropriation - Section 14	$4,785,910

Sec. 15. VERMONT RURAL FIRE PROTECTION

(a) The sum of $125,000 is appropriated in FY 2026 to the Department of Public Safety for the Vermont Rural Fire Protection Task Force for the dry hydrant program.

(b) The sum of $125,000 is appropriated in FY 2027 to the Department of Public Safety for the Vermont Rural Fire Protection Task Force for the project described in subsection (a) of this section.

Appropriation - FY 2026	$125,000
Appropriation - FY 2027	$125,000
Total Appropriation - Section 15	$250,000

Sec. 16. VERMONT HISTORICAL SOCIETY

(a) The sum of $700,000 is appropriated in FY 2026 to the Vermont Historical Society for the water infiltration mitigation and repair at the Spaulding Building in Barre.

Appropriation – FY 2026	$700,000
Total Appropriation – Section 16	$700,000

Sec. 17. REALLOCATION OF FUNDS; TRANSFER OF FUNDS

(a) The following sums are reallocated to the Department of Buildings and General Services from prior capital appropriations to defray expenditures authorized in Sec. 2 of this act:

(1) Of the amount appropriated in 2019 Acts & Resolves No. 42, Sec. 2(c)(5), as amended by 202 Acts & Resolves No. 139, Sec. 1 (108 Cherry Street, parking garage repairs) $399,803.36

(2) Of the amount appropriated in 2021 Acts & Resolves No. 50, Sec(c)(18), as amended by 2022 Acts & Resolves No. 180, Sec. 2 (108 Cherry Street, parking garage repairs) $37,519.86

(3) Of the amount appropriated in 2019 Acts & Resolves No. 42, Sec. 13(a), as amended

by 202 Acts & Resolves No. 139, Sec. 9 (Middlesex Field Station) $371.89

(4) Of the amount appropriated in 2021 Acts & Resolves No. 50, Sec. 12(a)(2) (Middlesex Field Station) $18,309.45

(5) Of the amount appropriated in 2021 Acts & Resolves No. 50, Sec. 12(c), as amended by 2022 Acts & Resolves No. 180, Sec. 10, as further amended by 2023 Acts & Resolves No. 69, Sec. 35 (Williston Public Safety Field Station) $2,220,099.10

(6) Of the amount appropriated in 2023 Acts & Resolves No. 69 Sec 2(b)(3), statewide planning, reuse, and contingency $425,000.00

(b) Of the amount appropriated to the Agency of Commerce and Community Development in 2019 Acts & Resolves No. 42, Sec. 5(c), as amended by 2020 Acts & Resolves No. 139, Sec. 3 (Highgate Native American Cemetery), the sum of $12,042.00 is reallocated to defray expenditures authorized in this act.

(c) Of the amount appropriated to the Agency of Transportation in 2020 Acts & Resolves No. 139, Sec. 12(b)(1) (Lamoille Valley Rail Trail), $112.31 is reallocated to defray expenditures authorized in this act.

Total Reallocations and Transfers – Section 17 $3,113,257.97

Sec 18. GENERAL OBLIGATION BONDS AND APPROPRIATIONS

(a) The State Treasurer is authorized to issue general obligation bonds in the amount of $100,000,000.00 for the purpose of funding the appropriations made in Sections 2-16 of this act. The State Treasurer, with the approval of the Governor, shall determine the appropriate form and maturity of the bonds authorized by this section consistent with the underlying nature of the appropriation to be funded.

Total Revenues – Section 18 $100,000,000.00

Sec. 19 CASH FUND FOR CAPITAL AND ESSENTIAL INVESTMENTS – FY 2026 CAPITAL APPROPRIATIONS

(a) In fiscal year 2026, $16,969,723 is appropriated from the Capital Infrastructure subaccount in the Cash Fund for Capital and Essential Investments for the following projects:

(1) $8,000,000 to the Department of Buildings and General Services for statewide major

maintenance.

(2) $250,000 to the Department of Buildings and General Services for statewide planning, reuse, and contingency.

(3) $250,000 to the Department of Buildings and General Services for statewide physical security enhancements.

(4) $219,723 to the Department of Buildings and General Services for State House repointing.

(5) $250,000 to the Department of Buildings and General Services for an uninterruptable power supply system for the Middlesex print and postal facility.

(6) $8,000,000 to the Department of Buildings and General Services for the Judiciary for renovations at the Windsor County Courthouse in White River Junction.

(b) In fiscal year 2026, $14,500,000 is appropriated from the Other Infrastructure, Essential Investments, and Reserves subaccount in the Cash Fund for Capital and Essential Investments to the Agency of Natural Resources, Department of Environmental Conservation for the State match to the Infrastructure Investment and Jobs Act Drinking Water State Revolving Fund and Clean Water State Revolving fund, in accordance with the provisions of 2023 Acts & Resolves No. 78 Sec. C.108(b).

Policy

Sec. 20. 32 V.S.A. §1001b is amended to read:

§ 1001b. Cash fund for Capital and Essential Investments

(a) Creation. There is hereby created the Cash Fund for Capital and Essential Investments to be administered by the Commissioner of Finance and Management, in consultation with the State Treasurer. The Fund shall have the following two subaccounts:

(1) the Capital Infrastructure subaccount, to defray the costs of future capital expenditures that would otherwise be authorized in the capital construction act and paid for using the State's general obligation bonding authority and debt service obligations or paid for as a direct associated cost of a capital project; and

(2) the Other Infrastructure, Essential Investments, and Reserves subaccount, to fund essential investments and infrastructure needs, create reserves for these expenditures and make contingent appropriations for other infrastructure investments, as authorized by the General Assembly.

(b) Fund Accounts.

(1) Capital Infrastructure subaccount. The Capital Infrastructure subaccount ~~may~~ shall consist of:

(A) annual transfers made by the General Assembly of four percent ~~or less~~ of the last completed fiscal year's General Fund appropriations, less the amount necessary to fund the State's general obligation debt service in the year for which the transfer is being made, as determined by the State Treasurer and the Commissioner of Finance and Management at the time of budget preparation; and

(B) any interest earned by the subaccount.

(2) Other Infrastructure, Essential Investments, and Reserves subaccount. The Other Infrastructure, Essential Investments, and Reserves subaccount may consist of any appropriations or transfers made by the General Assembly; from the General Fund or any other State fund and any contingent transfers made by the General Assembly from the General Fund after satisfying the requirements of 32 V.S.A. § 308 but prior to satisfying the requirements of 32 V.S.A. § 308c in any fiscal year and any contingent transfers made by the General Assembly from other State funds.

(c) Use of funds. Monies in the Fund Accounts shall only be used as follows:

(1) Expenditures shall only be made by the General Assembly from the Capital Infrastructure subaccount for:

(A) tangible capital investments, as described in section 309 of this title, with an anticipated lifespan of 20 years or more; and

(B) engineering and architectural costs directly associated with a proposed capital project.

(2) Expenditures shall only be made by the General Assembly from the Other Infrastructure, Essential Investments, and Reserves subaccount for:

(A) any expenditure eligible under subdivision (1) of this subsection (c); and

(B) any other essential investments and infrastructure needs, including transportation-related projects and capitalization of revolving loan funds.

(d) Fund balance. All balances in the Fund accounts at the end of any fiscal year shall be carried forward and remain part of the Fund accounts. Notwithstanding 32 V.S.A. § 511, the Commissioner of Finance and Management shall not anticipate receipts for the Fund accounts and issue warrants thereon.

(e) Spending authority. Any entity authorized to make expenditures from the Capital Infrastructure subaccount shall have not more than two years from the legislative session in which the act authorizing the expenditure was enacted to encumber the funds. Any remaining unencumbered funds shall remain part of the Fund account.

Sec. 21. 32 V.S.A. §701a(d)(2) is amended to read:

§ 701a. Capital construction bill

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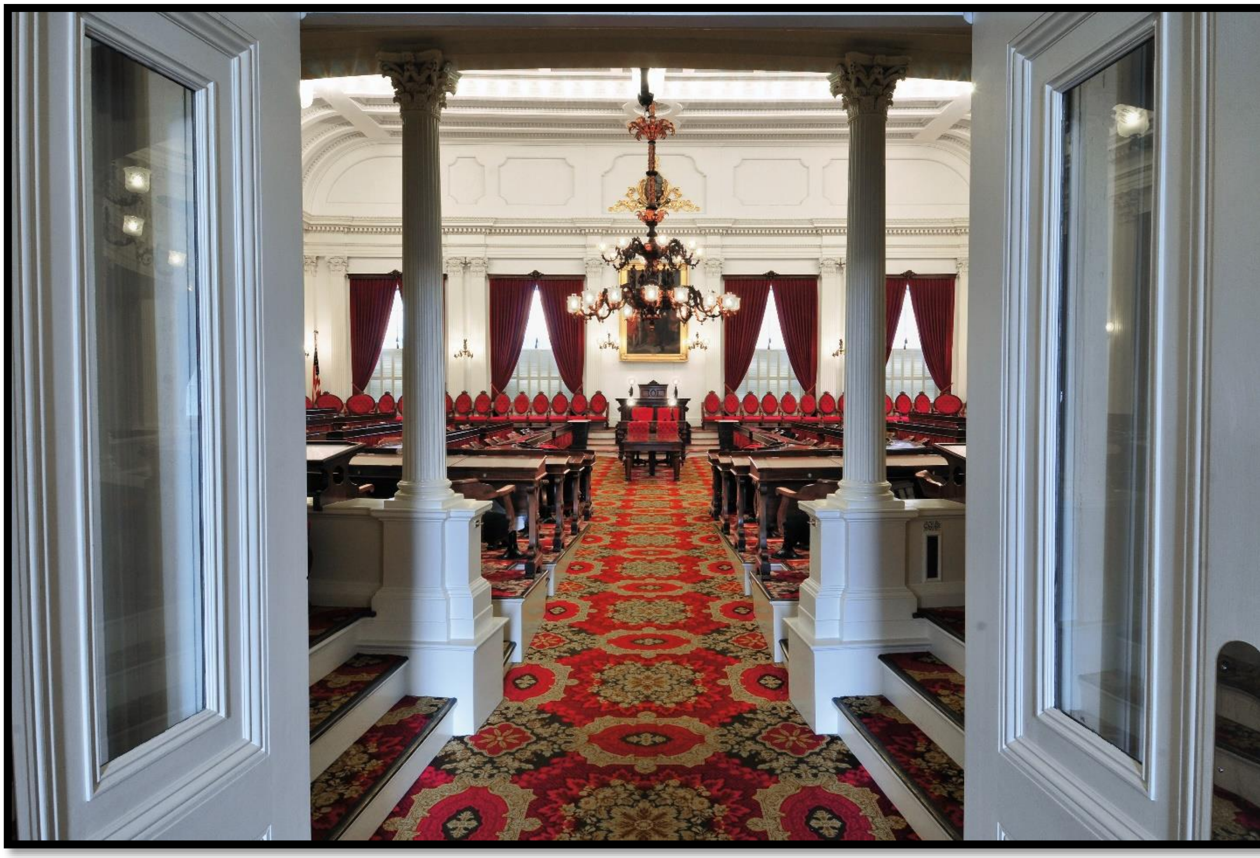
(d)(2) ~~On or before December 15~~Not later than the third Tuesday of each year, the Commissioner of Finance and Management shall submit in a consolidated format the reports required by subdivision (1) of this subsection to the House Committee on Corrections and Institutions and the Senate Committee on Institutions.

Sec. XX EFFECTIVE DATE

This act shall take effect on passage.

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GOVENOR'S RECOMMENDED BUDGET

Administration Forward

SECTION 1

ADMINISTRATION FORWARD

SEC. 1 ADMINISTRATION FORWARD

The Cash Fund for Capital & Essential Investments

32 V.S.A. §1001b

History. Vermont's capital budget has historically been funded through the issuance of General Obligation (G.O.) Bonds. At recent historical interest rates, every dollar borrowed to fund capital projects costs taxpayers about $1.50 over the life of a 20-year bond. Annual debt service payments in the General Fund operating budget have been between $70 million and $80 million in recent years.

The amount of G.O. bonds issued follows the recommendations of the Capital Debt Affordability Advisory Committee (CDAAC), a technical third-party advisory group statutorily charged with determining how much debt the State can prudently issue. CDAAC meets annually to craft or update their recommendation based on an analysis of a variety of metrics, including many that directly inform the State's credit rating. These credit ratings, which impact the cost of borrowing, were for many years AAA, but were downgraded in 2019 by rating agencies citing demographic, workforce and economic challenges. The State's formidable outstanding pension liabilities have also been a significant downward pressure on the State's credit rating.

CDAAC's biennial recommendations peaked in FY14-FY15, at just under $160 million. Since then, as part of an ongoing effort to reduce the State's overall debt service costs and to reclaim a top credit rating, CDAAC's recommendations have declined steadily to the current recommendation of $100 million for FY26-FY27. These declining recommendations have coincided with historic levels of inflation and rising construction costs—from 2014-2024, inflation (CPI) rose by about 35%. Given these opposing trends, in order to continue meeting ongoing capital needs and make future infrastructure investments, **the State needs to look to a capital bill not solely reliant on borrowing.**

The Cash Fund for Capital Investments was jointly proposed by the Administration and the Treasurer's Office and codified by the Legislature in 2022 as an alternative funding source for capital projects designed to transition the State away from bonding for all capital projects. This is achieved through a statutory annual transfer from the General Fund equal to:

> 4% of total GF appropriations in the last completed fiscal year,
> less the estimated GF debt service for the current budget year.

The concept behind the cash fund formula is simple: **as the State continues to pay down outstanding bonds and maintains a stable or declining level of new debt issuance, resulting savings in annual debt service are automatically reinvested in capital projects, interest-free.** This sets up a virtuous cycle that has the potential to dramatically shift the composition of the State's capital funding portfolio, and results in millions of dollars of interest savings for Vermont taxpayers in the long run. In this endeavor Vermont is not alone—many other States currently prefund a portion or all of their capital spending.

To date, just under $25 million in capital projects have been funded through the Cash Fund, saving potentially upwards of $10 million in interest costs. In FY26, the statutory transfer calculation amounts to approximately $14.9 million, which combined with about $2.1 million in fund interest and prior year carryforward, funds **just under $17 million in cash funded projects in FY26**.

Policy. That the Cash Fund's primary funding formula is intertwined with General Fund operating budget is intentional. Even prior to the existence of the fund, Vermont's capital bill has long cast a shadow on the operating budget in the form of the non-discretionary debt service payments the Treasurer is required by statute to make on G.O. bonds issued. Historically, these payments have accounted for a non-negligible portion of the overall GF budget, on the order of 4% to 6%. The statutory cash fund transfer effectively locks in this commitment, ensuring that no more than 4% of the annual GF budget will be used to support the State's capital needs, and it does so in a way that helps support capital spending growth in alignment with the state's overall general fund revenues over time.

Because of this nexus between the Cash Fund and the General Fund, there has been some discussion in recent years about the appropriate budget vehicle for the Cash Fund. Since, as described in statute, the Cash Fund exists to "defray the costs of future capital expenditures that would otherwise be authorized in the capital construction act**" the Administration strongly believes that Cash Fund appropriations should be made directly in the capital bill** and fall under the jurisdiction of the House Corrections & Institutions and Senate Institutions Committees. This placement supports the vision of the Cash Fund as an integrated part of Vermont's capital budget and allows the appropriate committees of jurisdiction oversight of capital projects. As such**, FY26 Cash Fund appropriations are presented as part of the Governor's recommended FY26-FY27 Capital Bill**.

In the 2023 legislative session, the Cash Fund statute was amended to preface the statutory transfer calculation with the words "up to," allowing for transfers less than the designated amount. In the 2024 session, the Cash Fund transfer was reduced from its statutory level by $4 million, and this difference was directed towards other General Fund budget priorities. Since the success of the cash fund, and by extension the State's ability to fully fund future capital needs without jeopardizing our credit rating, is dependent on a sustained commitment to a robust annual cash transfer to supplement capital borrowing, **the Administration is recommending the full codification of the cash fund transfer mechanism.**

The establishment of the Cash Fund and its ongoing funding has been a bright spot of non-partisan collaboration across multiple branches of government in recent years. The Administration is deeply grateful to the Office of the State Treasurer and members of the General Assembly for their ongoing engagement and partnership in advancing this important policy topic, and we look forward to further collaboration to minimize unnecessary interest obligations that ultimately fall to Vermont taxpayers and further exacerbate the state's affordability issues.

Agency of Administration

SECTION 2

AGENCY OF ADMINISTRATION

SEC. 2 APPROPRIATIONS: DEPARTMENT OF BUILDINGS AND GENERAL SERVICES

The sum of $32,469,723 is the total amount requested for Fiscal Years 2026 and 2027 to be appropriated to the Department of Buildings and General Services (BGS). The Commissioner is authorized to direct funds appropriated in the Section to the projects contained in the Section; the individual allocations in the Section are estimates only:

1. Statewide: Major Maintenance $16,500,000
   FY26 (Cash Fund): $8,000,000 | FY27: $8,500,000

BGS is responsible for the maintenance of approximately 234 buildings statewide, a public investment with a replacement value of about $900,000,000. Many State-owned buildings operate 24/7 and are maintenance-intensive due to their use (Public Safety Facilities, Correctional Facilities, Psychiatric Care Facilities). The Major Maintenance Program performs large repairs and major system replacements in BGS-owned buildings, replacing finishes, complex building systems, and major building components as they reach their end of life. The typical life span of major components and systems in buildings is approximately 20 years.

2. Statewide: Planning, Reuse, and Contingency $500,000
   FY26 (Cash Fund): $250,000 | FY27: $250,000

The annual planning, reuse and contingency appropriation allows BGS to respond to changing programmatic needs of their customers.

Reuse funds are used to respond to the unplanned changing programmatic needs of customers as well as the ebb and flow of state government operations. Planning funds allow the department to develop master plans which drive strategic planning in future investments into state buildings.

In accordance with 29 V.S.A. § 152(22), the Commissioner of BGS has the authority to use the contingency fund appropriation to cover shortfalls up to $100,000 for any project approved in any capital construction act. This allows BGS to effectively administer a multi-million-dollar development program.

3. Statewide: Physical Security Enhancements $500,000
   FY26 (Cash Fund): $250,000 | FY27: $250,000

In accordance with 29 V.S.A. § 171, the Commissioner of BGS shall be responsible for ensuring the security of all State facilities. BGS adheres to this statutory requirement by deploying standard security infrastructure to provide safety and security to state employees, visitors, and state buildings. Examples of security equipment includes card readers, cameras, and panic and lock down buttons. To meet these goals and rapidly deploy and maintain security infrastructure, BGS has developed standards based on the building's function. These standards are incorporated into all planning to support the Design and Construction and Planning and Property Divisions to ensure the proper equipment is installed before employees take occupancy of newly constructed or renovated state-owned or leased buildings.

4. Statewide: 3-Acre Stormwater Compliance $3,000,000
FY26: $1,500,000 | FY27: $1,500,000

Properties with three-acres or more of impervious surfaces, owned by BGS in the Lake Champlain and Memphremagog watersheds, do not meet the requirements in the Vermont Clean Water Act. There are eight BGS-managed sites requiring mitigation: Central Services in Middlesex, Capital Complex in Montpelier, Department of Labor in Montpelier, Northern State Correctional Facility in Newport, Robert H. Wood Jr. Criminal Justice and Fire Service Training Center of Vermont in Pittsford, Northwest State Correctional Facility in St. Albans, Northland Job Corps in Vergennes, and the Waterbury State Office Complex, Waterbury. This program will entail the study, design, permitting, and construction of new or upgraded stormwater treatment infrastructure to comply with the Vermont Clean Water Act of 2015.

5. Statewide: Art in State Buildings $150,000
FY26: $75,000 | FY27: $75,000

In accordance with Title 29 §41-45, the State of Vermont recognizes that public art improves the character and quality of State buildings, enhances workplaces, and adds to the cultural aesthetic as well as the economic vitality of the State. This program provides ongoing funding for the commissioning of works of art for installation in State buildings and facilities. The Vermont Council on the Arts administers the program on behalf of the State and in partnership with BGS. The program provides an open and public way for Vermont citizens and visitors to be exposed to high quality art that has been integrated into infrastructure projects. Art acquired or commissioned through the program is owned by the State.

6. Rutland: Asa Bloomer Building Sewage System Upgrades $1,500,000
FY26: $1,500,000

The Asa Bloomer Building in Rutland requires significant upgrades to the building's under-slab sewer system and to replace the roof and skylight. The system's design is original to the building and has now failed, resulting in sewage odor infiltrating the floors above. This project entails the replacement of the stone box sewer system, basement slab replacement, drainage pipe upgrades, utility sump pump replacements, reconfiguration of drainage connections to the city sewer system, and structural modifications to the first floor for improved support. Measures will also be taken to address under-slab depressurization, radon, and dehumidification. This project aims to enhance the building's indoor air quality while ensuring compliance with current safety standards and energy codes. Timely completion is important to address these issues and prevent further complications. The roof and skylight are beyond their 20-year lifecycle and will need to be replaced to eliminate leaks and improve energy efficiency.

7. Rutland: Multimodal Garage Renovation $600,000
   FY26: $600,000

This appropriation focuses on making the most pressing repairs necessary to mitigate structural concerns. The 335,063 sq ft Rutland Multimodal Parking Garage, constructed in 1998, is adjacent to the Asa Bloomer State Office Building in Rutland. The parking garage consists of six supported floors with a capacity for 650 vehicles. It provides public parking and serves as a public transit transfer point for the region. After 24 years of service, wear and tear, and exposure to deicing chemicals, the garage is showing signs of advanced deterioration with cracking and spalling concrete. A condition appraisal report detailing the conditions of the precast concrete parking structure was completed in April 2020. The report recommends repairs to the concrete structures due to water and salt infiltration. Protecting the concrete is important to maintaining the integrity of the parking structure and extending the service life.

8. Pittsford: Academy Firing Range Upgrades $200,000
   FY27: $200,000

This appropriation would provide planning and design funding to extend the firing range and construct a roof over the range at the Pittsford Academy. The range has angled roof baffles for sound absorption and to prevent rounds from leaving the range. However, it does not prevent snow or rain from entering the range, creating dangerous conditions for users in certain seasons. Extending the length of the range will allow for longer-range arms training and more comprehensive preparation for a variety of law enforcement officers.

9. Montpelier: State House, Replacement of Historic Interior Finishes $50,000
   FY27: $50,000

The Vermont State House, originally constructed in 1858, is one of the most visited museums in the State with over 150,000 Vermont schoolchildren and tourists coming through its doors per year. This appropriation helps ensure that carpets, draperies, upholstery, and other interior finishes are kept in good repair.

10. Montpelier: State House, Repointing $219,723
    FY26 (Cash Fund): $219,723

BGS contracted with U.S. Heritage Group to investigate staining and deteriorating granite and falling mortar around the exterior of the 1858 State House and 1886 Annex. The investigation found that the granite and mortar are being exposed to excessive amounts of moisture, which is infiltrating from the roof, gutters and downspouts, gaps around the windows, and the ground. BGS will implement several strategies to minimize the moisture that is infiltrating the granite.

11. Montpelier: 120 State Street HVAC-Steam Lines Interior Renovation $2,000,000
FY27: $2,000,000

This appropriation supports an ongoing multiphase, multiyear project to replace the existing patchwork of Heating, Venting, and Air Conditioning (HVAC) systems throughout the 76,103 sq ft, five-story, client-service building which is currently operating primarily on a steam system dating back to the original construction just after World War II. All existing steam and condensate lines are beyond their original design life of 40 years and have begun to leak. To date, BGS has been able to manage leaks in the steam pipes, but as the pipes continue to deteriorate over time, there are increasing risks to the health and safety of building occupants. Emergency relocation of staff would be expensive and disruptive to government operations. This project allows BGS to properly phase the work and accommodate staff with one to two floors under renovation at one time. Disruption will be reduced by abandoning the existing steam and condensate lines and leaving them in place. The steam heat will be converted into hot water, which provides more localized control of the heat reducing energy cost. A new HVAC system will be installed to provide fresh air to meet present day standards and eliminate the window air conditioners and other less efficient air conditioning systems. BGS will leverage the opportunity to bring the building up to current building codes and address the aging or nonexistent building systems such as fire alarms, fire suppression, lighting/electrical improvements, provide outside air throughout the building, and various energy upgrades.

12. Middlesex: VT State Archives Roof Replacement, Main Building $1,000,000
FY27: $1,000,000

Originally constructed in 1988, with additions added in 1990 and 2008, for a total of 555,986 sq ft, this building houses the BGS Print Shop and Postal Center as well as the Vermont State Archives and Records Administration (VSARA). The 7,300 sq ft roof over the Print Shop and Postal Center is due for replacement in 2025, and the scope of this project is to replace the membrane roof and damaged insulation on the remainder of the 548,686 sq ft roof. Any delay in replacing the roof risks damaging the public records, many of which are historic and irreplaceable.

13. Middlesex: Print and Postal Uninterruptable Power Supply Upgrade $250,000
FY26 (Cash Fund): $250,000

The BGS Print Shop provides State government with economical and convenient access to digital printing, lease copier services, secure mailing services, and expedited legislative printings. The Print Shop and Postal Center utilizes high-end computerized machines, valued at over $2.9 million, that are sensitive to power interruptions. A sudden electrical outage can cause substantial damage to control boards and other critical components, leading to costly downtime and repair or replacement expenses. To mitigate the risk of damage, it is essential to have a reliable Uninterruptible Power Supply (UPS) in place. The UPS provides a backup power source which allows staff to safely power down the equipment in the event of an outage. This procedure is crucial for maintaining the integrity of the machines and avoiding potential repairs that could range from $10,000 to $50,000 for each piece of equipment.

14. Waterbury: State Office Complex Historic Core Roof Replacements $4,000,000
FY26: $2,000,000 | FY27: $2,000,000

The project is for planned replacement of the remaining original slate roofs and copper appurtenances at the Waterbury State Office Complex, Agency of Human Services Buildings B, C, D, F, and G, the Hanks Building, and the Department of Public Safety (DPS) Building. Leak repairs in 2020 found that the slates on most of the buildings can no longer be repaired and need full replacement. Because of the historical nature of the building, there are limitations on which materials can be used in the replacement, which has implications for the overall project cost.

15. Burlington: 32 Cherry St, Parking Garage Repairs $2,000,000
FY26: $1,500,000 | FY27: $500,000

The garage, originally constructed in 1968 with an addition in 1992, consists of one-and-a-half floors below grade with the capacity for 78 vehicles. In August of 2024, BGS contracted with a construction manager to provide preconstruction services. The architectural contractor has submitted the design development phase to BGS for review and approval. The next phase is for the architectural contractor to complete the construction documents. BGS anticipates the construction to be bid out in late spring, or early summer of 2025. 32 Cherry Street, the 170,917 sq ft, four-story Costello Courthouse in Burlington also provides space for the Agency of Human Services, the Attorney Generals' Office, and the State's Attorney.

Request for FY 2026 Bonded Funds	$7,175,000
Request for FY 2026 Cash Fund	$8,969,723
Request for FY 2027 Bonded Funds	$16,325,000
Total Request for Section 2 FY 2026 and FY 2027	$32,469,723

Agency of Human Services

SECTION 3

AGENCY OF HUMAN SERVICES

SEC 3. APPROPRIATIONS: AGENCY OF HUMAN SERVICES

The sum of $14,725,000 is the total amount requested for fiscal years 2026 and 2027 to be appropriated to the Department of Buildings and General Services on behalf of the Agency of Human Services. The Commissioner is authorized to direct funds appropriated in the Section to the projects contained in the Section; the individual allocations in the Section are estimates only.

1. Statewide: Planning, Design & Construction for HVAC Upgrades at Correctional Facilities $6,000,000
   FY26: $5,000,000 | FY27: $1,000,000

This appropriation builds on those made in prior capital bills which fund the design, construction, and installation of air conditioning at five of Vermont's six correctional facilities. In this phase, BGS will be using a construction manager to order the air handlers and chillers, which can take six months or longer to receive after the order is placed based on supply constraints. In the interim, the balance of the design will be completed, construction RFPs issued and awarded, and construction begun to facilitate rapid deployment of the equipment upon its arrival. It is anticipated that permanent air conditioning will be in place in late 2026 or early 2027 for the following facilities: Southern State Correctional Facility, Northern State Correctional Facility, Northeast State Correctional Facility, and Caledonia Community Work Camp.

2. Statewide: ADA Compliance at Correctional Facilities $2,000,000
   FY26: $2,000,000

This appropriation funds the final phase of construction across multiple facilities to comply with a recent settlement agreement reached with the Department of Justice related to compliance with the Americans with Disabilities Act (ADA). An addendum has been executed to extend the agreement to October 27, 2025, in order to complete architectural remediations necessitated by the settlement agreement. Remaining projects include the installation of chair lifts at Northern State Correctional Facility and Chittenden Regional Correctional Facility. This appropriation also funds work by the independent licensed architect contracted to oversee this work through October 31, 2025.

3. Statewide: Correctional Facility Safety and Security Upgrades $425,000
   FY26: $225,000 | FY27: $200,000

This appropriation helps support a variety of structural safety and security needs that arise due to infrastructure failures or operational changes. Examples include security camera replacements and associated wiring, secure fencing changes and repairs, suicide prevention efforts, secure door repairs, compliance with Prison Rape Elimination Act (PREA) standards, replacing ventilation grilles, bunk and desk/stool upgrades to eliminate tie off points, and other life-safety projects. This appropriation supports upgrades across all DOC facilities.

4. Rutland: Marble Valley Regional Correctional Facility
(MVRCF) Door Control System Replacements $500,000
FY27: $500,000

This appropriation continues the design for the replacement of current relay-based door control systems at MVRCF. This project, together with the Northeast Correctional Complex (NECC) door control project, is part of an ongoing effort to bring correctional facilities into alignment with current industry security standards and provide a consistent platform across all facilities. The project will involve replacing the current PLC-based system utilizing touch-screen controls, integrating the existing intercom and camera systems into the touchscreen platform, and replacing the existing perimeter intrusion detection systems on the secure perimeter fences with a system connected to the touchscreens.

5. St. Johnsbury: Northeast Correctional Complex
(NECC) Door Control System Replacements $3,600,000
FY26: $1,000,000 | FY27: $2,600,000

This appropriation funds the construction of the door control replacement project at Northeastern Correction Complex, part of the ongoing effort to bring all correctional facilities into alignment with the industry standard described above. The project involves the complete replacement of the existing relay-based door control systems with touchscreen technology and the integration of other systems with the new platform. This project will require temporary relocation of incarcerated individuals, BGS will work with DOC on logistics and the cost of relocation is included in our estimates. In addition, any deferred maintenance will be performed at this time.

6. St. Albans: Northwest State Correctional Facility (NWSCF) Roof Replacement $1,200,000
   FY26: $1,200,000

This appropriation funds the major repairs and roof replacement at Northwest State Correctional Facility. Originally constructed in 1969, the 223,209 sq ft correctional facility has seen many renovations and expansions over the decades. With a current capacity of about 250 beds, the roofs of many of the buildings onsite are at or beyond the end of life and leaks are developing which, in some cases, have caused damage to the interior of buildings and presents a potential threat to the safe operation of the facility and negative health impacts to the building occupants. The scope of this project includes major repair and replacement of roofs throughout the facility, including E-Wing, D-Wing, kitchen, and administration asphalt shingled roofs, replacement of one ballast roof over the old infirmary, improvement of roof insulation to meet current energy code, repair of the brick in the great wall and its cap, repair of the brick wall between the gymnasium and old maintenance shop roofs, repair of the generator building roof, repair of the wood shop standing seam roof and interior damage, and repair of the hedge house roof between the two greenhouses.

7. Newport: Northern State Correctional Facility (NSCF) Sprinkler System Upgrades $1,000,000
   FY27: $1,000,000

The Northern State Correctional Facility was constructed in 1993 and has a current capacity of over 400 beds. The sprinkler system in the A2 building has developed pinhole leaks throughout the building and needs to be replaced. The A2 Building houses the boiler rooms, dining hall, visitor rooms, data closet, medical suite, Special Management Unit, and Booking and Segregation. Failure of any part of the sprinkler system will interfere with the normal operation of the facility.

Request for FY 2026 Bonded Funds	$9,425,000
Request for FY 2027 Bonded Funds	$5,300,000
Total Request for Section 3 FY 2026 and FY 2027	$14,725,000

Agency of Commerce & Community Development

SECTION 4

AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT

SEC. 4 APPROPRIATIONS: AGENCY OF COMMERCE AND COMMUNITY DEVELOPMENT

The sum of $4,292,000 is the total amount requested for Fiscal Years 2026 and 2027 to be appropriated to the Agency of Commerce and Community Development. The Secretary is authorized to direct funds appropriated in this Section to the projects contained in this Section, the individual allocations in the Section are estimates only:

1. Major Maintenance at Statewide Historic Sites $1,100,000
   FY26: $550,000 | FY27: $550,000

This annual appropriation supports the management of 82 buildings, structures, sites, and landscapes across 919-acres under the care of the Vermont Division of Historic Preservation (VDHP). Maintenance projects are strategically planned and prioritized with condition assessments and engineering reports. For major rehabilitation projects, VDHP coordinates with BGS to prioritize, and complete condition assessments/reports, as well as some contracting and project management. Highest priority is given to projects that help improve public accessibility, safety, and response to unforeseen events like COVID and recent flooding. Current projects address climate conditions and poor drainage, mold remediation, roof repairs/replacements, window restoration/replacement, porch reconstructions, ADA and accessibility, plaster repair and painting, foundation and structural stabilization, site work, paths, and new mechanical systems. The costs of engaging preservation-experience contractors and acquiring the materials essential to preserving these historic sites have risen in recent years.

2. Vermont Underwater Historic Preserves $92,000
   FY26: $46,000 | FY27: $46,000

This annual appropriation supports the preservation of multiple historically significant wrecks in Lake Champlain in alignment with the preservation and archaeological missions of the Division for Historic Preservation and the Department of Tourism and Marketing. This program directly expands the public's knowledge and use of their historic places and furthers a stronger sense of the environment, history and community that strengthens stewardship of public and private historic assets.

3. Bennington: High School Redevelopment Housing Infrastructure $1,100,000
   FY26: $1,100,000

This appropriation will support critical infrastructure needs for the redevelopment of the former Bennington High School into a mixed-use community and housing space. The 100,000 sq ft facility is anticipated to host 39 general occupancy housing units, spaces for a variety of commercial ventures, the Bennington Senior Center, Meals on Wheels programs, and a childcare center anticipated to create 27 new jobs and provide care for 102 children in the community. This project constitutes a $40 million public/private partnership to re-envision a space that has been vacant for more than 20 years and is expected to provide a myriad of cultural and economic benefits to the Bennington community.

4. Barre: Prospect Heights Housing Infrastructure $1,000,000
   FY26: $1,100,000

This appropriation will support engineering, permitting and infrastructure construction costs for the Prospect Heights housing development project in Barre. This project is expected to generate up to 128 general occupancy housing units at a range of price points to help support ongoing community and economic development. This project is a high strategic priority for development given its location is well out of the floodplain, and the mix of unit types is expected to have a significant impact on Barre's housing and affordability challenges.

5. Brattleboro: Winston Prouty Center Housing Infrastructure $1,000,000
   FY26: $1,000,000

The Village at Winston Prouty is an effort being undertaken jointly by the Winston Prouty Center and the community in response to the housing shortage identified in the 2021 Brattleboro Housing Study and reinforced by successive studies. The project will generate nearly 300 housing units, including apartments, condominiums, and duplexes all in a variety of structures constructed on Winston Prouty's 184-acre campus, with the mission of making the housing affordable for Vermonters of all incomes. Included in the village will be a community center and greenspaces for recreation. This appropriation through the Agency of Commerce and Community development will support municipal investments in infrastructure necessary to drive the project forward.

Request for FY 2026 Bonded Funds	$3,696,000
Request for FY 2027 Bonded Funds	$596,000
Total Request for Section 4 FY 2026 and FY 2027	$4,292,000


ultiplay


NORTH BRANCH NATURE CENTER
Welcome to North Branch Nature Center!

SECTION 5

BUILDING COMMUNITIES' GRANTS

SEC. 5 APPROPRIATIONS: BUILDING COMMUNITIES' GRANTS

a) The sum of $1,500,000 is requested to be appropriated to the Agency of Commerce and Community Development for:

1. Historic Preservation Grants $500,000
   FY26: $250,000 | FY27: $250,000

The Historic Preservation Grant Program encourages pride of place by investing in Vermont's historic infrastructure owned by local municipalities and non-profits, ensuring these buildings continue to actively serve Vermont communities. Past recipients include libraries, museums, schoolhouses, meeting houses, churches, masonic halls, theaters, and town halls, which are iconic visual landmarks to the Vermont landscape. Community and local government activities, located commonly in our historic buildings, serve residents and businesses by providing easily accessible and safe places to work and gather. The grants allow for proper rehabilitation and restoration, keeping buildings active, providing jobs, and growing the local economy. This program enjoys a high perennial demand and is typically oversubscribed. Grants awarded help leverage additional federal and private investments and stimulate Vermont's local construction industry.

2. Barn Preservation Grants $500,000
   FY26: $250,000 | FY27: $250,000

The Vermont Barn Preservation Grant Program, the oldest in the country, helps keep historic buildings active, serving as agricultural resources and commercial venues. Since its inception in 1992, the program has provided $5 million in grants to help with 504 repair and restoration projects involving historic barns and agricultural outbuildings. This is a 50/50 matching grant program, providing up to $20,000 per application. All resources must be eligible for, or listed in, the National Register of Historic Places. The Vermont Advisory Council on Historic Preservation ranks and awards the projects using criteria based on the Standards for Rehabilitation.

3. Cultural Facilities Program $500,000
   FY26: $250,000 | FY27: $250,000

Cultural Facilities Grants help Vermont nonprofit organizations and municipalities enhance, create, or expand the capacity of an existing building to provide cultural activities for the public. Applicants must own a facility that is at least 10 years old, and it must be physically located in Vermont. Cultural activities are defined broadly as activities that enhance artistic, creative, aesthetic, historic or scholarly appreciation by members of the public. This program perennially enjoys high demand and has seen a significant increase in requests to fund flood and climate change mitigation projects in recent years.

b) The Department of Buildings and General Services administers the following grants. Applications for these grants are issued on an annual basis in the Fall of each year. Awarded grantees can receive up to $25,000 and have two years to complete their project. Funding decisions are made by individual committees for each program established in Title 24 V.S.A. Chapter 137 and are based on factors such as community support and fundraising, matching funds from their bottom line, investments, or other grants, and the ability to begin the project once awarded. In FY 2025, a total of 114 applications were received across the four grant categories and totaled $1,812,052.64 in grant funds.

The sum of $1,600,000 is requested for Fiscal Years 2026 and 2027 to be appropriated to the Department of Buildings and General Services for:

4. Recreational Facilities Grants $500,000
   FY26: $250,000 | FY27: $250,000

The Recreational Facilities Grants Program provides competitive grants to municipalities and non-profit organizations to stimulate the creation and development of recreational opportunities in Vermont communities.

5. Human Services & Educational Facilities Grants: Human Services $300,000
   FY26: $150,000 | FY27: $150,000

Human Services and Educational Facilities Grants Program provides competitive grants to municipalities and to non-profit organizations for capital costs associated with the major maintenance, and renovation or development of facilities for the delivery of human services and health care needs in Vermont communities.

6. Human Services & Educational Facilities Grants: Education $300,000
   FY26: $150,000 | FY27: $150,000

The Human Services and Educational Facilities Grant Program provides competitive grants to municipalities and to non-profit organizations for capital costs associated with the major maintenance, and renovation or development of facilities for the delivery of educational needs in Vermont communities.

7. Regional Economic Development Grant Program $500,000
   FY26: $250,000 | FY27: $250,000

The Regional Economic Development Grant program provides competitive grants for capital costs associated with major maintenance, renovation, or planning related to the development of facilities reasonably expected to create job opportunities in Vermont communities. Projects must promote financial engagement in either an individual community or recognized community service area.

c) The sum of $600,000 is requested to be appropriated to the Agency of Agriculture, Foods & Markets for:

8. Agricultural Fairs Capital Projects: Competitive Grant Program $600,000
FY26: $300,000 | FY27: $300,000

This annual appropriation supports a competitive grant program to help Vermont's agricultural fairs and field days organization make needed investments in their capital infrastructure. Approved projects must be completed within 24 months, budgets must include a 15% cash match, and projects must have a 20-year lifespan. Emphasis is placed on leveraging other funds and generating community support for the fair through improvements to the infrastructure. Fairs submit a detailed application for their Capital Grant project each year, which is reviewed by the statutorily established Grant Advisory Committee to ensure project eligibility and alignment with the program goals.

Request for FY 2026 Bonded Funds	$1,850,000
Request for FY 2027 Bonded Funds	$1,850,000
Total Request for Section 5 FY 2026 and FY 2027	$3,700,000

Vermont Veterans' Home

SECTION 6

VERMONT VETERANS' HOME

SEC. 6 APPROPRIATIONS: VERMONT VETERANS' HOME

The sum of $1,150,000 is the total amount requested for the Fiscal Years 2026 and 2027 to be appropriated to the Vermont Veterans' Home for:

1. R-22 Phase Out: Air Handler Replacement $730,000
   FY26: $730,000

Compliance with federal regulations requires the phased discontinuance of certain refrigerants commonly used in existing Heating, Venting, and Air Conditioning (HVAC) systems. The Vermont Veterans' Home (VVH) has over 80 air handlers in use that are past their serviceable life that use R-22, one of the refrigerants targeted for phase-out by the EPA. This appropriation supports the replacement of equipment critical to maintaining quality living conditions for VVH residents and staff.

2. New Laundry Area $420,000
   FY26: $420,000

Maintaining adequate and functional laundry facilities is critical to the operation of the Vermont Veterans' Home, which has a capacity of over 150 residents. VVH's industrial-grade laundry equipment is at the end of its serviceable life and the existing facility space has had ongoing access and climate control issues. In order to accommodate replacement equipment, modifications to the existing laundry area will be necessary. This appropriation provides funding for building upgrades as well as the purchase of equipment with an anticipated functional life exceeding 20 years.

Request for FY 2026 Bonded Funds	$1,150,000
Request for FY 2027 Bonded Funds	$0
Total Request for Section 6 FY 2026 and FY 2027	$1,150,000

University of Vermont

SECTION 7

UNIVERSITY OF VERMONT

SEC. 7 APPROPRIATIONS: UNIVERSITY OF VERMONT

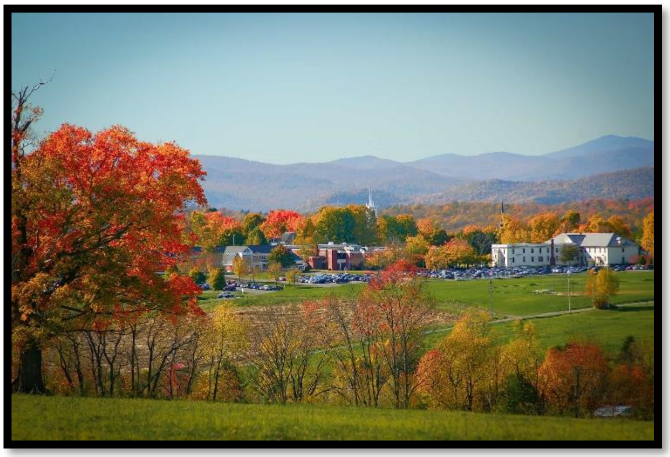
The sum of $3,200,000 is the total amount requested for Fiscal Years 2026 and 2027 to be appropriated to the University of Vermont for:

1. UVM: Construction, Renovation & Major Maintenance $3,200,000
   FY26: $1,600,000 | FY27: $1,600,000

The University of Vermont has received funding from the State's capital budget in recent years to help address a significant backlog of deferred maintenance projects. Given the economic impact of the University on the State, these investments have been viewed critical to supporting a thriving campus with modern, well-maintained facilities to attract a diverse student body, faculty and staff. UVM is often able to leverage significant additional resources for capital projects, of which State support makes up one portion.

Request for FY 2026 Bonded Funds	$1,600,000
Request for FY 2027 Bonded Funds	$1,600,000
Total Request for Section 7 FY 2026 and FY 2027	$3,200,000

Vermont State Colleges




SECTION 8

VERMONT STATE COLLEGES

SEC. 8 APPROPRIATIONS: VERMONT STATE COLLEGES

The sum of $8,000,000 is the total amount requested for Fiscal Years 2026 and 2027 to be appropriated to the Vermont State Colleges for:

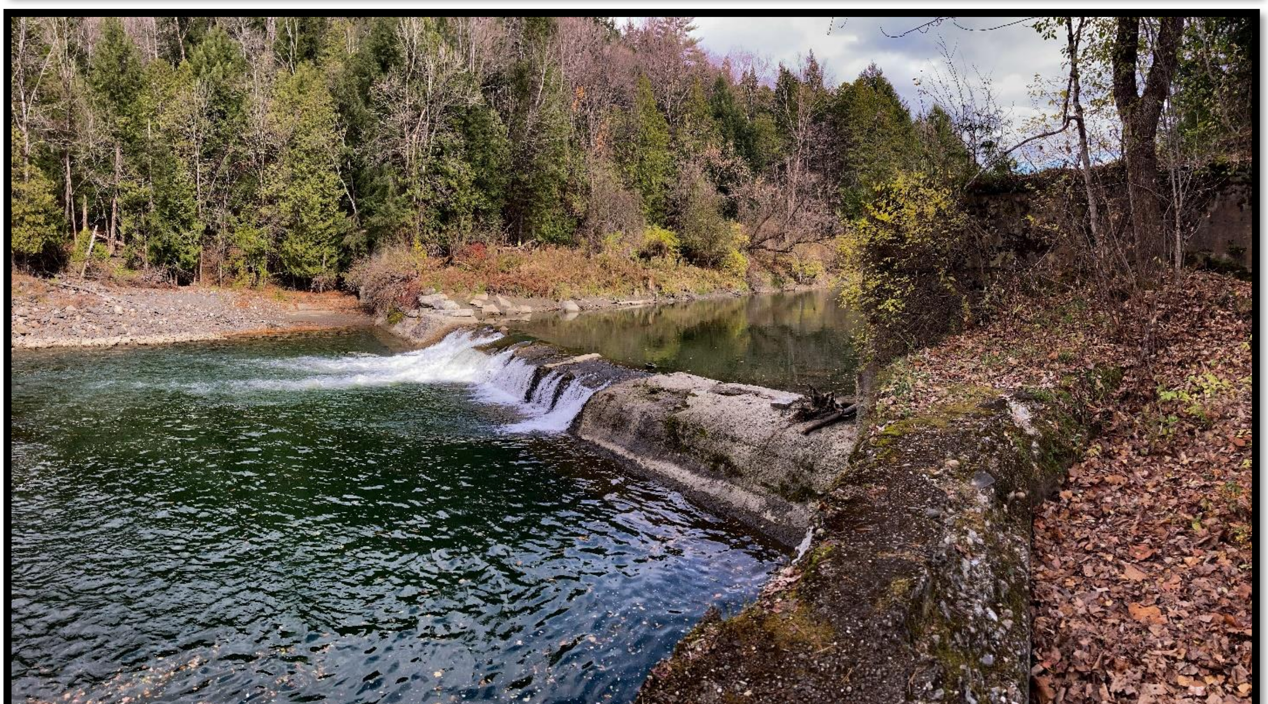
1. VSC: Construction, Renovation & Major Maintenance $3,000,000
   FY26: $1,500,000 | FY27: $1,500,000

As the Vermont State Colleges (VSC) system has navigated a period of transition in recent years, capital budgets have included funding to help support infrastructure modifications, upgrades and deferred maintenance. The State College system's "footprint" includes an aging stock of 121 buildings covering approximately two million square feet, with a replacement value of approximately $682 million. Helping support VSC's physical infrastructure is a critical component of the State's commitment to supporting this important institution.

2. Johnson: Campus Central Heating Plant Replacement $5,000,000
   FY26: $1,500,000 | FY27: $3,500,000

The Johnson Campus of the Vermont State Colleges is currently served by a central steam plant with equipment nearing the end of its functional and serviceable life. Should the current system fail, it could result in significant damage to campus infrastructure. This appropriation helps support the replacement of the existing system with a more modern, fuel-efficient alternative, simultaneously helping advance the State's greenhouse gas reduction goals and supporting the ongoing cost-efficient operations of the campus.

Request for FY 2026 Bonded Funds	$3,000,000
Request for FY 2027 Bonded Funds	$5,000,000
Total Request for Section 8 FY 2026 and FY 2027	$8,000,000



SECTION 9

AGENCY OF NATURAL RESOURCES

SEC. 9 APPROPRIATIONS: AGENCY OF NATURAL RESOURCES

The sum of $11,124,360 is the total amount requested for Fiscal Years 2026 and 2027 to be appropriated to the Agency of Natural Resources. The Secretary is authorized to direct funds appropriated in this Section to the projects contained in the Section; the individual allocations in this Section are estimates only:

1. DEC: State Match for Federal (EPA) Drinking Water State Revolving Fund (DWSRF) Grants $590,000
   FY27: $590,000

This annual appropriation helps provide financial assistance to Vermont municipalities and eligible privately owned public drinking water systems to fund drinking water infrastructure rehabilitation projects to facilitate compliance with the federal Safe Drinking Water Act and the Vermont Water Supply Rule and protect the health of public water system users. Often part of more complex project funding stacks, these funds leverage significant additional federal investment by offering below market financing rates that enable more affordable options for water system capital improvements.

2. DEC: Dam Safety and Hydrology Projects $1,000,000
   FY26: $500,000 | FY27: $500,000

The Agency of Natural Resources owns approximately 100 dams and recently completed an initial risk assessment of a subset of those dams which pose the greatest safety risk to the public. FY26 & FY27 funds will be used for comprehensive assessment and final design of the Kent Pond Dam (classified Significant Hazard potential dam) located in Killington and owned by the Department of Fish and Wildlife, as well as the Lowell Lake Dam (classified High Hazard Potential dam) located in Londonderry and owned by the Department of Forest, Parks and Recreation. Any remaining available funds may be used for the planning and development of future high-priority dam projects.

3. FPR: Parks Infrastructure Rehabilitation and Improvement $6,000,000
   FY26: $3,500,000 | FY27: $2,500,000

This appropriation supports a variety of projects integral to maintaining safe and efficient operations at Vermont Parks and properties owned by the Department of Forests, Parks and Recreation. Projects include major maintenance across parks' facilities, wastewater system maintenance and upgrades, large scale infrastructure improvement projects, and compliance with Vermont's 3-acre rule.

4. FPR: Public Lands Access Infrastructure $1,400,000
   FY26: $700,000 | FY27: $700,000

This appropriation targets infrastructure and asset improvements within the forests and parks system aimed at supporting open access to recreational opportunities for all users. Examples include durable upgrades to high-use trail systems, access roads, and investments to historic recreational infrastructure. The investments supported by this appropriation help to grow Vermont's outdoor economy, often in more rural areas of the State, preserve cultural heritage, and advance environmental conservation priorities.

5. F&W: General Infrastructure Projects, Including
   Small Scale Maintenance and Rehabilitation $2,134,360
   FY26: $1,105,000 | FY27: $1,029,360

This appropriation supports a variety of small and large-scale infrastructure projects across the portfolio of assets owned and managed by the Department of Fish & Wildlife. Examples include maintenance and infrastructure upgrades to Wildlife Management Areas (WMAs) and fishing access areas, upgrades to DFW-owned dams, investments in the State's two youth conservation camps and in the State's fish culture stations.

Request for FY 2026 Bonded Funds	$5,805,000
Request for FY 2027 Bonded Funds	$5,319,360
Total Request for Section 9 FY 2026 and FY 2027	$11,124,360

Clean Water

SECTION 10

CLEAN WATER

SEC. 10 APPROPRIATIONS: CLEAN WATER

The recommendations in this section are in line with those presented by the Clean Water Board, an entity established in 10 V.S.A. §1389, which makes annual recommendations on the financing of projects to support Vermont's clean water commitments. The Clean Water Budget, which also includes financing from other funding sources, has historically included capital appropriations designed to support durable investments in clean water infrastructure with a usable life exceeding 20 years. Recent capital budgets have included a total of $10 million per year for these projects. Since the board meets on an annual basis to craft their recommendations, in the first year of a capital budget biennium it has been typical to include a placeholder appropriation for the second year of the biennium, with the understanding that project breakdowns will be established in the Capital Budget Adjustment following updated recommendations from the Clean Water Board.

Agency of Agriculture, Foods & Markets

1. Water Quality Grants $3,000,000
   FY26: $3,000,000

This appropriation supports the Agency of Agriculture, Food and Markets (AAFM) Water Quality Division in providing financial and technical assistance to Vermont farmers in support of their construction and implementation of on-farm improvements designed to abate agricultural waste discharges. These investments are consistent with the goals of the federal Water Pollution Control Act, the State Water Quality Standards, and Vermont's Required Agricultural Practices Regulations (RAPs). In support of this charge, this program currently administers three technical and financial assistance programs that support pollution prevention projects on agricultural operations to improve water quality and reduce future state pollution remediation costs.

Agency of Natural Resources – Department of Environmental Conservation

2. Clean Water State Revolving Fund (CWSRF) $0
   FY26: $0

This appropriation helps provide financial assistance to Vermont municipalities and eligible privately owned public drinking water systems to fund wastewater and stormwater infrastructure rehabilitation projects to facility compliance with the federal Clean Water Act and State requirements. These funds leverage significant additional federal investment by offering below market financing rates that enable more affordable options for water system capital improvements. Although typically included in the Clean Water Board's capital budget recommendations, based on reductions in federal funding, prior year capital appropriations made to support this line item are available to carry forward into FY26 to meet anticipated State match requirements.

3. Municipal Pollution Control Grants $4,000,000
   FY26: $4,000,000

This appropriation funds grants to municipalities for capital improvements that support pollution control. These investments are typically part of complex funding stacks which may include federal funding, other state funds, and municipal borrowing. As such, these investments are often critical to getting projects across the funding "finish line" and to helping offset the costs to local tax and ratepayers resulting from bond issuances.

Agency of Natural Resources – Department of Forests, Parks and Recreation

4. Forestry Access Road Water Quality Improvements $200,000
   FY26: $200,000

This project implements best management projects (BMPs) on ANR's roads and trails networks to reduce nutrient and sediment pollution into Vermont's waters and meet water quality targets. Products are identified and prioritized using a modified version of the Municipal Roads General Permit program established by DEC, and will be identified by qualified water quality engineers, located in areas hydrologically connected to surface waters and built to meet current BMPs.

Vermont Housing and Conservation Board

5. Agricultural Water Quality Projects $800,000
   FY26: $800,000

This appropriation supports grants to Vermont farmers for infrastructure and equipment to protect and improve water quality. These grants support production area improvements, manure management projects, farm equipment, and pasture management, all of which are consistent with the State's Clean Water goals. This funding has also allowed VHCB and State agency partners to initiate discussions about how to buy out or retire agricultural land for water quality purposes.

6. Land Conservation and Water Quality Projects $2,000,000
   FY26: $2,000,000

This appropriation supports a variety of water quality projects on agricultural and forestlands, as well as higher elevation lands where critical headwaters, wetlands and tributaries are most at risk. These projects help advance Vermont's Clean Water and climate resilience goals, can often help leverage additional federal resources for auxiliary water projects, and help to support a network of private landowners in their commitment to ecological stewardship and the continued viability of Vermont's working landscape.

Request for FY 2026 Bonded Funds	$10,000,000
Request for FY 2027 Bonded Funds	$10,000,000
Total Request for Section 10 FY 2026 and FY 2027	$20,000,000

SECTION 11

MILITARY

SEC. 11 APPROPRIATIONS: MILITARY

The sum of $3,926,338 is the total amount requested for Fiscal Years 2026 and 2027 to be appropriated to the Department of the Military. The Military is authorized to direct funds appropriated in the Section to the projects contained in this Section:

1. Major Maintenance, Renovations, and ADA Compliance at State Armories $2,583,005
   FY26: $1,272,838 | FY27: $1,310,167

This appropriation provides State match for minor construction and sustainment projects funded through the cooperative agreement with the Vermont National Guard. Federal support for SRM projects ranges from 50-100%, and State fiscal priorities are primarily driven by federal requirements. Anticipated projects are outlined in the FY26-35 Military 10-Year Cap-Con Request, which includes roof replacements, construction of a new mezzanine at the Vergennes Armory, renovation of the Officer's Club (Building 19) at Camp Johnson, installation of an electric vehicle charging station, renovation and modernization of the Williston Armory, energy security projects at five facilities, and future SRM and lifecycle projects as needed such as boiler and roof replacements. Additionally, the VTNG plans to award construction of a new Family Readiness Center in the next year which will be located on federal property and 100% federally funded. The old Family Readiness Center, located on state land at Camp Johnson, will require significant renovations once the building is emptied. This will provide additional office space for the VTNG.

2. Northwest Regional Readiness Center, Planning & Design $1,343,333
   FY26: $1,343,333

This appropriation provides 25% State match for the planning and design of a new, approximately 53,600 sq ft armory on recently purchased land in Swanton. This will replace two existing armories in the region that date from the 1910s and 1950s and are facing significant life cycle repair issues. The new facility will include a number of amenities that the existing armories currently lack and will help alleviate training and operations logistical difficulties currently faced by the unit. This project is estimated at about $44 million in design and construction, of which the federal government will fund 75%.

Request for FY 2026 Bonded Funds	$2,616,171
Request for FY 2027 Bonded Funds	$1,310,167
Total Request for Section 11 FY 2026 and FY 2027	$3,926,338

Agency of Agriculture, Foods & Markets

SECTION 12

AGENCY OF AGRICULTURE, FOODS & MARKETS

SEC. 12 APPROPRIATIONS: AGENCY OF AGRICULTURE, FOODS & MARKETS

The sum of $6,500,000 is the total amount requested for Fiscal Years 2026 and 2027 to be appropriated to the Department of Buildings and General Services for the Agency of Agriculture.

1. Vertmont Building at the Eastern State Exposition (Big E) $3,000,000
   FY26: $1,500,000 | FY27: $1,500,000

The Vermont Building is located in West Springfield, MA, and is primarily used as a public market to host Vermont companies and organizations during the Big E Fair every Fall. The building hosts around 25 Vermont vendors from across the state during the fair and is also used to promote the State as a place to live and visit. The Big E is one of the top five largest fairs in the country and it attracts upwards of 1.5 million people annually, of which about 90% (1.3 million) visit the Vermont building. This appropriation funds an ongoing effort to address years of deferred maintenance and to make critical investments in rehabilitating existing infrastructure.

2. Vermont Agriculture and Environmental Laboratory (VAEL)
   and Randolph Campus Heat Plant $3,500,000
   FY26: $3,500,000

Located on the Randolph campus of the Vermont State Colleges, the Vermont Agricultural and Environmental Laboratory (VAEL) is overseen by the Agency of Agriculture, Food and Markets, but is host to a variety of testing services that support programs across AAFM and ANR including Weights & Measures, Plant Industry, and Animal Pathology Labs and the Agency of Natural Resources' Ambient Biomonitoring, Fish Health, and Forest Biology Labs. The College's heat plant provides steam to VAEL. The heat plant was built in the late 1960s and is nearing the end of its serviceable life. Due to diverging programmatic needs between the lab and the rest of campus, maintaining the required steam pressure to support the scientific operations of the lab during academic off-seasons has been challenging. This appropriation supports a project to upgrade the existing heating facility to a more fuel-efficient modern system, and to ensure the lab's needs are met year-round.

Request for FY 2026 Bonded Funds	$5,000,000
Request for FY 2027 Bonded Funds	$1,500,000
Total Request for Section 12 FY 2026 and FY 2027	$6,500,000

Department of Public Safety

SECTION 13

DEPARTMENT OF PUBLIC SAFETY

SEC. 13 APPROPRIATIONS: DEPARTMENT OF PUBLIC SAFETY

The sum of $4,150,000 is the total amount requested for Fiscal Years 2026 and 2027 to be appropriated to the Department of Buildings and General Services for the Department of Public Safety.

1. Shaftsbury Field Station – Land Acquisition, Planning & Design $150,000
   FY27: $150,000

The current Shaftsbury Field Station provides primary police coverage throughout Bennington County, a portion of Windham County, and assistance as requested to the Bennington, Winhall and Manchester Police Departments. The existing facility is nearing the end of its serviceable life, and is due for replacement, per the Department's strategic capital plan. This appropriation would support the acquisition of land for a new facility should no suitable state-owned land be identified and the beginning of the planning and design process for a new replacement facility.

2. Rutland Field Station – Design & Construction $4,000,000
   FY27: $4,000,000

The current Rutland Field Station provides primary police coverage throughout Rutland County, a portion of Windsor County, and assistance as requested to Brandon, Castleton, Fair Haven, Killington, Pittsford, Rutland City and Rutland Town police departments. The existing facility is nearing the end of its serviceable life and is due for replacement, per the Department's strategic capital plan. Land has already been acquired for a new facility in Clarendon. This appropriation is to design, permit and support construction of a new facility.

Request for FY 2026 Bonded Funds	$0
Request for FY 2027 Bonded Funds	$4,150,000
Total Request for Section 13 FY 2026 and FY 2027	$4,150,000


DISTRICT COURT OF VERMONT

SECTION 14

JUDICIARY

SEC. 14 APPROPRIATIONS: JUDICIARY

a) The sum of $3,785,910 is the total amount requested for Fiscal Years 2026 and 2027 to be appropriated to the Vermont Judiciary for:

1. Woodstock Courthouse Power Backup $100,000
   FY26: $100,000

The Windsor Civil and Probate Courthouse in Woodstock currently has a three-phase battery back-up system that only provides emergency lighting for a few hours. As such, major power outages can cause significant operational delays which further exacerbate court backlog. The Woodstock Courthouse has also provided overflow capacity as the White River Courthouse has undergone significant renovations in recent years. This appropriation would fund a back-up power system to ensure continuous operation at the Woodstock facility.

2. Essex County Courthouse Connector $3,685,910
   FY26: $3,685,910

The Essex County Courthouse in Guildhall, VT has several structural and programmatic issues that could be resolved through the addition of a connecting space between the courthouse and the neighboring, currently disjoined Meeting House. This appropriation would fund a project to help increase the security at the courthouse, minimize the possibility of a mistrial due to juror interaction with the public, and support the smooth and continuous operations of this important regional judicial institution. This project has enjoyed input and support from a variety of local judicial and law enforcement stakeholders. Design documents for the project have been completed. This appropriation would fund construction.

b) The sum of $9,000,000 is the total amount requested for Fiscal Years 2026 and 2027 to be appropriated to the Department of Buildings and General Services for the Vermont Judiciary:

3. White River Junction Courthouse Renovation $8,000,000
   FY26 (Cash Fund): $8,000,000

The White River Junction Courthouse was constructed in 1987 as a District Courthouse and for many years saw minimal capital upgrades. $6 million was appropriated in the FY24-FY25 capital budget for sitework and to begin significant renovations to improve the building's HVAC systems, energy efficiency, security and life safety systems, and make modifications to several interior spaces to better suit the Judiciary's programmatic needs. This appropriation funds the remainder of this project, which is due for completion during the 2026 construction season.

4. Newport Courthouse Replacement Planning & Design $1,000,000
FY27: $1,000,000

The Vermont Superior Court of Orleans County currently functions in two adjacent buildings, the Orleans County Courthouse (county-owned) and the 21,854 sq ft Orleans County District Court and State Office Building (State-owned). When completed in 1904, the District Court building housed all the federal facilities in Newport, including courts, post office, and customs offices. The building that now houses the Orleans County District Court is the tallest in Newport and encompasses more than 20,000 square feet. The Judicial Branch, Department of Corrections, and State's Attorney occupy the state-owned building. The existing buildings suffer from significant programmatic inadequacies, functional obsolescence, security challenges, and life safety concerns. $750,000 was appropriated in the FY24-FY25 capital budget for potential land acquisition and the initial design of a new courthouse. A land search has been ongoing, as have been conversations with local officials about the future of the existing buildings. This appropriation fully funds anticipated design costs for this important project.

Request for FY 2026 Bonded Funds	$3,785,910
Request for FY 2026 Cash Fund	$8,000,000
Request for FY 2027 Bonded Funds	$1,000,000
Total Request for Section 14 FY 2026 and FY 2027	$12,785,910

SECTION 15

VERMONT RURAL FIRE PROTECTION

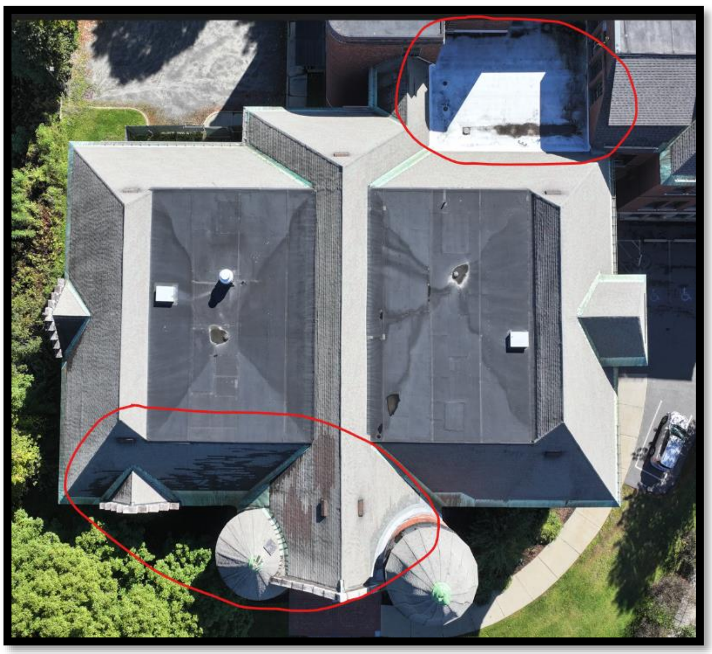
SEC. 15 APPROPRIATIONS: VERMONT RURAL FIRE PROTECTION

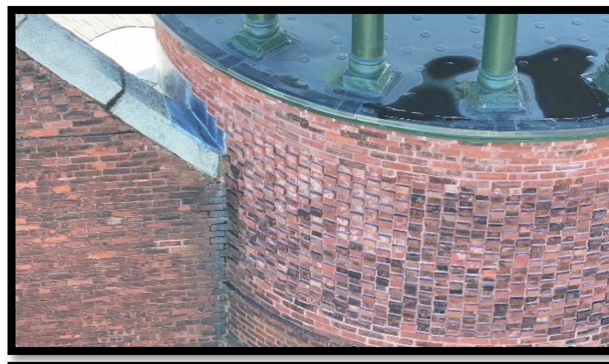
The sum of $250,000 is the total amount requested for Fiscal Years 2026 and 2027 to be appropriated to the Department of Public Safety for the Vermont Rural Fire Protection Task Force for:

1. Dry Hydrant Grant Program $250,000
   FY26: $125,000 | FY27: $125,000

This appropriation funds the Dry Hydrant Grant Program administered by the Vermont Rural Fire Protection Task Force. The purpose of the fund is to provide matching funds to municipalities to install dry hydrants adjacent to streams, lakes, ponds, and rivers where fire departments can quickly refill pumpers without having to deal with ice, debris, and other impediments. These improvements help enhance the effectiveness of both paid and volunteer fire departments. Grants require a 25% local match which may be fulfilled through in-kind donations or services.

Request for FY 2026 Bonded Funds	$125,000
Request for FY 2027 Bonded Funds	$125,000
Total Request for Section 15 FY 2026 and FY 2027	$250,000





SECTION 16

VERMONT HISTORICAL SOCIETY

SEC. 16 APPROPRIATIONS: VERMONT HISTORICAL SOCIETY

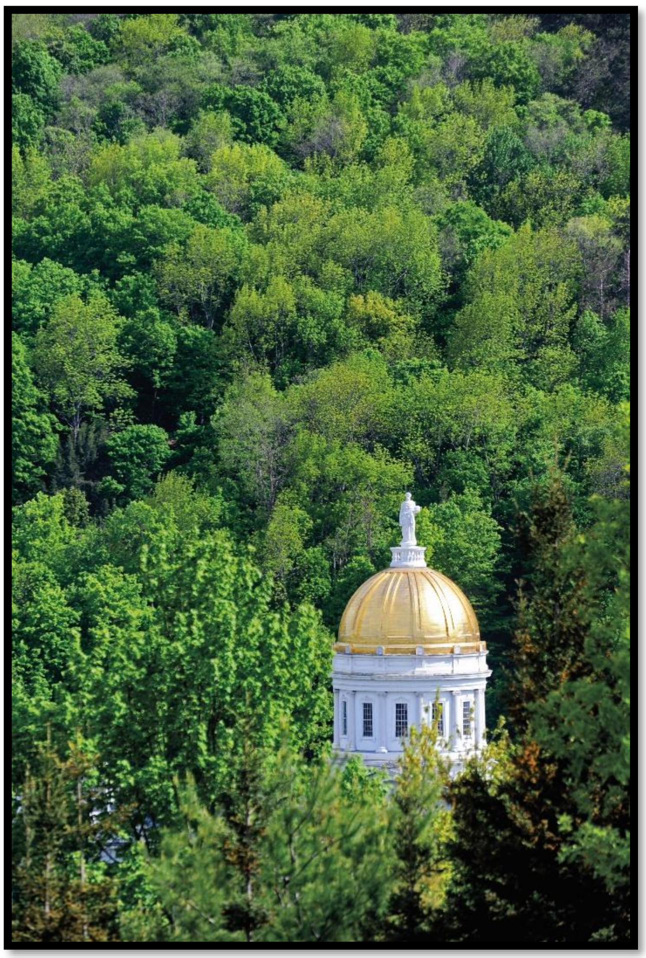
The sum of $700,000 is the total amount requested for Fiscal Years 2026 and 2027 to be appropriated to the Vermont Historical Society for:

1. Barre: VHS Spaulding Building Water Infiltration Mitigation $700,000
   FY26: $700,000

The historic 1891 Spaulding Graded School Building is occupied by the VT Historical Society, VT Department of Libraries, VT Archaeology Heritage Center and provides office space, collections storage, and museum exhibitions. Heavy precipitation events in recent years have highlighted building envelope deficits and caused significant water infiltration damage. This project would fund repair and remediation of the most pressing water infiltration concerns, helping to preserve the structural integrity of the building and safeguard the important collections contained therein.

Request for FY 2026 Bonded Funds	$700,000
Request for FY 2027 Bonded Funds	$0
Total Request for Section 16 FY 2026 and FY 2027	$700,000

Authorities



SECTION 17

AUTHORITIES

SEC. 17 REALLOCATION OF FUNDS

a) The following sums are reallocated to the Department of Buildings and General Services from prior capital appropriations to defray expenditures authorized in Sec. 2 of this act:

1. Of the amount appropriated in 2019 Acts & Resolves No. 42, Sec. 2(c)(5), as amended by 202 Acts & Resolves No. 139, Sec. 1 (108 Cherry Street, parking garage repairs) $399,803.36

2. Of the amount appropriated in 2021 Acts & Resolves No. 50, Sec(c)(18), as amended by 2022 Acts & Resolves No. 180, Sec. 2 (108 Cherry Street, parking garage repairs) $37,519.86

3. Of the amount appropriated in 2019 Acts & Resolves No. 42, Sec. 13(a), as amended by 202 Acts & Resolves No. 139, Sec. 9 (Middlesex Field Station) $371.89

4. Of the amount appropriated in 2021 Acts & Resolves No. 50, Sec. 12(a)(2) (Middlesex Field Station) $18,309.45

5. Of the amount appropriated in 2021 Acts & Resolves No. 50, Sec. 12(c), as amended by 2022 Acts & Resolves No. 180, Sec. 10, as further amended by 2023 Acts & Resolves No. 69, Sec. 35 (Williston Public Safety Field Station) $2,220,099.10

6. Of the amount appropriated in 2023 Acts & Resolves No. 69 Sec 2(b)(3), statewide planning, reuse, and contingency $425,000.00

b) Of the amount appropriated to the Agency of Commerce and Community Development in 2019 Acts & Resolves No. 42, Sec. 5(c), as amended by 2020 Acts & Resolves No. 139, Sec. 3 (Highgate Native American Cemetery), the sum of $12,042.00 is reallocated to defray expenditures authorized in this act.

c) Of the amount appropriated to the Agency of Transportation in 2020 Acts & Resolves No. 139, Sec. 12(b)(1) (Lamoille Valley Rail Trail), $112.31 is reallocated to defray expenditures authorized in this act.

Total Reallocations and Transfers ________ $3,113,257.97

GENERAL OBLIGATION BONDS AND APPROPRIATIONS

The State Treasurer is authorized to issue general obligation bonds in the amount of $100,000,000.00 for the purpose of funding the appropriations made in Sections 2-16 of this act. The State Treasurer, with the approval of the Governor, shall determine the appropriate form and maturity of the bonds authorized by this section consistent with the underlying nature of the appropriation to be funded.

Total Revenues ________ $100,000,000

10 Year Planning Projects

SECTION 18

10 YEAR PLANNING PROJECTS

Sec. 18 10 YEAR PLANNING PROJECTS

Department of Buildings and General Services

1. Statewide: R-22 & R-410A Refrigerant Phase-Out

In order to comply with federal regulations, it will be necessary to replace existing Heating, Venting, and Air Conditioning (HVAC) systems throughout the State that still use ozone depleting refrigerants. Starting in 2025, R-410A refrigerant systems will be phased out. BGS is currently in the process of surveying the number of units that use R-410A. Currently we have R-22 in 38 BGS buildings across the State, of which there are 103 units consisting of Air Handling Units (AHUs), chillers, condensers, split units, Liebert units, rooftop units, and 221 heat pumps that all need to be replaced. Some of these units are still in good condition but many are in poor condition and are well beyond their useful life expectancy. Older systems are not compatible with newer refrigerants. This project will involve changing all the units and associated refrigerant piping and connections and reconfigurations.

2. Pittsford: Academy Major Renovations

The State Criminal Justice Training Council and state partners that utilize the Pittsford Campus rely heavily on the use of the 42,071 sq ft, 3-story main building and 7,482 sq ft West Cottage which was originally constructed in 1907 serving as a sanatorium and in 1968 was converted from a hospital into office spaces, classrooms, a cafeteria with a small dining hall, and dormitories.

Many of the building systems and components are well past their serviceable life and are in need of replacement, such as the knob-and-tube wiring, boilers, old steam radiators and piping. Other deficiencies include structural issues, an old elevator, and no centralized cooling system. The building also lacks a heating, venting, and air conditioning (HVAC) system. Concurrently, the building does not meet campus-wide programmatic needs for added classroom and dining hall spaces, and distribution of dormitory spaces on upper floors. Combining these efforts to address both the building and programmatic needs under a single project will maximize the investment into the facility, make the facility more efficient by lowering operational costs, and make it a more productive and functional space for the people it serves.

$1.8 million was recently invested into the East Cottage to create a 25-bedroom dormitory facility. This renovation required the installation of a separate septic system because the existing system was not capable of handling the additional flows. People staying in the dormitory are not allowed to eat in the dining hall due to limits on the existing system. In 2001, BGS received funding to design and construct a sewer system to connect to the Town of Pittsford's sewer plant; however, the cost to construct was deemed too expensive and the project was canceled. The existing septic systems need to connect to the Town's sewer plant. This is the next step in the longer-term master plan to renovate the facility.

Agency of Human Services

1. Women's Correctional and Reentry Facility

Due to the deteriorating condition of the Chittenden Regional Correctional Facility (CRCF), replacing Vermont's sole women's correctional facility has long been a shared priority of the Administration and the Legislature. The long-term goal of this project is the design and construction of a modern, trauma-informed, and gender responsive correctional and re-entry facility for incarcerated women in Vermont. This project will enhance the safety of our current population, provide the ability to offer enhanced trauma-informed programming, expand education and vocational training, and better prepare women for successful reentry into their communities.

Given the complexity, scope, and anticipated cost of this project in light of current capital funding and capacity constraints, fully funding this endeavor in a single capital budget has been a virtual impossibility. Several significant appropriations have been made in recent years to advance the initial phases of this project, with $1.5 million appropriated in FY22-FY23 and another $14.5 million in FY24-FY25. BGS and DOC have completed a feasibility study to inform the design and construction of the new facility. Much of the $16 million appropriated towards this project remains unspent, as siting and regulatory conversations with municipalities and local stakeholders are ongoing. Given the large outstanding prior appropriation balances, current funding should be adequate to support ongoing project costs over the next several years. As such, allocating additional funding towards this project in the current biennium at the expense of other important capital investment priorities is not recommended. As the project continues to advance, it will require significant investment of future capital or other available one-time funding.

2. Newport: Northern State Correctional Facility (NSCF) Boiler Replacements

The boilers at the Northern State Correctional Facility in Newport are original to the facility's construction in 1993 and are at the end of their serviceable life. $3.5 million was appropriated in FY25 to begin work to replace the system. Based on initial planning and design work completed, it appears that additional funding may be necessary to complete project; however, given the anticipated project timeline, these funds will not be needed until the next capital budget cycle.

Agency of Commerce and Community Development

1. Roadside Historic Site Markers

The Roadside Historic Site Marker Program helps expand the public's knowledge of events and people who established and developed local communities, shaped Vermont, and influenced the nation. They support tourism by sharing Vermont's history and have developed their own fan club. The review and approval process for establishing markers is conducted with an awareness of diversity equity, inclusion and access. Although the department has prioritized capital funding for other projects in the current biennium, this program continues to be an important tool for communicating Vermont's cultural heritage and will likely seek ongoing support from future capital budgets.

Vermont Veterans’ Home

1. New Maintenance Facility

VVH’s current maintenance facility is inadequate to accommodate their current equipment. Future capital budgets could include funding for an expansion to the existing facility, or the construction of a new facility to securely store equipment and better align with best safety practices. Additional storage capacity could help protect investments made in equipment.

2. Accessible Perimeter Trail

VVH residents vary in their mobility and accessibility requirements. The campus currently offers a number of outdoor spaces enjoyed by residents, but not all are universally accessible. Future capital budgets could include funding for the construction of an accessible perimeter trail around the property to be used by staff and residents for a variety of outdoor and recreational activities.

3. New Hot Water & Water Treatment Facility

Hot water at the Vermont Veteran’s Home is currently supplied by an oil-based boiler system that is past is functional and serviceable life. Due to the nature of VVH operations, there is a significant demand for hot water on campus. Updating to a newer more efficient system could provide cost savings and work to meet Vermont’s greenhouse gas reduction goals. Future capital budgets could include funding for a replacement hot water system.

Military

1. Southern Regional Readiness Center, Planning & Design

As part of its long-range construction plan, the Vermont National Guard is looking to build a second regional readiness center in southern Vermont. This plan aligns with the Guard’s interests to modernize the inventory of armories throughout the state by constructing new regionalized facilities that integrate two or more VTNG units and to replace existing facilities that are beyond practical sustainment and revitalization. This facility is intended to replace two existing armories with significant ongoing maintenance needs in southern Vermont. Design and construction funds for this project is estimated at $53M, which of which 75% will be funded by the federal government through a Military Construction Cooperative Agreement with the National Guard Bureau, with projected design funds available in State FY32 and construction funds in FY34. The State is required to provide land for new construction projects, therefore in order to accomplish this goal, the VTNG and Military Department will be seeking capital construction dollars for land acquisition around FY30. Following construction of the regional readiness center, the department can then dispose of existing armories at fair market value, providing the state with resources to invest in further military construction projects.

Department of Public Safety

1. St. Johnsbury Field Station

The current St. Johnsbury Barracks and its Bradford satellite outpost provide primary police coverage throughout Caledonia County, Essex County, and a portion of northern Orange County. The existing facilities are nearing the end of their serviceable lives and are due for replacement, per the Department's strategic capital plan. Following Williston, Rutland, and Shaftsbury, this project is currently anticipated to require capital funding in the next several capital budget cycles.

Judiciary

1. Washington County Superior Court Renovations

In addition to essential court functions, the 44,546 sq ft four-story Barre Courthouse constructed in 1981 provides space for the Agency of Human Services and the State's Attorney. Given the age of the building, many of the major building systems need upgrading or replacement and the building's layout poses a variety of safety and security concerns for staff. Funding was appropriated in the FY24-FY25 capital budget for initial planning and possible land acquisition, should the construction of a new facility be determined to be the most effective option. Given the number of employees who work in the current building, any proposal will consider potential temporary staff relocation costs, as well as to the long-term impact on Barre's downtown. As these discussions are ongoing, additional funding was not recommended for this project during the current biennium, but it is anticipated that funding will be required in the next capital budget cycle.

Vermont Historical Society

1. Vermont Historical Society Library – Munters Climate Control Unit Replacement

The Vermont Historical Society is responsible for preserving a variety of Vermont's artifacts and important historical documents. This preservation requires the maintenance of certain carefully calibrated climate conditions, which are achieved using specialized equipment. The Munters unit that currently provides climate control for the Vermont Historical Society library is nearing the end of its usable life, and it is becoming difficult to acquire replacement parts for it. To ensure the ongoing preservation of critical cultural artifacts, a replacement unit will need to be purchased in future years and could be an eligible future capital expense.

Financial Summary

FY26-FY27 Capital Bill - Gov Rec

Agency of Administration

	A	B	C	D	E	F	G	H	I	J	K	L
	FY26-FY27 CAPITAL BUDGET	Governor's Recommend					10 Year Plan					
Line #	**Agency/Department: Project Description**	**FY26**	**FY26 Cash Fund (Section 19)**	**FY27**	**Total (Bonded)**	**Total**	**FY28-FY29**	**FY30-FY31**	**FY32-FY33**	**FY34-FY35**	**FY28-FY35 Total**	**10 Year Total**
	Section 2: Agency of Administration											
	Buildings & General Services											
1	Statewide: Major Maintenance	-	8,000,000	8,500,000	8,500,000	16,500,000	16,500,000	16,500,000	16,500,000	16,500,000	66,000,000	82,500,000
2	Statewide: Planning, Reuse, and Contingency	-	250,000	250,000	250,000	500,000	500,000	500,000	500,000	500,000	2,000,000	2,500,000
3	Statewide: Physical Security Enhancements	-	250,000	250,000	250,000	500,000	500,000	500,000	500,000	500,000	2,000,000	2,500,000
4	Statewide: 3 Acre Parcel Stormwater Compliance	1,500,000	-	1,500,000	3,000,000	3,000,000	2,000,000	-	-	-	2,000,000	5,000,000
5	Statewide: Art in State Buildings Program	75,000	-	75,000	150,000	150,000	150,000	150,000	150,000	150,000	600,000	750,000
6	Rutland: Asa Bloomer Building Sewage System Upgrades	1,500,000	-	-	1,500,000	1,500,000	5,000,000	-	-	-	5,000,000	6,500,000
7	Rutland: Multimodal Garage Renovation	600,000	-	-	600,000	600,000	1,400,000	-	-	-	1,400,000	2,000,000
8	Pittsford: Academy Firing Range Upgrades	-	-	200,000	200,000	200,000	2,300,000		-	-	2,300,000	2,500,000
9	Montpelier: State House, Replacement of Historic Interior Finishes	-	-	50,000	50,000	50,000	100,000	100,000	100,000	100,000	400,000	450,000
10	Montpelier: State House Repointing	-	219,723	-	-	219,723	250,000	250,000	250,000	250,000	1,000,000	1,219,723
11	Montpelier: 120 State Street HVAC - Steam Lines Interior Renovation	-	-	2,000,000	2,000,000	2,000,000	16,000,000	2,975,000	-	-	18,975,000	20,975,000
12	Middlesex: VT State Archives Roof Replacement, Main Building	-	-	1,000,000	1,000,000	1,000,000	1,200,000	-	-	-		
13	Middlesex: Print and Postal Uninterruptable Power Supply Upgrade	-	250,000	-	-	250,000	-	-	-	-		
14	Waterbury: State Office Complex Historic Core Roof Replacements	2,000,000	-	2,000,000	4,000,000	4,000,000	7,000,000	7,040,000	-	-	14,040,000	
15	Burlington: 32 Cherry St, Parking Garage Repairs	1,500,000	-	500,000	2,000,000	2,000,000	-	-	-	-	-	2,000,000
16												
17	*10-Year Plan*											
18	Statewide: R22 & R-410A Refrigerant Phase-Out						250,000	250,000	-	-	500,000	500,000
19	Pittsford: Academy Major Renovations						-	2,000,000	16,000,000	2,000,000	20,000,000	20,000,000
20												-
21	**Agency of Administration**	**7,175,000**	**8,969,723**	**16,325,000**	**23,500,000**	**32,469,723**	**53,150,000**	**30,265,000**	**34,000,000**	**20,000,000**	**136,215,000**	**168,684,723**
22												
23	**Section 3: Agency of Human Services**					-			-			
24	Statewide: Planning, Design, and Construction for HVAC Upgrades at Correctional Facilities	5,000,000	-	1,000,000	6,000,000	6,000,000	16,609,000	-	-	-	16,609,000	22,609,000
25	Statewide: ADA Compliance	2,000,000	-	-	2,000,000	2,000,000	-	-	-	-	-	2,000,000
26	Statewide: Correctional Facility Safety and Security Upgrades	225,000		200,000	425,000	425,000						
27	Rutland: Marble Valley Regional Correctional Facility (MVRCF) Door Control System Replacements	-	-	500,000	500,000	500,000	2,800,000	-	-	-	2,800,000	3,300,000
28	St. Johnsbury: Northeast Correctional Complex (NECC), Door Control System Replacements	1,000,000	-	2,600,000	3,600,000	3,600,000	-	-	-	-	-	3,600,000
29	St. Albans: Northwest State Correctional Facility (NWSCF) Roof Replacement	1,200,000	-	-	1,200,000	1,200,000	-	-	-	-	-	1,200,000
30	Newport: Northern State Correctional Facility (NSCF) Sprinkler System Upgrades	-	-	1,000,000	1,000,000	1,000,000	-	-	-	-	-	1,000,000
31					-							
32	*10-Year Plan*				-							
33	Womens Correctional Facility and Reentry Facility						25,000,000	25,000,000	9,000,000	-	59,000,000	59,000,000
34	Newport: Northern State Correctional Facility (NSCF) Boiler Replacement						2,000,000	-	-	-	2,000,000	2,000,000
35					-	-					-	
36	**Agency of Human Services**	**9,425,000**	**-**	**5,300,000**	**14,725,000**	**14,725,000**	**46,409,000**	**25,000,000**	**9,000,000**	**-**	**80,409,000**	**94,709,000**
37												
38	**Section 4: Commerce and Community Development**											
39	Major Maintenance at Statewide Historic Sites	550,000	-	550,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	1,100,000	4,400,000	5,500,000
40	Vermont Underwater Historic Preserves	46,000	-	46,000	92,000	92,000	92,000	100,000	100,000	125,000	417,000	509,000
41	Bennington: High School Redevelopment Housing Infrastructure	1,100,000	-	-	1,100,000	1,100,000	-	-	-	-	-	1,100,000

FY26-FY27 Capital Bill - Gov Rec

Agency of Administration

	A	B	C	D	E	F	G	H	I	J	K	L
	FY26-FY27 CAPITAL BUDGET	Governor's Recommend					10 Year Plan					
Line #	Agency/Department: Project Description	FY26	FY26	FY27	Total	Total	FY28-FY29	FY30-FY31	FY32-FY33	FY34-FY35	FY28-FY35 Total	10 Year Total
42	Barre: Prospect Heights Housing Infrastructure	1,000,000	-	-	1,000,000	1,000,000	-	-	-	-	-	1,000,000
43	Brattleboro: Winston Prouty Center Housing Infrastructure	1,000,000	-	-	1,000,000	1,000,000	-	-	-	-	-	1,000,000
44												
45	*10-Year Plan*											
46	Roadside Historic Site Markers						50,000	50,000	60,000	60,000	220,000	220,000
47											-	
48	**Commerce and Community Development**	**3,696,000**	-	**596,000**	**4,292,000**	**4,292,000**	**1,242,000**	**1,250,000**	**1,260,000**	**1,285,000**	**5,037,000**	**9,329,000**
49												
50	**Section 5: Building Communities Grants**											
51	Historic Preservation Grants	250,000	-	250,000	500,000	500,000	500,000	500,000	500,000	500,000	2,000,000	2,500,000
52	Barn Preservation Grants	250,000	-	250,000	500,000	500,000	500,000	500,000	500,000	500,000	2,000,000	2,500,000
53	Cultural Facilities Program	250,000	-	250,000	500,000	500,000	500,000	500,000	500,000	500,000	2,000,000	2,500,000
54	Recreational Facilities Grants	250,000	-	250,000	500,000	500,000	500,000	500,000	500,000	500,000	2,000,000	2,500,000
55	Human Services and Education Facilities: Human Services	150,000	-	150,000	300,000	300,000	150,000	150,000	150,000	150,000	600,000	900,000
56	Human Services and Education Facilities: Education	150,000	-	150,000	300,000	300,000	150,000	150,000	150,000	150,000	600,000	900,000
57	Regional Economic Development Grant Program	250,000	-	250,000	500,000	500,000	500,000	500,000	500,000	500,000	2,000,000	2,500,000
58	Agricultural Fair Capital Projects: Competitive Grants Program	300,000	-	300,000	600,000	600,000	600,000	600,000	600,000	600,000	2,400,000	3,000,000
59												
60	**Building Communities Grants**	**1,850,000**	-	**1,850,000**	**3,700,000**	**3,700,000**	**3,400,000**	**3,400,000**	**3,400,000**	**3,400,000**	**13,600,000**	**17,300,000**
61												
62	**Section 6: Vermont Veterans Home**											
63	R22 Phase-Out: Air Handler Replacement	730,000	-	-	730,000	730,000	-	-	-	-	-	730,000
64	Construction of Expanded Laundry Facility	420,000	-	-	420,000	420,000	-	-	-	-	-	420,000
65												
66	*10-Year Plan*											
67	Maintenance Facility Upgrades						-	510,000	-	-	510,000	510,000
68	Accessible Perimeter Trail						260,000	-	-	-	260,000	260,000
69	Boiler Replacement						610,000	-	-	-	610,000	610,000
70											-	-
71	**Vermont Veterans Home**	**1,150,000**	-	**-**	**1,150,000**	**1,150,000**	**870,000**	**510,000**	**-**	**-**	**1,380,000**	**2,530,000**
72												
73	**Section 7: University of Vermont**											
74	Construction, renovations, and major maintenance	1,600,000	-	1,600,000	3,200,000	3,200,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	6,200,000
75												
76	**University of Vermont**	**1,600,000**	-	**1,600,000**	**3,200,000**	**3,200,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**6,200,000**
77												-
78	**Section 8: Vermont State Colleges**											
79	Construction, renovations, and major maintenance	1,500,000	-	1,500,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	12,000,000	15,000,000
80	Johnson - Central Heating Plant Replacement	1,500,000	-	3,500,000	5,000,000	5,000,000	-	-	-	-	-	5,000,000
81												
82	**Vermont State Colleges**	**3,000,000**	-	**5,000,000**	**8,000,000**	**8,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**3,000,000**	**12,000,000**	**20,000,000**
83												
84	**Section 9: Agency of Natural Resources**											
85	DEC: State 20% Match for Federal EPA DWSRF Capitalization Grants	-	-	590,000	590,000	590,000	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000	8,590,000
86	DEC: Dam Safety and Hydrology Projects	500,000	-	500,000	1,000,000	1,000,000	10,000,000	10,000,000	10,000,000	10,000,000	40,000,000	41,000,000
87	FPR: Park Infrastructure Rehabilitation and Improvement, 3-acre rule	3,500,000	-	2,500,000	6,000,000	6,000,000	10,000,000	10,000,000	10,000,000	10,000,000	40,000,000	46,000,000
88	FPR: Public Lands Access Infrastructure	700,000	-	700,000	1,400,000	1,400,000	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000	9,400,000
89	F&W: Major Mainteance and Infrastructure Projects	1,105,000	-	1,029,360	2,134,360	2,134,360	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000	10,134,360
90												
91	**Agency of Natural Resources**	**5,805,000**	-	**5,319,360**	**11,124,360**	**11,124,360**	**26,000,000**	**26,000,000**	**26,000,000**	**26,000,000**	**104,000,000**	**115,124,360**

FY26-FY27 Capital Bill - Gov Rec

Agency of Administration

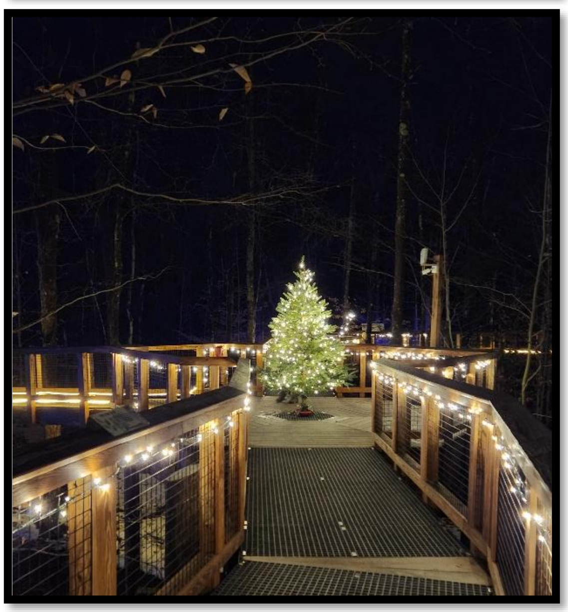
	A	B	C	D	E	F	G	H	I	J	K	L
	FY26-FY27 CAPITAL BUDGET	**Governor's Recommend**					**10 Year Plan**					
Line #	**Agency/Department: Project Description**	**FY26**	**FY26**	**FY27**	**Total**	**Total**	**FY28-FY29**	**FY30-FY31**	**FY32-FY33**	**FY34-FY35**	**FY28-FY35 Total**	**10 Year Total**
92												
93	**Section 10: Clean Water**											
94	**Agency of Agriculture, Food & Markets**											
95	Water Quality Grants	3,000,000	-	-	3,000,000	3,000,000					-	3,000,000
96	**Agency of Natural Resources - Department of Environmental Conservation**										-	-
97	Clean Water State Revolving Fund - CWSRF	-	-	-	-	-					-	-
98	Municipal Pollution Control Grants	4,000,000	-	-	4,000,000	4,000,000					-	4,000,000
99	**Agency of Natural Resources - Forest, Parks and Recreation**										-	-
100	Forestry Access Road Water Quality Improvements	200,000	-	-	200,000	200,000					-	200,000
101	**Vermont Housing and Conservation Board**										-	-
102	Agricultural Water Quality Projects	800,000	-	-	800,000	800,000					-	800,000
103	Land Conservation and Water Quality Projects	2,000,000	-	-	2,000,000	2,000,000					-	2,000,000
104	**Clean Water FY 2027 Request**			10,000,000	10,000,000	10,000,000	20,000,000	20,000,000	20,000,000	20,000,000	80,000,000	90,000,000
105												
106	**Clean Water**	**10,000,000**	-	**10,000,000**	**20,000,000**	**20,000,000**	**20,000,000**	**20,000,000**	**20,000,000**	**20,000,000**	**80,000,000**	**100,000,000**
107												
108	**Section 11: Military**											
109	Major Maintenance, Renovations and ADA Compliance at State Armories	1,272,838	-	1,310,167	2,583,005	2,583,005	2,595,671	2,401,500	2,583,000	2,847,758	10,427,929	13,010,934
110	Northwest Regional Readiness Center, Planning & Design	1,343,333	-	-	1,343,333	1,343,333	9,750,000	-	-	-	9,750,000	11,093,333
111												
112	*10-Year Plan*											
113	Sourthern Regional Readiness Center	-		-	-	-	-	1,500,000	1,600,000	11,642,000	14,742,000	14,742,000
114												
115	**Military**	**2,616,171**	-	**1,310,167**	**3,926,338**	**3,926,338**	**12,345,671**	**3,901,500**	**4,183,000**	**14,489,758**	**34,919,929**	**38,846,267**
116												
117	**Section 12: Agency of Agriculture, Food & Markets**											
118	Vermont Building at the Eastern States Exposition (Big E)	1,500,000	-	1,500,000	3,000,000	3,000,000	3,300,000	4,300,000			7,600,000	10,600,000
119	VTSU Randolph and Vermont Agriculture and Environmental Laboratory Heat Plant Upgrades	3,500,000	-		3,500,000	3,500,000					-	3,500,000
120											-	-
121	**Agency of Agriculture**	**5,000,000**	-	**1,500,000**	**6,500,000**	**6,500,000**	**3,300,000**	**4,300,000**	**-**	**-**	**7,600,000**	**14,100,000**
122												
123	**Section 13: Department of Public Safety**											
124	Shaftsbury Field Station - Land Acquisition, Planning & Design	-	-	150,000	150,000	150,000	7,000,000	-	-	-	7,000,000	7,150,000
125	Rutland Field Station	-	-	4,000,000	4,000,000	4,000,000	2,000,000	-	-	-	2,000,000	6,000,000
126												
127	*10-Year Plan*											
128	St. Johnsbury Field Station						-	-	7,150,000	-	7,150,000	7,150,000
129												
130	**Department of Public Safety**	**-**	-	**4,150,000**	**4,150,000**	**4,150,000**	**9,000,000**	**-**	**-**	**-**	**9,000,000**	**13,150,000**
131												
132	**Section 14: Judiciary**											
133	Woodstock Courthouse Power Backup	100,000	-	-	100,000	-	-	-	-	-	-	-
134	White River Junction Courthouse Renovation	-	8,000,000	-	-	8,000,000	2,500,000	-	-	-	2,500,000	10,500,000
135	Essex County Courthouse Connector	3,685,910	-	-	3,685,910	3,685,910	-	-	-	-	-	3,685,910
136	Newport Courthouse Replacement Planning & Design	-	-	1,000,000	1,000,000	1,000,000	-	15,000,000	-	-	15,000,000	16,000,000
137												
138	*10-Year Plan*											

FY26-FY27 Capital Bill - Gov Rec

Agency of Administration

	A	B	C	D	E	F	G	H	I	J	K	L
	FY26-FY27 CAPITAL BUDGET	Governor's Recommend					10 Year Plan					
Line #	**Agency/Department: Project Description**	**FY26**	**FY26**	**FY27**	**Total**	**Total**	**FY28-FY29**	**FY30-FY31**	**FY32-FY33**	**FY34-FY35**	**FY28-FY35 Total**	**10 Year Total**
139	Washington County Superior Court Renovations						8,000,000	8,000,000	-	-	16,000,000	16,000,000
140												
141	**Judiciary**	**3,785,910**	**8,000,000**	**1,000,000**	**4,785,910**	**12,785,910**	**2,500,000**	**-**	**-**	**-**	**2,500,000**	**15,285,910**
142												
143	**Section 15: Vermont Rural Fire Protection**											
144	Dry Hydrant Grant Program	125,000	-	125,000	250,000	250,000	250,000	250,000	250,000	250,000	1,000,000	1,250,000
145						-						
146	**Vermont Rural Fire Protection**	**125,000**	**-**	**125,000**	**250,000**	**250,000**	**250,000**	**250,000**	**250,000**	**250,000**	**1,000,000**	**1,250,000**
147												
148	**Section 16: Vermont Historical Society**											
149	Barre: VHS Spaulding Building Water Infiltration Mitigation	700,000	-	-	700,000	700,000	-	-	-	-	-	700,000
150												
151	*10-Year Plan*											
152	VHS Library - Munters Climate Control Unit Replacement						658,724	-	-	-	-	-
153												
154	**Vermont Historical Society**	**700,000**	**-**	**-**	**700,000**	**700,000**	**658,724**	**-**	**-**	**-**	**658,724**	**1,358,724**
155												
156	**TOTAL - CAPITAL PROJECTS**	**55,928,081**	**16,969,723**	**54,075,527**	**110,003,608**	**126,973,331**	**185,125,395**	**120,876,500**	**104,093,000**	**91,424,758**	**501,519,653**	**628,492,984**
157												
158												
159	**Section 17: Reallocations**											
160	BGS - 2004200230 - 108 Cherry Garage	399,803.36			399,803.36	399,803.36						
161	BGS - 2205000230 - 108 Cherry Garage	37,519.86			37,519.86	37,519.86						
162	BGS - 2004201340 - Middlesex Field Station	371.89			371.89	371.89						
163	BGS-DPS - 2105001212 - Middlesex Field Station	18,309.45			18,309.45	18,309.45						
164	BGS-DPS - 2205001230 - Williston Public Field Station	2,220,099.10			2,220,099.10	2,220,099.10						
165	BGS - 2306900220 - Planning, Reuse & Contingency	425,000.00			425,000.00	425,000.00						
166	ACCD - 7110992005 - Highgate Native American Cemetery	12,042.00			12,042.00	12,042.00						
167	AOT - 8100992001 - AOT - Lamoille Valley Rail Trail	112.31			112.31	112.31						
168												
169	**Total Reallocations FY26**	**3,113,257.97**		-	**3,113,257.97**	**3,113,257.97**						
170												
171	**Section 18: General Obligation Bond Capacity**											
172	Capital Borrowing: GO Bonding	50,000,000		50,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000	400,000,000	500,000,000
173	Bond Premium	6,890,350			6,890,350	6,890,350					-	
174												
175	**Total**	**56,890,350**		**50,000,000**	**106,890,350**	**106,890,350**					-	
176												
177	**Subtotal - Cash Fund Sources**											
178	Annual GF Transfer Per 32 V.S.A. §1001b(b)(1)(A)		14,881,093			14,881,093						
179	PY2 Fund Interest		826,603			826,603						
180	PY Fund Balance		1,262,027			1,262,027						
181												
182	**TOTAL CASH FUND SOURCES**		**16,969,723**			**16,969,723**						
183												
184	**Grand Total - Bottom Line**											
185	Total Capital Projects	55,928,081	16,969,723	54,075,527	110,003,608	126,973,331						
186	Total Capital Funding	60,003,608	16,969,723	50,000,000	110,003,608	126,973,331						
187												
188	**Balance/(Deficit)**	**4,075,527**	**-**	**(4,075,527)**	**-**	**-**						

CDAAC Report



INTRODUCTION

Background and Purpose

The Capital Debt Affordability Advisory Committee (the "Committee" or "CDAAC") was created by Act No. 258 of 1989. The Committee is required, on or before September 30 of each year, to submit to the Governor and the General Assembly the Committee's estimate of net State tax-supported debt that prudently may be authorized for the next fiscal year, together with a report explaining the basis for that estimate. The full text of 32. V.S.A. Chapter 13, Subchapter 8, "Management of State Debt," which details CDAAC's statutory mandate in its entirety, is included as **Appendix A** to this Report.

In its 2012 Capital Construction and State Bonding Budget Adjustment Act (Sec. 1 of Act No. 104 of 2012), the General Assembly expressed its intent to move permanently to a biennial capital budgeting cycle "to accelerate the construction dates of larger projects and thus create jobs for Vermonters sooner than would be possible under a one-year capital budgeting cycle." In response, starting with its 2012 Report the Committee began presenting a two-year debt recommendation.

As in years past, this report relies upon U.S. State debt medians contained in a report from Moody's Investor's Service (included as **Appendix B**), which is the source of data for calculating the peer state debt ratios that inform the State's debt guidelines. Because Moody's 2024 report was not available by the September 30 statutory deadline, this report again uses Moody's 2023 medians.

Biennial Net Tax-Supported Debt Recommendation

The Committee's two-year recommendation for fiscal years 2026 and 2027 is $100,000,000.

In its discussions this year, the Committee reviewed several different biennium recommendation scenarios of $100 million, $108 million, $123.18 million and $172 million, applied them to its established metrics, and determined that the first three clearly were affordable. The Committee members also considered significant input on capital needs, informed in part by a review of the State's 10-year capital plan. The Committee also discussed the number and size of projects otherwise being funded, which include $150 million of previously authorized capital bill projects that have not yet been bonded for, a large amount of FEMA projects related to State's flooding events, and various other pandemic and post-pandemic-related federal programs with funding lapsing in 2025 and 2026.

The Agency of Administration voiced concern about the State's limited capacity to take on significant additional capital projects over the coming biennium due to a variety of factors including a limited number of contractors and project capacity in the State as a whole. The Committee also recognized that its projections assume significant issuance of previously authorized debt over the next several years, including $75 million in spring 2025 and almost $140 million during the FY2026-2027 biennium. Based upon these considerations, CDAAC determined that a recommendation between $100 million and $108 million was prudent and likely to meet the State's needs, compared to a larger yet potentially still affordable recommendation.

Understanding concerns from both the Administration and the Legislature that additional and considerable capital needs could be forthcoming, the unanimous decision of the Committee was to recommend $100 million, with recognition there would be an opportunity to recommend an increase from this amount for the second half of the biennium.

Consistent with statutory requirements, this final report also analyzes each of the following considerations:

1. The amount of net State tax-supported indebtedness that, during the next fiscal year, and annually for the following nine fiscal years, will be outstanding; and has been authorized but not yet issued (see Section 1, "State Debt");
2. A projected schedule of affordable net State tax-supported bond authorizations for the next fiscal year and annually for the following nine fiscal years (see Section 1, "State Debt");
3. Projected debt service requirements during the next fiscal year, and annually for the following nine fiscal years, based upon existing outstanding debt; previously authorized but unissued debt; and projected bond authorizations (see Section 1, "State Debt");
4. The criteria that recognized bond rating agencies use to judge the quality of issues of State bonds, including existing and projected total debt service on net tax-supported debt as a percentage of combined General and Transportation Fund revenues and existing and projected total net tax-supported debt outstanding as a percentage of total State personal income (see Section 3, "Debt Guidelines" and Section 5, "Additional Credit and Affordability Considerations");
5. The principal amounts currently outstanding, and balances for the next fiscal year, and annually for the following nine fiscal years, of existing obligations of instrumentalities of the State for which the State has a contingent or limited liability; any other long-term debt of instrumentalities of the State not secured by the full faith and credit of the State, or for which the State Legislature is permitted to replenish reserve funds; and to the maximum extent obtainable, all long-term debt of municipal governments in Vermont that is secured by general tax or user fee revenues (see Section 1, "State Debt");
6. The impact of capital spending upon the economic conditions and outlook for the State (see Section 2, "Economic and Financial Forecasts");
7. The cost-benefit of various levels of debt financing, types of debt, and maturity schedules (see Section 1, "State Debt");
8. Any projections of capital needs authorized or prepared by the Agency of Transportation, the Joint Fiscal Office, or other agencies or departments (see Section 5, "Additional Credit and Affordability Considerations");
9. Any other factor that is relevant to the ability of the State to meet its projected debt service requirements for the next five fiscal years; or the interest rate to be borne by, the credit rating on, or other factors affecting the marketability of State bonds (see Section 5, "Additional Credit and Affordability Considerations"); and
10. The effect of authorizations of new State debt on each of the above considerations.

Recommended Updates to Statute

In addition to its two-year debt recommendation and this accompanying report, the Committee also proposes two revisions to modernize the existing statute as follows:

1. With the expansion of rating agency criteria to include a holistic view of liabilities beyond simply debt, and given the large magnitude of the State's unfunded pension and other post-employment benefit (OPEB) liabilities relative to the State's direct (bond-related) debt, the

Committee proposes including metrics that account for unfunded pension and OPEB liabilities.

2. Given the centrality of the State's capital assets to its capital planning process, and the inclusion by at least one rating agency of capital asset metrics, measures of the useful life of the state's capital assets and the potential for future capital maintenance and replacement costs.

A markup of existing statute incorporating these proposed changes is included as **Appendix F**.

State Reserves Study and Stress-Testing Report

Act No. 87 of 2024, the Budget Adjustment Act, Sec. 61, amended Act No. 78 of 2023, the Appropriations Act, to add Sec. E.131.2, "Treasurer: State Reserves Study," and Sec. E.131.3, "Treasurer: Stress-Testing Report."

For the State Reserves Study, the Treasurer, in consultation with the Department of Finance and Management and the Joint Fiscal Office, is directed to report on:

> *(1) the current fiscal reserve practices of the State, including a review of which funds have statutory reserves and which funds do not;*
>
> *(2) the fiscal reserve practices of other states and best practices;*
>
> *(3) how Vermont's fiscal reserve practices compare to those of other states and to best practices; and*
>
> *(4) the cash reserve policies of the State as it compares to reserve requirements.*

The report is to include *"the Treasurer's findings and any recommendations for changes to the fiscal reserve practices of the State."*

For the Stress-Testing Report, the Treasurer, in consultation with the Department of Finance and Management and the Joint Fiscal Office, is directed to:

> *…submit a written report to the Joint Fiscal Committee on fiscal stress-testing practices and methodologies in other states. The report shall address the extent to which such practices may be useful or beneficial and include any recommendations for the implementation of stress-testing practices in State government.*

Both reports are to be delivered on or before December 15, 2024. The Committee recognizes that either or both reports could inform both the CDAAC's report and the Committee's recommended updates to statute. To the extent practicable, the Treasurer's Office and the Committee will attempt to incorporate any additional recommended statutory updates shortly after the reports become available, and in advance of the 2025 legislative session.

1. STATE DEBT

In general, the State has borrowed money by issuing General Obligation (G.O.) bonds, which the State pledges its full faith and credit to repay. From 2010 through 2013, the State also issued three series of Special Obligation Transportation Infrastructure Bonds (TIBs), however these bonds were redeemed in June 2022. Also, with the implementation of GASB 87 and GASB 96 in fiscal year 2022, the State was required to report both leases and subscription-based information technology arrangements (SBITAs) that exceed 12 months in length as liabilities (i.e., debt).

The State has also authorized the Vermont Housing Finance Agency (VHFA) to issue bonds to finance affordable housing projects and to use a portion of the State's property transfer tax to pay the bonds' debt service. The State also has established certain statewide authorities that have the power to issue revenue bonds that are not secured by State taxes, but for which the State has contingent or limited liability, sometimes referred to as "moral obligation."

The Committee and the rating agencies include the State's G.O. debt, leases, SBITAs and the VHFA Property Transfer Bonds as net tax-supported debt. If the State issued TIBs again, these would also be included as net tax-supported debt[1].

General Obligation Bonds

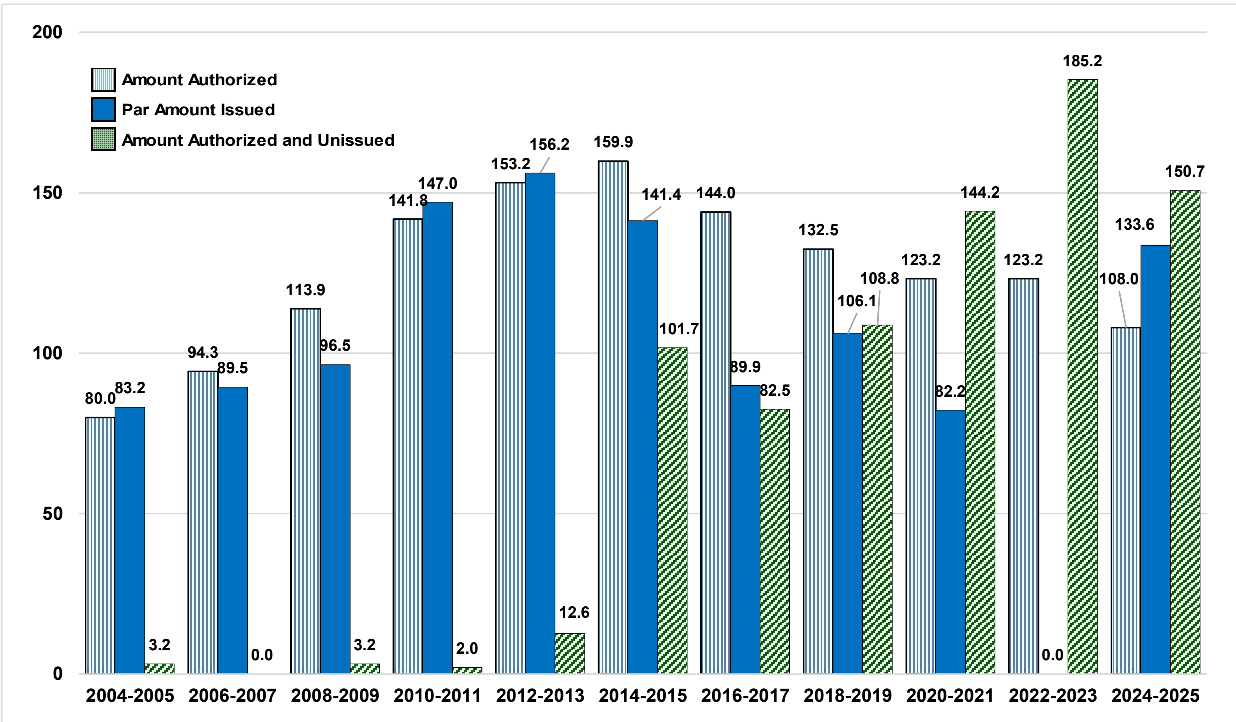
The State has no constitutional or other limit on its power to issue G.O. bonds besides borrowing only for public purposes. Pursuant to various appropriation acts, the State has authorized and issued G.O. bonds for a variety of projects or purposes. Each appropriation act historically specified projects or purposes and the amount of General Fund, Transportation Fund or Special Fund bonds to be issued, but as a practical matter the State has issued General Obligation bonds financed exclusively from the State's General Obligation Debt Service Fund since 2010. Currently, the State's G.O. Debt Service Fund is capitalized almost entirely by transfers from the State's General Fund, with a small amount of outstanding debt ($1.3 million, or slightly more than 0.2%) supported by the Transportation Fund that will be repaid in 2029. The last G.O. bonds supported by other special funds were repaid in 2017.

The State Treasurer, with the approval of the Governor, is authorized to issue and sell bonds that mature not later than twenty (20) years after the issue date of such bonds and such bonds must be payable in substantially equal or diminishing amounts annually (i.e., level principal). Under the General Obligation Bond Law, except with respect to refunding bonds, the first of such annual payments is to be made not later than five years after the issue date of the bonds; as a practical matter the first payment typically occurs within one year. All terms of the bonds shall be determined by the State Treasurer with the approval of the Governor as he or she may deem for the best interests of the State.

[1]Additionally, Moody's Investor's Service includes certain bonds that have been issued by Vermont Economic Development Authority and Vermont Educational and Health Buildings Financing Agency on behalf of borrowers that are State-designated providers of developmental and mental health services, among other services, and has been licensed and authorized pursuant to State statutes to provide such services. The current amount of the designated provider bonds that Moody's considers as State Net Tax Supported Debt is $15 million; the Committee does not include this amount because the other two agencies do not, and because the amount is de minimis.

The CDAAC has recommended reduced or level debt authorizations starting with the fiscal year 2016-2017 biennium. Recommended authorizations, which have been adopted by the Governor and the General Assembly have been reduced by 32.5% since the 2014-2015 biennium.

STATE OF VERMONT
HISTORICAL GENERAL OBLIGATION BOND AUTHORIZATIONS, ISSUANCE AND CUMULATIVE AUTHORIZED BUT UNISSUED AMOUNTS BY BIENNIUM [1][2][3][4]
(IN MILLIONS OF DOLLARS)



Notes:
(1) Annual issuances do not include refunding bonds. Authorized but unissued debt has been carried forward and employed in subsequent years' bond issuances.
(2) Pursuant to Section 34 of Act 104 of 2011, commencing in fiscal year 2013, premium received from the sale of bonds may be applied towards the purposes for which such bonds were authorized.
(3) The "Authorized" amount reflects the two-year authorized amount of the General Assembly. These amounts exclude any amounts authorized that relate to the principal amount of bonds authorized in prior biennial capital bills but not issued due to the use of original issue bond premium to fund capital projects.
(4) The $133.6 million Par Amount Issued and $150.7 million Amount Authorized and Unissued in the FY2024-2025 biennium reflects the issuance of the State's General Obligation Bonds, 2023 Series A on September 7, 2023, and 2024 Series A on June 20, 2024.

VHFA Property Transfer Bonds

The VHFA Property Transfer Bonds were issued in January 2018 and are payable from revenues received from a State tax upon the transfer by deed of title to property located within the State. The bonds were issued generally with a level debt service amortization structure, had an outstanding par amount of $27.28 million as of June 30, 2024, and are scheduled to mature in November 2037.

Leases
The total amount of Leases as of June 30, 2024, with a fair market value of $76.84 million, is included as net tax-supported debt.

Subscription Based Information Technology Arrangements (SBITAs)
The total amount of SBITAs as of June 30, 2024, with a fair market value of $16.804 million, is being added to the State's calculation of net tax-supported debt.

Net Tax-Supported Debt Outstanding
The State's aggregate net tax-supported debt principal amount increased from $633.735 million as of June 30, 2023, to $727.168 million as of June 30, 2024, an increase of 14.7%. This increase in is the context of an 8.5% decrease from 2022 to 2023, and was due primarily to the State issuing two series of bonds during fiscal year 2024, after not issuing bonds since the end of fiscal year 2021. The inclusion of Subscription Based Information Technology Arrangements also added $16.804 million. The VHFA Bonds' outstanding principal decreased by $1.495 million, and the net principal amount of leases outstanding decreased by $0.367 million. The table below sets forth the sources of the change in net tax-supported debt outstanding from fiscal year 2023 to fiscal year 2024 (in thousands).

Net Tax-Supported Debt as of 6/30/23	$633,735
Plus: New G.O. Bonds	197,700
Plus: New Lease Principal	13,576
Plus: Include SBITAs	16,804
Less: Retired G.O. Bonds	(119,210)
Less: Retired VHFA Property Transfer Bonds	(1,495)
Less: Lease Principal Payments	(13,942)
Net Tax-Supported Debt as of 6/30/24	$727,168

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STATE OF VERMONT
Debt Statement
As of June 30, 2024 (In Thousands)

General Obligation Bonds[1]:	
General Fund	$604,945
Transportation Fund	1,300
VHFA Property Transfer Tax Bonds:	
Property Transfer Tax Bonds, Series 2018	$27,280
Leases & SBITAs:	
Various Leases	$76,839
Subscription Based Information Technology Arrangements	16,804
Reserve Fund Commitments[2]:	
Vermont Municipal Bond Bank	$612,491
Vermont Housing Finance Agency	155,000
Vermont Economic Development Authority	181,000
Vermont Student Assistance Corporation	50,000
Vermont Telecommunications Authority[3]	40,000
University of Vermont/State Colleges	100,000
Gross Direct and Contingent Debt	$1,865,659
Less:	
Reserve Fund Commitments	$1,138,491
Net Tax-Supported Debt	**$727,168**

[1]Since 2010, debt service on general obligation bonds is paid for from the State's General Obligation Debt Service fund. Amounts given above represent financing sources of the General Obligation Debt Service fund.

[2]Figures reflect the maximum amount permitted by statute. However, many of the issuers have not issued debt or have not issued the maximum amount of debt permitted by their respective statute. See "Moral Obligation Indebtedness" herein for additional information.

[3]The General Assembly dissolved the Vermont Telecommunications Authority in 2014, however, this amount remains available to the Vermont Telecommunications Authority by statute should it ever be reconstituted.

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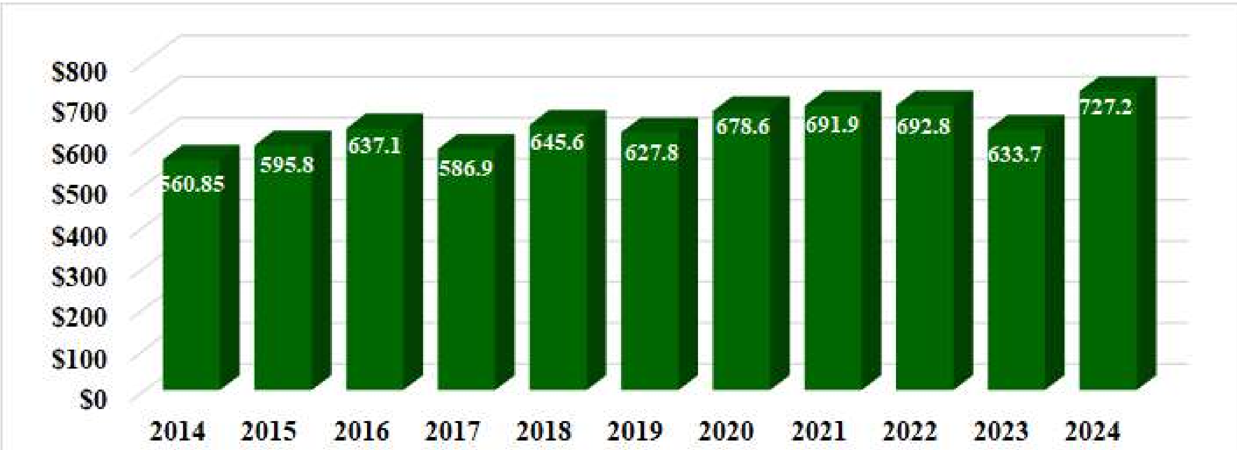
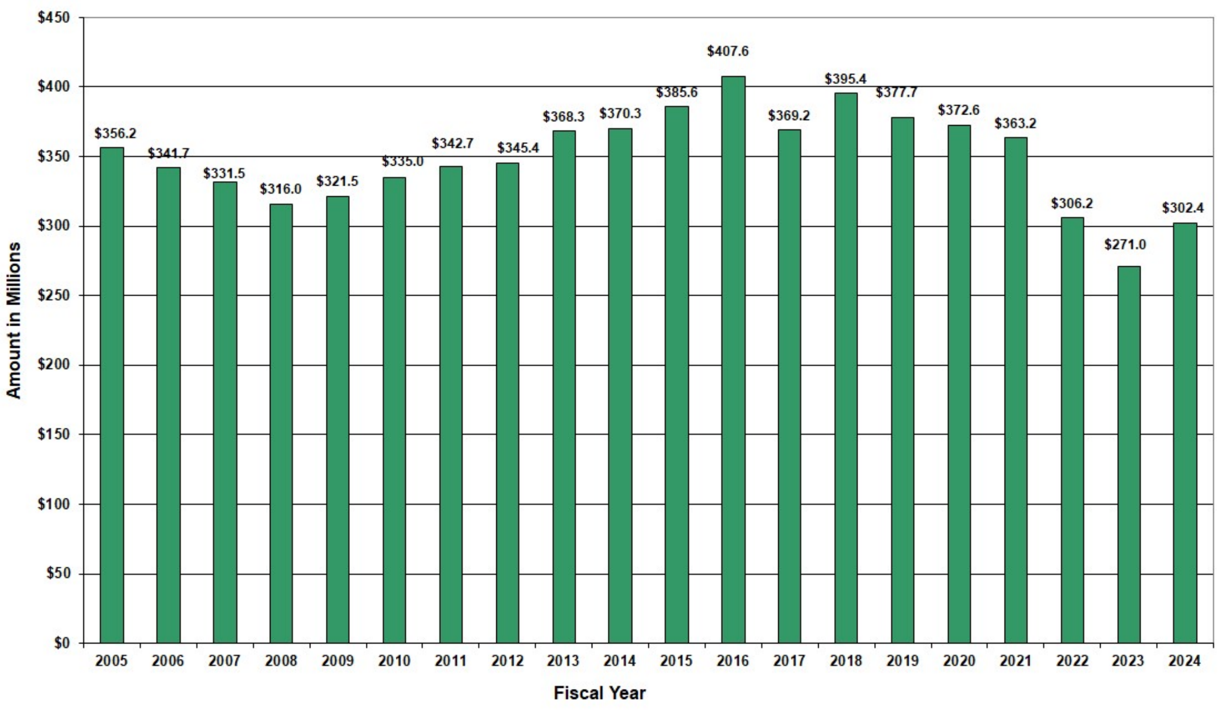
STATE OF VERMONT
LONG-TERM NET TAX-SUPPORTED DEBT OUTSTANDING FY 2014-2024
(in millions of dollars, by fiscal year)



STATE OF VERMONT
GENERAL OBLIGATION DEBT OUTSTANDING, FY 2005-2024
ADJUSTED FOR INFLATION[1,2] (in millions of dollars)



[1]Does not include VHFA Property Transfer Bonds and Leases.
[2]Adjusted for inflation to FY 1996.

The table below sets forth the State's existing principal amounts outstanding and annual debt service requirements, as of June 30, 2024, without the issuance of any additional debt. Rating agencies consider Vermont's rapid debt amortization, with almost 80% of current principal retired by fiscal year 2034, to be a positive credit factor.

OUTSTANDING NET TAX-SUPPORTED DEBT
(in thousands of dollars)

	NET TAX-SUPPORTED DEBT											
	GO Debt				Revenue Bonds							
	General Fund		Transportation Fund		VHFA Transfer Tax Bonds		Leases		SBITAs		Total	
Fiscal Year	Principal Outstanding	Debt Service	Principal Outstanding	Debt Service	Principal Outstanding	Debt Service	Principal Outstanding	Debt Service	Principal Outstanding	Debt Service	Principal Outstanding	Debt Service
2024	604,945	70,698	1,300	327	27,280	2,501	76,839	15,036	16,804	12,969	727,168	101,532
2025	549,080	78,235	1,040	317	25,745	2,496	65,000	13,191	9,870	7,220	650,735	101,459
2026	495,235	75,552	780	306	24,155	2,502	55,116	11,051	5,697	4,325	580,983	93,735
2027	443,050	71,526	520	295	22,515	2,500	45,786	10,327	3,187	2,575	515,058	87,224
2028	393,260	66,890	260	283	20,820	2,501	37,089	9,521	2,338	877	453,767	80,072
2029	345,475	62,753	-	272	19,070	2,498	28,989	8,765	1,796	588	395,331	74,875
2030	299,715	58,715	-	-	17,255	2,501	20,824	8,679	1,249	561	339,043	70,457
2031	257,080	53,665	-	-	15,375	2,499	12,710	8,473	697	561	285,862	65,198
2032	220,705	45,761	-	-	13,420	2,501	7,092	5,835	140	561	241,357	54,658
2033	184,330	44,276	-	-	11,390	2,501	2,872	4,322	-	140	198,592	51,239
2034	152,605	38,260	-	-	9,280	2,502	457	2,446	-	-	162,342	43,208

Note: This table sets forth the existing G.O. net tax-supported debt without the issuance of any additional debt.

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Long-Term Net Tax-Supported Debt and Debt Service Projections

The State's projected annual Long-Term Net Tax-Supported Debt service and debt outstanding are presented on the following pages and summarized below. The projected debt service assumes interest rates of 5%, the issuance of $75,000,000 in fiscal year 2025, $68,925,000 in each of fiscal years 2026 through 2029, and $50,000,000 each fiscal year from 2030 through 2035. The amounts projected to be issued from fiscal year 2025 through 2029 would fully utilize the State's previously authorized but unissued debt.

PROJECTED LONG-TERM NET TAX-SUPPORTED DEBT
DEBT SERVICE AND DEBT OUTSTANDING*
(in thousands of dollars)

Fiscal Year Ending	Long-Term Net Tax Supported Debt Debt Service	% Change	Long-Term Net Tax Supported Debt Outstanding	% Change
6/30/2025	101,459	15.93%	725,735	-3.62%
6/30/2026	101,235	-0.22%	721,158	-0.63%
6/30/2027	101,432	0.19%	716,958	-0.58%
6/30/2028	100,817	-0.61%	713,942	-0.42%
6/30/2029	101,983	1.16%	710,331	-0.51%
6/30/2030	103,757	1.74%	686,493	-3.36%
6/30/2031	102,620	-1.10%	663,262	-3.38%
6/30/2032	96,078	-6.37%	646,207	-2.57%
6/30/2033	96,532	0.47%	628,392	-2.76%
6/30/2034	92,248	-4.44%	614,592	-2.20%
6/30/2035	89,487	-2.99%	603,359	-1.83%

* Please see table titled "Historic and Projected Debt Ratios" for projected debt relative to projected Vermont revenues.

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EXISTING AND PROJECTED LONG-TERM NET TAX-SUPPORTED DEBT SERVICE ($000)

FY	Current D/S*	2025 Issue $75.000M	2026 Issue 68.925M	2027 Issue 68.925M	2028 Issue 68.925M	2029 Issue 68.925M	2030 Issue 50.000M	2031 Issue 50.000M	2032 Issue 50.000M	2033 Issue 50.000M	2034 Issue 50.000M	2035 Issue 50.000M	Total Est. D/S
2025	101,459	0	0	0	0	0	0	0	0	0	0	0	101,459
2026	93,735	7,500	0	0	0	0	0	0	0	0	0	0	101,235
2027	87,224	7,313	6,896	0	0	0	0	0	0	0	0	0	101,432
2028	80,072	7,125	6,724	6,896	0	0	0	0	0	0	0	0	100,817
2029	74,875	6,938	6,551	6,724	6,896	0	0	0	0	0	0	0	101,983
2030	70,457	6,750	6,379	6,551	6,724	6,896	0	0	0	0	0	0	103,757
2031	65,198	6,563	6,206	6,379	6,551	6,724	5,000	0	0	0	0	0	102,620
2032	54,658	6,375	6,034	6,206	6,379	6,551	4,875	5,000	0	0	0	0	96,078
2033	51,239	6,188	5,861	6,034	6,206	6,379	4,750	4,875	5,000	0	0	0	96,532
2034	43,208	6,000	5,689	5,861	6,034	6,206	4,625	4,750	4,875	5,000	0	0	92,248
2035	36,824	5,813	5,516	5,689	5,861	6,034	4,500	4,625	4,750	4,875	5,000	0	89,487

EXISTING AND PROJECTED LONG-TERM NET TAX-SUPPORTED DEBT PRINCIPAL PAYMENTS ($000)

FY	Current Principal*	2025 Issue $75.000M	2026 Issue 68.925M	2027 Issue 68.925M	2028 Issue 68.925M	2029 Issue 68.925M	2030 Issue 50.000M	2031 Issue 50.000M	2032 Issue 50.000M	2033 Issue 50.000M	2034 Issue 50.000M	2035 Issue 50.000M	Total Est. Principal
2025	61,759	0	0	0	0	0	0	0	0	0	0	0	61,759
2026	76,433	3,750	0	0	0	0	0	0	0	0	0	0	80,183
2027	69,753	3,750	3,450	0	0	0	0	0	0	0	0	0	76,953
2028	65,924	3,750	3,450	3,450	0	0	0	0	0	0	0	0	76,574
2029	61,291	3,750	3,450	3,450	3,450	0	0	0	0	0	0	0	75,391
2030	58,437	3,750	3,450	3,450	3,450	3,450	0	0	0	0	0	0	75,987
2031	56,288	3,750	3,450	3,450	3,450	3,450	2,500	0	0	0	0	0	76,338
2032	53,181	3,750	3,450	3,450	3,450	3,450	2,500	2,500	0	0	0	0	75,731
2033	44,505	3,750	3,450	3,450	3,450	3,450	2,500	2,500	2,500	0	0	0	69,555
2034	42,765	3,750	3,450	3,450	3,450	3,450	2,500	2,500	2,500	2,500	0	0	70,315
2035	36,250	3,750	3,450	3,450	3,450	3,450	2,500	2,500	2,500	2,500	2,500	0	66,300

EXISTING AND PROJECTED LONG-TERM NET TAX-SUPPORTED DEBT OUTSTANDING ($000)

FY	Current Debt*	2025 Issue $75.000M	2026 Issue 68.925M	2027 Issue 68.925M	2028 Issue 68.925M	2029 Issue 68.925M	2030 Issue 50.000M	2031 Issue 50.000M	2032 Issue 50.000M	2033 Issue 50.000M	2034 Issue 50.000M	2035 Issue 50.000M	Total Est. Debt
2025	650,735	75,000	0	0	0	0	0	0	0	0	0	0	725,735
2026	580,983	71,250	68,925	0	0	0	0	0	0	0	0	0	721,158
2027	515,058	67,500	65,475	68,925	0	0	0	0	0	0	0	0	716,958
2028	453,767	63,750	62,025	65,475	68,925	0	0	0	0	0	0	0	713,942
2029	395,331	60,000	58,575	62,025	65,475	68,925	0	0	0	0	0	0	710,331
2030	339,043	56,250	55,125	58,575	62,025	65,475	50,000	0	0	0	0	0	686,493
2031	285,862	52,500	51,675	55,125	58,575	62,025	47,500	50,000	0	0	0	0	663,262
2032	241,357	48,750	48,225	51,675	55,125	58,575	45,000	47,500	50,000	0	0	0	646,207
2033	198,592	45,000	44,775	48,225	51,675	55,125	42,500	45,000	47,500	50,000	0	0	628,392
2034	162,342	41,250	41,325	44,775	48,225	51,675	40,000	42,500	45,000	47,500	50,000	0	614,592
2035	131,159	37,500	37,875	41,325	44,775	48,225	37,500	40,000	42,500	45,000	47,500	50,000	603,359

*Includes State G.O. Bonds, VHFA Property Transfer Bonds, Leases and SBITAs.

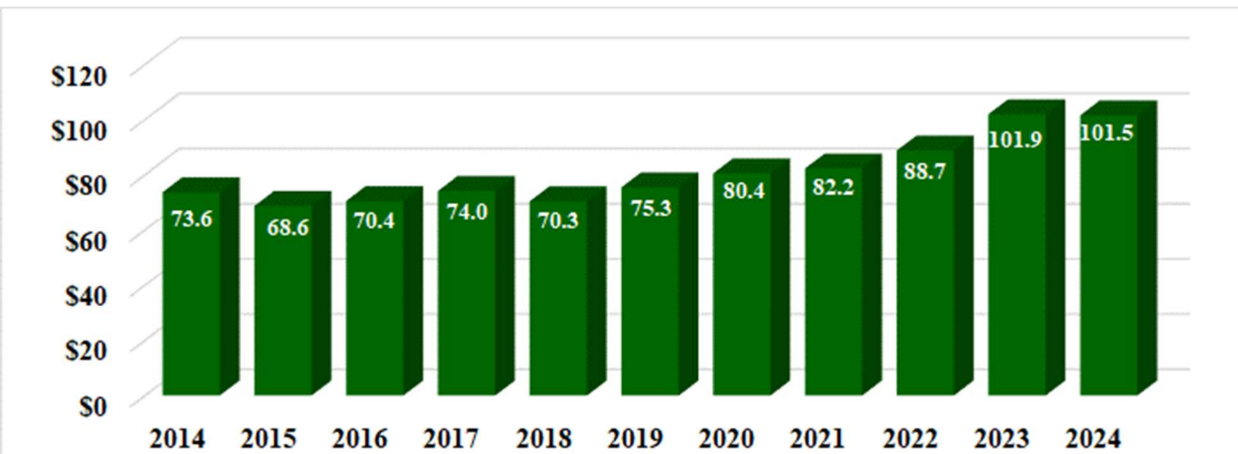
Net Tax-Supported Debt Service by Fiscal Year

The State's projected scheduled Long-Term Net Tax-Supported Debt Service requirement ("D/S") for fiscal year 2025 is $101.5 million, 0.4% less than the $101.9 million paid in fiscal year 2024.

STATE OF VERMONT
CHANGE IN NET TAX SUPPORTED DEBT SERVICE (FY 24 – FY 25)
(in $ thousands)

Long-Term Net Tax-Supported D/S Paid in FY 2024	$101,853
Decrease in D/S Requirement FY 2024	(394)
Long-Term Net Tax-Supported D/S Due in FY 2025	$101,459

STATE OF VERMONT
HISTORICAL LONG-TERM NET TAX-SUPPORTED DEBT
DEBT SERVICE [1,2]
(in millions of dollars)



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See table titled "Historic and Projected Debt Ratios" for debt ratios relative to historic Vermont revenues and economic data.

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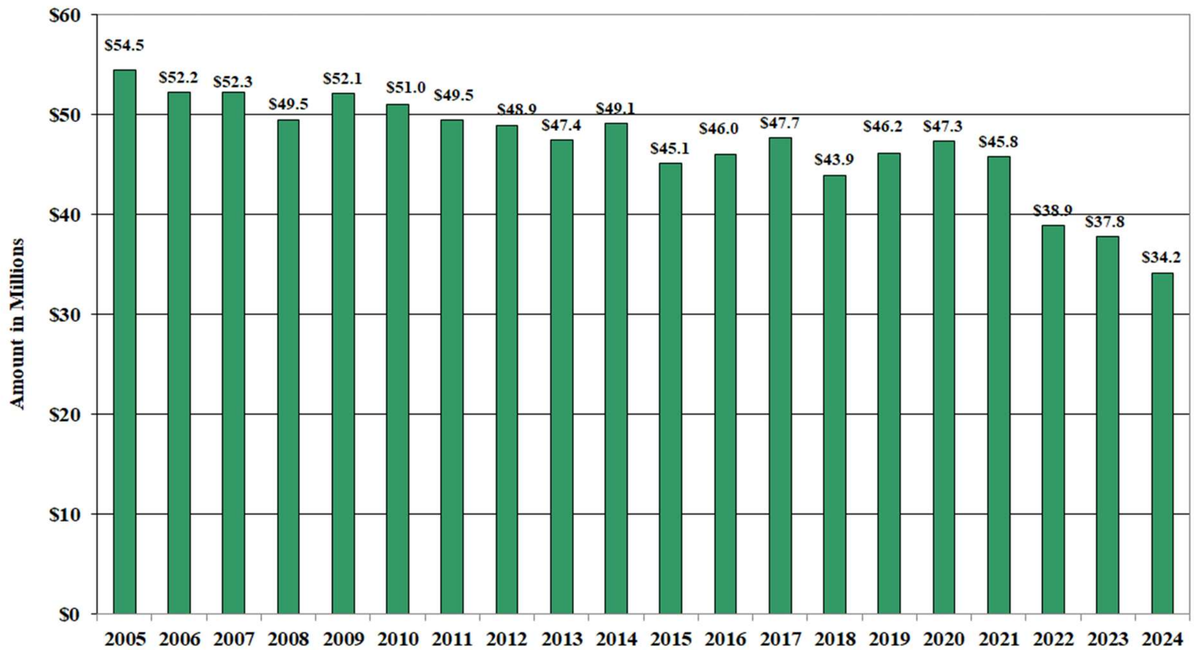
STATE OF VERMONT
GENERAL OBLIGATION DEBT SERVICE, FY 2005-2024
ADJUSTED FOR INFLATION [1,2] (in millions of dollars)



[1]Does not include VHFA Property Transfer Bonds and Leases.
[2]Adjusted for inflation to FY 1996.

Moral Obligation Indebtedness

Provided below is a summary of the State's moral obligation commitments as of June 30, 2024:

Reserve Fund Commitments (all figures as of June 30, 2024):

1. **Vermont Municipal Bond Bank (d/b/a Vermont Bond Bank) (VBB):** The VBB was established by the State in 1970 for the purpose of aiding governmental units in the financing of their public improvements by making available a voluntary, alternate method of purchasing their obligations in addition to the ordinary competitive bidding channels. By using the VBB, small individual issues of governmental units can be combined into one larger issue that attracts more investors.

   As of June 30, 2024, the VBB has issued 84 series of bonds (including refundings) under its general bond resolution adopted on May 3, 1988 (the "1988 Resolution"). The principal amount of bonds outstanding as of June 30, 2024, was $612,491,000, and the principal amount of loans outstanding to municipal borrowers as of June 30, 2024, was $591,275,178. For bonds issued under the 1988 Resolution, the VBB is required to maintain a reserve fund equal to the lesser of: the maximum annual debt service requirement, 125% of average annual debt service, or 10% of the proceeds of any series of bonds. If the reserve funds have less than the required amount, the VBB chair shall notify the Governor or Governor-elect of the deficiency. The General Assembly is legally authorized, but not legally obligated, to appropriate money to maintain the reserve funds at their required levels. Since the participating municipalities have always met their obligations on their bonds the State has never needed to appropriate any money to the reserve fund, and it is not anticipated that it will need to make an appropriation in the future.

Based on the long history of the VBB program, the rating agencies credit assessment of the underlying loans of the portfolio, the G.O. pledge of the underlying borrowers for a high percentage of the loan amounts and the State intercept provision for the payment of debt, it is not anticipated that it will be necessary for the State to appropriate money for the reserve fund.

As of June 30, 2024, the VBB has also issued two series of bonds under a new general bond resolution adopted on March 30, 2017 (the "2017 Resolution") for the Vermont State Colleges System ("VSCS") Program. The 2017 Resolution is for VSCS financings only. As of June 30, 2024, the principal amount of bonds outstanding under the 2017 Resolution was $83,450,000. The 2017 Resolution bonds are not supported by a reserve fund, but do benefit from the State intercept.

The State Treasurer, the VBB and the Commissioner of the Vermont Department of Finance and Management entered into a State Intercept Memorandum of Agreement to establish procedures with respect to the intercept of State funds.

On August 11, 2022, the VBB issued the first series of bonds that included consent for changes to the General Resolution through the purchase of new bonds. Once effective upon receipt of requisite consents, the proposed modifications will create two new categories of General Resolution bonds called the Community Revenue Bonds and Enhanced Community Revenue Bonds. Bonds issued prior to the effective date of the modifications will be called the Legacy Bonds and will no longer be issued once the modifications are effective.

The Community Revenue Bonds will continue to benefit from the State intercept, but will not include a debt service reserve fund and therefore, will have no ability to access the moral obligation. The Community Revenue Bonds will be superior to the Enhanced Community Revenue Bonds that will benefit from a debt service reserve fund. The net impact of this structure may be a reduction in VBB's use of the moral obligation.

The proposed modifications will become effective when 66.67% of holders consent to the changes. as of June 30, 2024, approximately 27.8% of the owners of the General Resolution Bonds consented to the proposed modifications.

For additional information about the VBB, see its most recent disclosure document, which can be found on the Electronic Municipal Market Access ("EMMA") system at https://emma.msrb.org.

2. **Vermont Housing Finance Agency:** The VHFA was created by the State in 1974 for the purpose of promoting the expansion of the supply of funds available for mortgages on residential housing and to encourage an adequate supply of safe and decent housing at reasonable costs. The VHFA is empowered to issue notes and bonds to fulfill its corporate purposes. The VHFA's act requires the creation of debt service reserve funds for each issue of bonds or notes based on the VHFA's resolutions and in an amount not to exceed the "maximum debt service." Of the debt that the VHFA may issue, up to $155,000,000 of principal outstanding may be backed by the moral obligation of the State, which means that the General Assembly is authorized, but not legally obligated, to appropriate money for any

shortfalls in the debt service reserve funds for that debt. If the reserve fund requirement for this debt has less than the required amount, under the act, the chairman of the VHFA will notify the Governor or the Governor-elect, the president of the senate and the speaker of the house of the deficiency. As of June 30, 2024, the principal amount of outstanding debt covered by this moral obligation was $53,985,802, the debt service reserve fund requirement for this debt was $3,365,691, and the value of the debt service reserve fund was $3,942,018. Since the VHFA's creation, it has not been necessary for the State to appropriate money to maintain this debt service reserve fund requirement. For additional information about the VHFA, see its most recent disclosure document which can be found on the EMMA system at https://emma.msrb.org.

3. **Vermont Economic Development Authority (VEDA):** VEDA has established credit facilities with two banks to fund loans to local and regional development corporations and to businesses under certain programs. VEDA's debt is a combination of commercial paper and variable and fixed-rate notes payable. The amount of commercial paper outstanding under this program at June 30, 2024, was $87.5 million, and is supported by two direct-pay letters of credit totaling $83 million from one of the banks. The direct-pay letters of credit are collateralized from various repayment sources, including a $8 million collateral reserve fund held by a trustee and a debt service reserve fund pledge from the State in an amount of $80 million. VEDA has one variable-rate and three fixed-rate notes payable from a second bank totaling $102 million. The notes are collateralized from various repayment sources, including a $9.4 million collateral reserve fund held by a trustee and a debt service reserve fund pledge from the State in an amount of $75 million. The debt service reserve pledges totaling $155 million are based on a similar structure utilized by both the Vermont Municipal Bond Bank and the Vermont Housing Finance Agency as discussed above. Act No. 79, enacted in June 2019, increased the State's moral obligation commitment for VEDA from $175 million to $181 million, effective July 1, 2019. For additional information about VEDA, see its most recent disclosure document, which can be found on the EMMA system at https://emma.msrb.org.

4. **Vermont Telecommunications Authority (VTA):** VTA was created in 2007 to facilitate broadband and related access to Vermonters, and received authorization for $40 million of debt with the State's moral obligation pledge. The passage of Act No. 190 of 2014 created the Division for Connectivity as the successor entity to the VTA. The VTA did not issue any debt prior to ceasing operations on July 1, 2015.

5. **University of Vermont and the Vermont State Colleges:** Legislation was passed in 2008 to provide a moral obligation pledge from the State to the University of Vermont in the amount of $66 million and to the Vermont State Colleges in the amount of $34 million. No moral obligation pledge bonds have been issued to date. Currently, if bonds are issued, it is not expected that the State will need to appropriate money to the respective reserve funds for these purposes.

6. **Vermont Student Assistance Corporation (VSAC):** The State has provided $50 million of moral obligation commitment by the State to VSAC. Like VHFA, in 2009, the State authorized increased flexibility for VSAC's use of the moral obligation commitment specifically allowing for "pledged equity" contributions from the State's operating funds and increased flexibility in the use of the traditional debt service reserve structure. VSAC has no moral obligation debt outstanding, and thus it is not expected that the State will need to appropriate money to the respective reserve funds for VSAC.

As shown in the following page, the State's moral obligation commitments have increased only modestly over the past ten (10) years, by approximately $35.0 million or 4.5%. The increases came from VEDA, at $25 million, and VBB at $21.4 million, with reductions of $10.9 million from VSAC and $0.5 million from VHFA.

In the absence of explicit rating agency guidelines for moral obligation debt, or comparative data from Vermont's triple-A peer group, or a consistent approach among the triple-A peer group regarding the size, nature and role of such debt, CDAAC has since 2008 employed a guideline that moral obligation commitments should not exceed a range of between 200% and 225% of the State's Long-Term Net Tax-Supported Debt. Using this guideline, the State's moral obligation capacity would be between $1.454 billion and $1.636 billion, so the State would have between $316 million and $498 million of additional moral obligation capacity.

Reserve Fund Commitments:

State of Vermont
Moral Obligation Commitments and Debt Outstanding
As of June 30, 2024

	As of June 30, 2014		As of June 30, 2024		10-Year Change	
Issuer Name	Amount Provided In Statute	Actual Par Amount Outstanding	Amount Provided In Statute	Actual Par Amount Outstanding	Amount Provided In Statute	Actual Par Amount Outstanding
VBB	$591,060,000	$591,060,000	$612,491,000	$612,491,000	$21,431,000	$21,431,000
VEDA	130,000,000	130,000,000	181,000,000	155,000,000	51,000,000	25,000,000
VHFA	155,000,000	54,515,000	155,000,000	53,985,802	-	(529,198)
VSAC	50,000,000	10,890,000	50,000,000	-	-	(10,890,000)
UVM	66,000,000	-	66,000,000	-	-	-
VSCS	34,000,000	-	34,000,000	-	-	-
VTA	40,000,000	-	40,000,000	-	-	-
	$1,066,060,000	$786,465,000	$1,138,491,000	$821,476,802	$72,431,000	$35,011,802

*The Vermont Municipal Bond Bank's debt obligations are secured first by the general obligation or revenue pledge of the participating municipalities, and second by State intercept of payments to municipalities, before the moral obligation is utilized.

CDAAC continues to believe that a range of 200-225% is appropriate in determining the amount of moral obligation commitments that should be outstanding in comparison to the State's Long-Term Net Tax-Supported Debt. Ultimately, the effect of contingent liabilities and reserve fund commitments on the State's debt affordability depends upon this debt's reliance on the State's general operating revenues. The rating agencies do not include contingent obligations in the State's net tax-supported indebtedness until such debt becomes actual (through a payment or a replenishment obligation being made). As such, as long as the State has not been called upon to pay for the debt components, as envisioned in Subparagraph (5) of the CDAAC legislation, then those items should not become quantifiable factors included in the affordability analysis.

Information on the principal amount and the debt service associated with the moral obligation commitments is found in the comprehensive annual financial statements for each of the entities:

Vermont Municipal Bond Bank*:
http://www.vtbondbank.org/investors

Vermont Economic Development Authority:
http://www.veda.org/about-veda/annual-reports/

Vermont Housing Finance Authority
http://www.vhfa.org/partners/initiatives/vhfa-publications

Vermont Student Assistance Corporation
https://www.vsac.org/news/annual-reports

*Financials are based on a December 31 year end.

Municipal Debt

In conformance with the standards followed by the rating agencies, this evaluation does not set forth or incorporate any debt obligations of Vermont municipalities. Should any such obligations be required to be payable by the State (e.g., through assumption or support of local debt as part of a financial emergency), a corresponding and appropriate amount related to the State's contribution would then be required to be included in the analysis. At present, no such liability has occurred, and, therefore, none has been included in this review.

Analysis of Types of Debt and Structure

Each year CDAAC performs an extensive analysis to determine the "cost-benefit of various levels of debt financing." The cost-benefit is demonstrated by CDAAC's determination of the amount of debt that the State should annually authorize and still achieve compliance with CDAAC's affordability guidelines.

Second, with respect to the "types of debt," Vermont and its financing agencies have utilized a variety of debt types: VSAC, VHFA and VEDA sell revenue bonds, and Vermont has also issued TIBs. The State Treasurer's office also has considered a variety of financing options for the State's infrastructure needs, but because of Vermont's high credit ratings G.O. Bonds have generally offered the most cost-effective financing solution.

The State G.O. indebtedness maturity schedules are directly tied to State statute. Moreover, as indicated elsewhere herein, Vermont's current debt repayment for its G.O. bonds allow the State to recapture debt capacity at an attractive pace. Shortening the debt service payments would have the effect of placing more fixed costs in the State's annual operating budget, leaving less funds available for discretionary spending. Lengthening debt payments would increase the aggregate amount of the State's outstanding indebtedness, which would cause Vermont's debt per capita and debt as a percentage of personal income to rise, reducing the State's ability to comply with its affordability guidelines. Likewise, the State is precluded by Federal regulations from structuring tax-exempt debt to have an average life materially longer than the useful life of the asset(s) being financed. Notwithstanding these limitations, there may be opportunities for the State in the future to adjust the maturity of its indebtedness to achieve various debt management goals over time.

2. ECONOMIC AND FINANCIAL FORECASTS

This section of the report includes independent and consensus official State forecasting information provided by Economic and Policy Resources, Inc. ("EPR"), the State Economist for the Administration, dated September 4, 2024, in conjunction with Kavet Rockler & Associates, LLC, the State Economist for the Legislature. As shown in the table below, total revenue for fiscal year 2024 was $49.3 million more than in fiscal year 2023, an increase of 1.9%. The average annual revenue growth rate during the fiscal year period, 2024 through 2034, inclusive, is projected to be 2.9%.

STATE OF VERMONT
PRIOR YEAR, CURRENT AND PROJECTED STATE REVENUE[1]
(in millions of dollars)

Fiscal Year	General Fund	Transportation Fund	Property Transfer Tax[2]	Total Revenue[3]	Y-o-Y Change ($)	Y-o-Y Change(%)
2023	2,369.1	295.1	2.5	2,666.8	-	-
2024	2,410.6	303.0	2.5	2,716.1	49.3	1.9%
2025	2,440.4	317.8	2.5	2,760.7	44.6	1.6%
2026	2,499.2	323.0	2.5	2,824.7	63.9	2.3%
2027	2,561.7	326.7	2.5	2,890.8	66.2	2.3%
2028	2,653.7	331.8	2.5	2,988.0	97.1	3.4%
2029	2,760.8	336.5	2.5	3,099.8	111.9	3.7%
2030	2,863.1	341.5	2.5	3,207.2	107.3	3.5%
2031	2,965.8	346.1	2.5	3,314.4	107.2	3.3%
2032	3,068.0	350.2	2.5	3,420.8	106.4	3.2%
2033	3,174.9	354.5	2.5	3,531.9	111.2	3.3%
2034	3,282.7	359.0	2.5	3,644.3	112.3	3.2%

(1) Administration-Legislative Consensus Long-Term Forecast (Calendar Years 2025-2034). These figures were prepared by EPR. Amounts shown are "current law" revenue forecasts, based on a consensus between the State's administration and legislature. As of September 4, 2024.

(2) Represents a portion of the State's property transfer tax set-aside to pay debt service on the VHFA Property Transfer Bonds.

(3) Totals may not agree due to rounding.

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Provided below are the forecasts of population, personal income, and nominal gross State product. Over the next ten years, Vermont's population is forecast to grow between 0.1% and 0.2% per year, personal income between 4% and 5% per year, and nominal gross state product between 3.5% and 4.7% per year.

STATE OF VERMONT
PRIOR YEAR, CURRENT AND PROJECTED ECONOMIC DATA[1]

Year	Population (in thousands)	Change from Prior Year	Personal Income (in $ billions)	Change from Prior Year	Nominal GSP (in $ billions)	Change from Prior Year
2023	647.5	-	43.0	-	43.1	-
2024	648.6	0.2%	45.2	5.0%	45.1	4.7%
2025	649.7	0.2%	47.2	4.5%	46.8	3.8%
2026	650.6	0.2%	49.3	4.4%	48.6	3.7%
2027	651.6	0.1%	51.4	4.3%	50.4	3.7%
2028	652.5	0.2%	53.7	4.4%	52.3	3.8%
2029	653.6	0.2%	56.0	4.3%	54.3	3.9%
2030	654.7	0.2%	58.5	4.4%	56.3	3.7%
2031	655.8	0.2%	61.0	4.3%	58.3	3.5%
2032	656.9	0.2%	63.5	4.2%	60.3	3.5%
2033	658.0	0.2%	66.2	4.2%	62.4	3.5%
2034	659.0	0.1%	68.8	4.0%	64.6	3.5%

(1) Administration-Legislative Consensus Long-Term Forecast (Calendar Years 2023-2034). These figures were provided by EPR, as of September 4, 2024.

Below are official State consensus 2024 economic projections as compared to its 2023 economic projections. As shown, the 2024 projections show a decrease in population in all years of the forecast, and a corresponding decrease in nominal personal income through 2029. However, revenue projections both absolutely and as a percentage of nominal personal income are projected to increase during the entire forecast period.

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STATE OF VERMONT
POPULATION, PERSONAL INCOME AND REVENUE PROJECTIONS
2024 COMPARED TO 2023

Population (Thousands)

Year	2023	2024	Change	% Change
2023	649.1	647.5	-1.6	-0.2%
2024	650.9	648.6	-2.3	-0.3%
2025	652.5	649.7	-2.8	-0.4%
2026	654.0	650.6	-3.4	-0.5%
2027	655.5	651.6	-3.9	-0.6%
2028	656.8	652.5	-4.3	-0.7%
2029	658.1	653.6	-4.6	-0.7%
2030	659.4	654.7	-4.7	-0.7%
2031	660.6	655.8	-4.8	-0.7%
2032	661.8	656.9	-4.9	-0.7%
2033	662.9	658.0	-4.9	-0.7%
2034	-	659.0	n.a.	n.a.

Nominal Dollar Personal Income (Billions)

Year	2023	2024	Change	% Change
2023	43.11	43.04	-0.1	-0.2%
2024	45.36	45.19	-0.2	-0.4%
2025	47.40	47.22	-0.2	-0.4%
2026	49.48	49.30	-0.2	-0.4%
2027	51.61	51.42	-0.2	-0.4%
2028	53.83	53.68	-0.1	-0.3%
2029	56.09	55.99	-0.1	-0.2%
2030	58.45	58.45	0.0	0.0%
2031	60.91	60.97	0.1	0.1%
2032	63.40	63.53	0.1	0.2%
2033	66.02	66.19	0.2	0.3%
2034	-	68.84	n.a.	n.a.

General Fund, Transportation Fund, TIBs and Property Transfer Tax Revenue (Millions)

Year	2023	2024	Change	% Change
2023	2,664.12	2,666.76	2.64	0.10%
2024	2,546.46	2,716.09	169.63	6.66%
2025	2,567.38	2,760.74	193.36	7.53%
2026	2,639.63	2,824.67	185.04	7.01%
2027	2,761.30	2,890.83	129.53	4.69%
2028	2,865.21	2,987.96	122.75	4.28%
2029	2,951.54	3,099.82	148.28	5.02%
2030	3,058.21	3,207.17	148.96	4.87%
2031	3,166.88	3,314.37	147.49	4.66%
2032	3,275.81	3,420.75	144.94	4.42%
2033	3,392.59	3,531.93	139.34	4.11%
2034	-	3,644.26	n.a.	n.a.

General Fund, Transportation Fund and Property Transfer Tax Revenue as a Percent of Nominal Personal Income

Year	2023	2024	Change	% Change
2023	6.18%	6.20%	0.0%	0.3%
2024	5.61%	6.01%	0.4%	7.1%
2025	5.42%	5.85%	0.4%	7.9%
2026	5.33%	5.73%	0.4%	7.5%
2027	5.35%	5.62%	0.3%	5.1%
2028	5.32%	5.57%	0.2%	4.6%
2029	5.26%	5.54%	0.3%	5.3%
2030	5.23%	5.49%	0.3%	4.9%
2031	5.20%	5.44%	0.2%	4.5%
2032	5.17%	5.38%	0.2%	4.2%
2033	5.14%	5.34%	0.2%	3.8%
2034	-	5.29%	n.a.	n.a.

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3. DEBT GUIDELINES

Since September 2004, the Committee has pursued a strategy to achieve a triple-A rating from all three nationally recognized credit rating agencies by benchmarking Vermont against triple-A rated states. To facilitate this goal, CDAAC and the State have employed conservative debt load guidelines that are consistent with the measures that the rating agencies use to measure debt burden. These guidelines historically have been:

1. Debt Per Capita;
2. Debt as a Percentage of Personal Income; and
3. Debt Service as a Percentage of Revenues.

Since 2011, CDAAC has also measured Debt as a Percentage of Gross State Product. While the rating agencies continue to report on this metric, it is highly correlated with Debt as a Percentage of Personal Income, and CDAAC has not used it as a basis for its 10-year projections. For brevity, starting with this year's report CDAAC has elected to discontinue including this measure.

CDAAC notes that Debt as a Percentage of Personal Income and Debt Service as a Percentage of Revenues are generally understood to be the primary credit indicators of the State's ability to pay, and are identified specifically in CDAAC's statutory charge. However, certain rating agencies continue to calculate and monitor the State's Debt Per Capita, and indeed, S&P's recently released new rating methodology (discussed in more detail starting on page 30) relies heavily upon both direct debt, and pension and other post-employment benefits (OPEB) unfunded liabilities per capita in its issuer credit profile measures. Debt per capita is also S&P's sole bond-related (as opposed to pension/OPEB or combined liabilities) debt measure.

At present, for its relative measures of Debt Per Capita and Debt as a Percent of Personal Income, CDAAC uses a peer group made up of all states that have at least two triple-A ratings from the national rating agencies (the "Peer Group"). The states within the Peer Group differ throughout the years as rating agencies upgrade or downgrade a specific state's rating, and since the Committee began using this approach in 2004 the Peer Group of triple-A rated states has expanded from nine (9) to seventeen (17) states. Additionally, as Vermont has not had a triple-A rating since July 2019, this year the Committee also discussed whether to expand the Peer Group to include states rated at or above Vermont's current ratings of Aa1/AA+/AA+ by Moody's, S&P and Fitch; this would add seven (7) additional states bringing the Peer Group to twenty-four (24) members. Finally, as the rating agencies' criteria have evolved to include absolute measures, that provide specific ranges and thresholds of debt metrics associated with corresponding ratings, the Committee has also discussed whether relative measures such as the Peer Group comparison continue to be a useful approach.

For its 2024 report, the Committee has elected to retain the current triple-A states Peer Group and to continue its practice of using Debt Per Capita and Debt as a Percent of Personal Income projections relative to this Peer Group. However, the Committee may consider adjusting the Peer Group states in future reports, or may expand its use of absolute measures as it currently does for Debt Service as a Percent of Revenues, in which case it could de-emphasize Peer Group metrics and provide them for information and context, or eliminate relative metrics altogether.

Debt Per Capita

The Committee considers a guideline of the State's performance versus the 5-year average of the mean and median debt per capita of the Peer Group of triple-A rated states over the nine-year projection period. Because Moody's state debt medians for 2024 were not available by the report's due date, the 5-year average of the mean of the Peer Group through 2023 remained $1,021, the 5-year average of the median of the Peer Group remained $630, and Vermont's 5-year average debt per capita figure remained $1,132, which was above the 5-year mean and 5-year median for triple-A rated states. Please see the table titled "Debt Per Capita Comparison" for a detailed view of the Peer Group's Debt Per Capita.

The debt per capita State guideline calculation is based on a starting point of the 5-year average of the median debt per capita median of Peer Group states, and an annual inflation factor, in order to achieve a realistic perspective on the future direction of debt per capita median for these states. CDAAC currently uses an inflator of 2.7% or 90% of an assumed 3% inflation rate, which in turn has been a reasonable assumption for long-term consumer price inflation. This is also in line with the most recent monthly level of year-over-year consumer price inflation of 2.5% and with the 10-year annualized CPI of 2.8%, in both cases as of August 2024.

Starting with its 2013 report, CDAAC's debt recommendation has exceeded its 10-year Debt Per Capita projection in some or all years, but this was deemed to reflect certain Peer Group states with very little debt more than indicating Vermont had excessive debt, and the Committee de-emphasized this measure accordingly. However, as mentioned above, with S&P explicitly including an absolute direct debt per capita measure in its new rating criteria, as well as a per capita measure of pension and OPEB unfunded liabilities, the Committee likely will want to keep tracking per capita metrics going forward.

Debt as a Percent of Personal Income

The Committee also adopted a guideline for the State to equal or perform better than the 5-year mean and 5-year median of the Peer Group on the basis of debt as a percent of personal income. At present, the target is 1.8% for the median (the five-year averages of Moody's Mean and Moody's Median for the Peer Group are 1.8% and 1.2%, respectively). Based on data from Moody's, Vermont's 5-year average net tax supported debt as a percent of personal income is 2.0%, which is slightly higher than the 5-year mean and the 5-year median for triple-A rated states. Please see the table titled "Debt As % of Personal Income Comparison" for a detailed view of the Peer Group's information.

The Committee discussed the limitations of personal income as a measure particularly as it pertains to Vermont, because the number does not include realized capital gains; it was suggested that if this information were available by state, Vermont's relative position might improve.

Debt Service as a Percentage of Revenues

In the absence of a readily available peer group measure from the rating agencies, this guideline is an absolute number versus a mean or median relative to triple-A rated states. CDAAC's adopted standard since 2004 is a ratio of no greater than 6%, reduced from 8% previously, for annual Long-Term Net Tax-Supported Debt service as a percent of the annual aggregate of the General and Transportation Fund revenues, as well as the dedicated property transfer tax revenues associated with the VHFA Property Transfer Bonds. At present, this ratio equals approximately 3.1%, as can be seen within the table titled "Historic and Projected Debt Ratios." Vermont's debt service as a percentage of revenues has improved from 4.7% in 2012 to 3.7% in 2024. With the growth in General and Transportation Funds and relative stability of the State's annual debt service, this measure has not exceeded 4% since 2020, nor is it projected to under the current recommended authorization; as such, this year the Committee decided to lower this guideline to 4%.

In terms of the debt service projections provided in the table titled "Historic and Projected Debt Ratios," the analysis assumes future interest rates (coupons) on pro forma G.O. bond issues at 5.0% in fiscal years 2025 through 2035.

The CDAAC statute defines operating revenues as General and Transportation Fund revenues based upon the historic general flexibility in the uses of these funds for meeting financial operational needs of the State.

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STATE OF VERMONT
2024 STATES RATED TRIPLE-A BY TWO OR MORE RATING AGENCIES
(as of September 30, 2024)

2023 Triple-A Rated States[1]	Moody's	S&P	Fitch
Delaware	Yes	Yes	Yes
Florida	Yes	Yes	Yes
Georgia	Yes	Yes	Yes
Idaho	Yes	**No**	Yes
Indiana[2]	Yes	Yes	Yes
Iowa	Yes	Yes	Yes
Maryland	Yes	Yes	Yes
Minnesota	Yes	Yes	Yes
Missouri	Yes	Yes	Yes
North Carolina	Yes	Yes	Yes
Ohio [3]	Yes	Yes	Yes
South Carolina	Yes	**No**	Yes
South Dakota	Yes	Yes	Yes
Tennessee	Yes	Yes	Yes
Texas[2]	Yes	Yes	Yes
Utah	Yes	Yes	Yes
Virginia	Yes	Yes	Yes
VERMONT[4]	**No**	**No**	**No**

(1) Seventeen (17) states are rated triple-A by two or more of the nationally recognized rating agencies as of September 30, 2024.

(2) Indicates issuer credit rating since state does not have any G.O. debt or the rating agency does not provide a rating on the state's G.O. debt.

Ohio was upgraded to AAA by Fitch on September 8, 2022, to Aaa by Moody's on December 1, 2023, and to AAA by S&P on December 8, 2023.

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STATE OF VERMONT
MEAN DEBT RATIOS COMPARISON

Per Capita	2019	2020	2021	2022	2023	5-Year CAGR(2)
All States	$1,493	$1,506	$1,535	$1,872	$1,808	3.9%
Triple-A(1)	958	950	962	1,070	1,163	3.9%
VERMONT	**1,140**	**1,061**	**1,102**	**1,185**	**1,173**	**0.6%**

% of Personal Income	2019	2020	2021	2022	2023	5-Year CAGR(2)
All States	2.8%	2.6%	2.5%	3.0%	2.7%	-0.7%
Triple-A(1)	1.9	1.7	1.7	1.8	1.8	-0.8%
VERMONT	**2.2**	**1.9**	**1.9**	**2.0**	**1.9**	**-2.9%**

(1) These calculations exclude all Vermont numbers and include only states rated triple-A by two or more of the three rating agencies during the year shown. See table titled "Debt Per Capita Comparison" for complete listing of triple-A states and respective ratings and triple-A time periods.
(2) Compound annual growth rate.

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STATE OF VERMONT
DEBT PER CAPITA COMPARISON

Peer Group States (All states with at least two triple-A rating)
5-Year Average Mean and 5-Year Average Median Excluding Vermont:
MEAN: $1,021 MEDIAN: $630
5-Year Average Vermont: $1,132

Triple-A Rated States[1]	Moody's Ratings[2]	S&P Ratings[2]	Fitch Ratings[2]	Moody's Debt Per Capita 2019	2020	2021	2022	2023	5-Year Average
Delaware	Aaa/Stable	AAA/Stable	AAA/Stable	3,206	3,289	3,400	4,143	4,266	3,661
Maryland	Aaa/Negative	AAA/Stable	AAA/Stable	2,343	2,323	2,410	2,818	3,147	2,608
Virginia	Aaa/Stable	AAA/Stable	AAA/Stable	1,502	1,677	1,746	1,823	2,047	1,759
Ohio	Aaa/Stable	AAA/Stable	AAA/Stable	1,156*	1,158*	1,146*	1,718*	1,642	1,642
Minnesota	Aaa/Stable	AAA/Stable	AAA/Stable	1,415	1,406	1,400	1,462	1,638	1,464
VERMONT	**Aa1/Stable**	**AA+/Stable**	**AA+/Stable**	**1,140**	**1,061**	**1,102**	**1,185**	**1,173**	**1,132**
Georgia	Aaa/Stable	AAA/Stable	AAA/Stable	996	971	987	1,087	1,144	1,037
Utah	Aaa/Stable	AAA/Stable	AAA/Stable	792	720	866	899	827	821
Florida	Aaa/Stable	AAA/Stable	AAA/Stable	812	780	710	756	661	744
North Carolina	Aaa/Stable	AAA/Stable	AAA/Stable	531	586	581	686	700	617
South Dakota	Aaa/Stable	AAA/Stable	AAA/Stable	618	493	482	561	557	542
Idaho	Aaa/Stable	AA+/Stable	AAA/Stable	506*	540*	490*	464	591	528
Texas	Aaa/Stable	AAA/Stable	AAA/Stable	389	379	365	682	680	499
South Carolina	Aaa/Stable	AA+/Stable	AAA/Stable	503	469	415	435	444	453
Missouri	Aaa/Stable	AAA/Stable	AAA/Stable	487	464	413	398	378	428
Tennessee	Aaa/Stable	AAA/Stable	AAA/Stable	305	292	266	285	294	288
Indiana	Aaa/Stable	AAA/Stable	AAA/Stable	270	251	233	217	366	267
Iowa	Aaa/Stable	AAA/Stable	AAA/Stable	207	150	157	408	392	263
MEAN[3]				**958**	**950**	**962**	**1,070**	**1,163**	**1,021**
MEDIAN[3]				**618**	**586**	**581**	**684**	**680**	**630**

(1) States that carry at least two triple A ratings.
(2) Ratings as of September 30, 2024.
(3) These calculations exclude all Vermont numbers.
* Indicates that the state was not rated triple-A by two or more of this rating agencies during the year shown and amount not used in calculating the mean or median for the indicated year.

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STATE OF VERMONT
DEBT AS % OF PERSONAL INCOME COMPARISON

Peer Group States (All states with at least two triple-A ratings)
5-Year Average Mean and 5-Year Average Median Excluding Vermont:
MEAN: 1.8% MEDIAN: 1.2%
5-Year Average Vermont: 2.0%

Triple-A Rated States	Moody's Debt as % of Personal Income					
	2019	2020	2021	2022	2023	5-year Average
Delaware	6.5	6.1	6.0	7.0	6.9	6.5
Maryland	3.8	3.5	3.5	4.1	4.4	3.9
Virginia	2.7	2.8	2.8	2.8	3.0	2.8
Ohio	2.3*	2.1*	2.1*	3.0*	2.8	2.8
Minnesota	2.6	2.4	2.3	2.2	2.4	2.4
Georgia	2.3	2.0	1.9	2.0	2.0	2.0
VERMONT	**2.2**	**1.9**	**1.9**	**2.0**	**1.9**	**2.0**
Utah	1.9	1.5	1.7	1.6	1.4	1.6
Florida	1.7	1.5	1.3	1.2	1.0	1.3
North Carolina	1.2	1.2	1.2	1.2	1.2	1.2
Idaho	1.2*	1.2*	1.0*	0.9	1.1	1.0
South Carolina	1.2	1.0	0.9	0.8	0.8	0.9
South Dakota	1.3	0.9	0.8	0.9	0.8	0.9
Texas	0.8	0.7	0.7	1.1	1.1	0.9
Missouri	1.1	0.9	0.8	0.7	0.7	0.8
Tennessee	0.7	0.6	0.5	0.5	0.5	0.6
Indiana	0.6	0.5	0.5	0.4	0.6	0.5
Iowa	0.4	0.3	0.3	0.7	0.7	0.5
MEAN[1]	**1.9**	**1.7**	**1.7**	**1.8**	**1.8**	**1.8**
MEDIAN[1]	**1.3**	**1.2**	**1.2**	**1.2**	**1.1**	**1.2**

(1) These calculations exclude all Vermont numbers and include only states rated triple-A by two or more of the rating agencies during the periods shown, as of September 30, 2024.

*Indicates that the state was not rated triple-A by two or more of the rating agencies during the year shown. Amount not used in calculating the mean or median for the year.

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STATE OF VERMONT
HISTORIC AND PROJECTED DEBT RATIOS

	Net Tax-Supported Debt Per Capita (in $)			Net Tax-Supported Debt as Percent of Personal Income			Net Tax-Supported Debt Service as Percent of Revenues (5)		
Fiscal Year (ending 6/30)	State of Vermont	Moody's Median	State's Rank (4)	State of Vermont	Moody's Median	State's Rank (4)	State of Vermont (5)	Moody's Median	State's Rank (4)
Actual (1)									
2014	878	1,054	30	2.0	2.6	34	4.7	5.1	n.a.
2015	954	1,012	28	2.1	2.5	31	4.2	5.3	n.a.
2016	1,002	1,027	27	2.1	2.5	30	4.2	4.3	n.a.
2017	1,068	1,006	24	2.2	2.5	27	4.3	4.1	n.a.
2018	987	987	25	2.0	2.3	28	4.0	4.2	n.a.
2019	1,140	1,068	25	2.2	2.2	26	4.1	4.1	n.a.
2020	1,061	1,071	26	1.9	2.0	29	4.3	3.8	n.a.
2021	1,102	1,039	24	1.9	1.9	27	4.0	3.9	n.a.
2022	1,185	1,179	25	2.0	2.1	26	3.7	2.1	n.a.
2023	1,173	1,178	26	1.9	2.2	27	3.7	n.a.	n.a.
2024	1,173	1,178	n.a.	1.9	2.2	n.a.	3.7	n.a.	n.a.
Current (2)	1,121	n.a.	n.a.	1.6	n.a.	n.a.	3.7	n.a.	n.a.
Projected (FYE 6/30) (3)		State Guideline (6)			State Guideline (7)			State Guideline	
2025	1,117	647		1.5	1.8		3.7	4.0	
2026	1,108	664		1.5	1.8		3.6	4.0	
2027	1,100	682		1.4	1.8		3.5	4.0	
2028	1,094	701		1.3	1.8		3.4	4.0	
2029	1,087	720		1.3	1.8		3.3	4.0	
2030	1,049	739		1.2	1.8		3.2	4.0	
2031	1,011	759		1.1	1.8		3.1	4.0	
2032	984	780		1.0	1.8		2.8	4.0	
2033	955	801		0.9	1.8		2.7	4.0	
2034	933	822		0.9	1.8		2.5	4.0	
2035	914	845		0.8	1.8		2.4	4.0	
5-Year Average of Moody's Mean for Triple-A States		1,021			1.8			n.a.	
5-Year Average of Moody's Median for Triple-A States		630			1.2			n.a.	

Note: Shaded figures in the State's debt per capita projection in fiscal years 2025-2035 represent the period when Vermont is expected to exceed the projected, respective State Guideline consistent with the current guideline calculation methodology and the assumption that the State will issue bonds consistent with the proposed two-year authorization (footnote (3)).

(1) Actual data compiled by Moody's Investors Service, reflective of all 50 states. Moody's uses states' prior year figures to calculate the "Actual" year numbers in the table.

(2) Calculated by Public Resources Advisory Group, Inc. using outstanding Long-Term Net Tax-Supported Debt of $727,168 million as of 6/30/24 divided by Vermont's 2024 consensus population estimate of 648,600 as provided by EPR.

(3) Projections assume issuance of $75 million of G.O. debt in FY2025, $68.925 million from FY2026through FY2029, and $50 million from FY2030 through FY2035.

(4) Rankings are in numerically descending order (i.e., from high to low debt).

(5) Revenues are aggregate of State's General Fund, including changes related to Act 11 as calculated by EPR, and Transportation Fund, as well as the dedicated property transfer tax revenues associated with the VHFA Property Transfer Bonds. Projected debt service is based on estimated interest rates at 5% over the projected period. Calculated by Public Resources Advisory Group, Inc.

(6) State Guideline equals the 5-year average of Moody's median for the Peer Group of $630 increasing annually at 2.7%.

(7) The 5-year average of Moody's median for the Peer Group is 1.2%. Since the annual number can be volatile, ranging from 1.2% to 1.9% over the last five years, the State Guideline is 1.8% for FY2025 through FY2035.

“Dashboard” Indicators

	Vermont[a]	Median Triple-A States[b,c]
Long-Term Net Tax-Supported Debt:	$727,167,852	$4,344,115,000
Debt As A Percent Of Gross State Product:	1.61%	1.0%
Debt Per Capita:	$1,121	$680
Debt As A Percent Of Personal Income:	1.61%	1.1%
Debt Service As A Percent Of Operating Revenue[d]:	3.74%	N/A
Rapidity Of Debt Retirement:	45.6% (In 5 Years)	N/A
	77.7% (In 10 Years)	N/A
	94.2% (In 15 Years)	N/A
	100.0% (In 20 Years)	N/A

(a) Debt statistics for Vermont are as of June 30, 2024. Estimates of FY 2024 Gross State Product, Population, Personal Income and Operating Revenue consensus official State forecasts provided by EPR.
(b) These calculations exclude all Vermont numbers and include only states rated triple-A by two or more of the rating agencies during the periods shown, year ended September 30, 2024.
(c) Source: Moody’s Investors Service, 2023 State Debt, Pension and OPEB Medians Report calculated by Public Resources Advisory Group, Inc.
(d) Aggregate of State’s General Fund, including changes related to Act 11 as calculated by EPR, and Transportation Fund, as well as the dedicated property transfer tax revenues associated with the VHFA Property Transfer Bonds.

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4. NATIONAL CREDIT RATING METHODOLOGIES AND CRITERIA

Standard & Poor's Methodology for U.S. State Ratings

On September 9, 2024, S&P released its "Methodology for Rating U.S. Governments," which fully superseded its "U.S. State Ratings Methodology" that had been the basis of the State of Vermont's rating since October 17, 2016. S&P's new methodology consolidates its rating criteria for U.S. states, counties, municipalities, school districts, and special government districts under a single framework. Importantly, S&P stated that all U.S. state and territory ratings would remain unchanged under the new criteria.

The State's most recent S&P rating report from May 30, 2024, uses the previous methodology, which includes the important categories of review, referred to as "factors," as follows:

(i) Government Framework,
(ii) Financial Management,
(iii) Economy,
(iv) Budgetary Performance and Flexibility, and
(v) Debt and Liability Profile.

In addition, the sub-categories, or "metrics" within each factor are weighted. Specifically, S&P assigns a score of 1 (strongest) to 4 (weakest) for twenty-eight metrics, grouped into the five factors listed above. Each of the metrics is given equal weight within the category, and then each factor is given equal weight in an overall 1 through 4 score. The overall scores correspond to the following indicative credit levels for the highest three ratings categories:

Score	Indicative Credit Level
1.0-1.5	AAA
1.6-1.8	AA+
1.9-2.0	AA
2.1-2.2	AA-
2.3-2.5	A+
2.5-2.6	A
2.7-3.0	A-
3.1-4	BBB category

In S&P's most recent report, Vermont's composite score was 1.8, unchanged from the 2022 and 2023 reports. The scores for each factor are as follows:

1.6	Government Framework
1.0	Financial Management,
2.4	Economy,
1.4	Budgetary Performance and Flexibility, and
2.6	Debt and Liability Profile.

S&P notes that they review debt service expenditures and how debt payments are prioritized versus funding of other long-term liabilities and operating costs for future tax streams and other revenue sources. They evaluate three key metrics which they score individually and weight equally: debt burden, pension liabilities, and other post-employment benefits. For each metric there may be multiple indicators (as they are for the debt metric) that they score separately and then average to develop the overall score for the metric.

Provided on below is a table with S&P's most recent debt statistics and scores for Vermont.

S&P Debt Score Card Metrics

	Low Ranking (Score of 1)	Moderate Ranking (Score of 2)	Vermont's Statistics[1]	Vermont's Score
Debt per Capita	Below $500	$500 - $2,000	1,190	2
Debt as a % of Personal Income	Below 2%	2% - 4%	1.8%	1
Debt Service as a % of Spending	Below 2%	2%- 6%	2.1%	1
Debt as a % of Gross State Product	Below 2%	2% - 4%	1.7%	1
Debt Amortization (10 year)	80% - 100%	60%-80%	80%	2

[1] As calculated and reported by S&P.

Regarding pension liabilities, S&P assesses two indicators: (i) three-year average of the pension funded ratio and (ii) pension funding discipline. As described within their methodology, S&P analysis covers changes in assets and liabilities, funded ratios, funding discipline, and unfunded pension liability. S&P considers a state's commitment to funding annual contributions that address the long-term pension liability is a key credit consideration. The scoring of the three-year average of the pension funded ratio is detailed below.

Three-Year Average of Pension Funded Ratio	Indicator	Score
90% or above	Strong	1
80% - 90%	Good	2
60% - 80%	Relatively Low	3
60% or below	Weak	4

[*] Shaded grey indicates the State's three-year pension funded ratio of 63% in accordance with S&P's methodology based on S&P's rating report of the State dated May 30, 2024.

Based on the State's most recent rating report in May 2024, the State's three-year average of the pension funded ratio was 63%, which is considered relatively low and results in a score of 3.

S&P's review of a state's pension funding discipline includes an assessment of a state's funding policy, specifically reviewing whether it has an actuarial basis, and whether annual contributions usually meet or exceed the actuarially determined levels. S&P also reviews whether total annual plan contributions typically cover certain costs that drive the annual changes in the unfunded pension liability across plans, as well as an estimated annual amortization component of the unfunded liability. S&P also considers management factors and actuarial inputs to inform their assessment of a state's funding discipline.

S&P noted within Vermont's rating report in August 2023, and reiterated in May 2024, that they "believe that retirement liabilities are less of a source of credit pressure than they were before pension reform but are still sizable relative to those of state peers."

The last component of the debt and liability profile is a review of other post-employment benefits risks. For this assessment, S&P focuses on the relative level of unfunded OPEB liability compared to other states and the legal and practical flexibility that a state has to adjust these liabilities and the overall strategy to manage the costs of these benefits given the impact to future contribution rates and budgetary requirements.

In S&P's most recent rating report from May 2024, it noted that "the improvements represent meaningful gains, but we note that the per capita OPEB liability…. is still large and well above what is typical among other states."

Moody's US States Rating Methodology

On July 24, 2024, Moody's published its "US States and Territories Rating Methodology" to replace its "US States and Territories Rating Methodology," updated as of March 22, 2022, however, the State's Aa1 scorecard outcome was published on May 31, 2024, using the 2022 methodology, summarized below:

Rating Factors	Factor Weighting	Rating Sub-Factors	Sub-Factor Weighting	State Measure	State Score
Economy	30%	Resident Income (PCI Adjusted for RPP / US PCI)	15%	95.9%	Aa
		Economic Growth (5-Year CAGR real GDP – 5-Year CAGR US real GDP)	15%	-0.7%	Aa
Governance	20%		20%	Aaa	
Financial Performance	20%		20%	Aaa	Aaa
Leverage	30%	Long-term Liabilities Ratio (Debt + Moody's-adjusted Net Pension Liability + Moody's adjusted Net OPEB Liability + Other Long-term Liabilities)/Own-Source Revenue	20%	175%	Aa
		Fixed-Costs Ratio (Adjusted Fixed Costs / Own-Source Revenue)	10%	9.0%	Aaa
Total	**100%**	**Total**	**100%**		
Notching Factors		Very Limited or Concentrated Economy	**2 to 0**		0
Scorecard-Indicated Outcome					**Aa1**
Assigned Rating					**Aa1**

Vermont's Aa1 actual rating matches the State's indicative scorecard rating of Aa1.

Fitch Rating Criteria for US State and Local Governments

On April 2, 2024, Fitch released its updated "U.S. Public Finance State Governments and Territories Rating Criteria," which did not substantially change the rating criteria for U.S. States.

Notable aspects of the criteria included published assessments of four key rating factors that drive rating analysis in the context of the economic base. The four key rating factors driving state and local government ratings include:

--Revenues;
--Expenditures;
--Long-term liabilities; and
--Operating performance.

On May 31, 2017, Fitch updated their criteria based on analysis of defined benefit pension liabilities. Specifically, Fitch lowered the discount rate adjustment to 6% from 7%, which is used to establish comparable liability figures. The adjustment was refined based on information within GASB 67 and 68 reporting.

Fitch considers the credit impact of OPEBs in evaluating a government's expenditure framework and operating performance but does not include this liability as part of an issuer's long-term liability burden except in limited cases. Fitch does not view OPEB liabilities akin to debt and net pension.

Please see the guidance table on the following page that outlines general expectations for a given rating category.

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	aaa	aa	a	bbb	bb
Revenue Framework (aa)					
Growth Prospects for Revenues Without Revenue-Raising Measures	Strong Growth in line with or above the level of U.S. economic performance	Solid Growth below U.S. economic performance but above the level of inflation	Slow Growth in line with the level of inflation	Stagnant Growth below the level of inflation or flat performance	Negative Declining revenue trajectory
Independent Legal Ability to Raise Operating Revenues Without External Approval (in Relation to Normal Cyclical Revenue Decline)	High Minimum revenue increase at least 300% of the scenario revenue decline	Substantial Maximum revenue increase at least 200% of the scenario revenue decline	Satisfactory Maximum revenue increase at least 100% of the scenario decline	Moderate Maximum revenue increase at least 50% of the scenario revenue decline	Limited Maximum revenue increase less than 50% of the scenario revenue decline
Expenditure Framework (aaa)					
Natural Pace of Spending Growth Relative to Expected Revenue Growth	Slower to equal	In line with to marginally above	Above	Well above	Very high
Flexibility of Main Expenditure Items (Ability to Cut Spending Throughout the Economic Cycle)	Ample	Solid	Adequate; legal or practical limits to budget management may result in manageable cuts to core services at times of economic downturn	Limited; cuts likely to meaningfully, but not critically, reduce core services at times of economic downturn	Constrained; adequate delivery of core services may be compromised at times of economic downturn
Long-Tern Liability Burden (aa)					
Combined Burden of Debt and Unfunded Pension Liabilities in Relation to Resource Base	Low Liabilities less than 10% of personal income	Moderate Liabilities less than 20% of personal income	Elevated but still in the moderate range Liabilities less than 40% of personal income	High Liabilities less than 60% of personal income	Very High Liabilities 60% or more of personal income
Operating Performance (aaa)					
Financial Resilience Through Downturns (Based on Interpretation of Scenario Analysis)	Exceptionally strong gap-closing capacity; expected to manage through economic downturns while maintaining a high level of fundamental financial flexibility.	Very strong gap-closing capacity; expected to manage through economic downturns while maintaining an adequate level of fundamental financial flexibility.	Strong gap-closing capacity; financial operations would be more challenged in a downturn than is the case for higher rating levels but expected to recover financial flexibility.	Adequate gap-closing capacity; financial operations could become stressed in a downturn, but expected to recover financial flexibility	Limited gap-closing capacity; financial operations could become distressed in a downturn and might not recover.
Budget Management at Times of Economic Recovery	Rapid rebuilding of financial flexibility when needed, with no material deferral of required spending/ nonrecurring support of operations.	Consistent efforts in support of financial flexibility, with limited to no material deferral of required spending/nonrecurring support of operations.	Some deferral of required spending/ nonrecurring support of operations.	Significant deferral of required spending/ nonrecurring support of operations.	Deferral of required spending/ nonrecurring support of operations that risks becoming untenable given tools available to the issuer.
Overall Additional Considerations	In addition to the key rating driver assessments discussed above, the final rating assigned also considers certain additional risk factors that may affect the rating conclusion. These additional risk factors work asymmetrically, where only below-standard features are factored into the final rating levels. For U.S. state and local governments, these risk factors are management and economic characteristics that are significantly outside the U.S. norm.				

Fitch reviews scenarios that consider how a government's revenues may be affected in a cyclical downturn and the options available to address the resulting budget gap. Also under the criteria, Fitch provides more in-depth opinions on reserve adequacy related to individual issuers' inherent budget flexibility and revenue volatility.

In 2017, Vermont was rated under the new criteria and there was no change to the State's AAA rating at that time as the result of the new criteria. However, the State was downgraded to AA+ by Fitch in July 2019, as previously discussed, and the AA+ rating was affirmed most recently in May 2024. In its 2024 report, Fitch scored the State as follows based on the four key rating factors:

Revenue Framework: 'aa'
Expenditure Framework: 'aaa'
Long-term Liability Burden: 'aa'
Operating Performance: 'aaa'

Under long-term liability burden Fitch notes that "Vermont's long-term liabilities burden is above the U.S. state median but remains moderate compared to the state's economic resource base. Vermont's elected leaders maintains close oversight and management of debt issuance, and have engaged in multiple efforts to improve the sustainability of retirement liabilities over time."

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5. ADDITIONAL CREDIT AND AFFORDABILITY CONSIDERATIONS

Moody's Adjustment to Pension Data and Adjusted State Pension Liability Medians
As previously discussed in Section 4, "National Credit Rating Methodologies and Criteria," in recent years Moody's, S&P and Fitch have added other "long-term liabilities" primarily pension and OPEB liabilities as rating factors.

On September 26, 2023, Moody's published its annual state liability report titled "Ability to Service Long-term Liabilities and Fixed Cost Improves," which now reports each states' debt, adjusted net pension liability, adjusted net OPEB liability and other long-term liabilities as a percentage of own-source revenue, among other liability information and comparative ratios.

Moody's pension data reflected on the upcoming pages reflects 2022 data based on 2021 liabilities and utilizes a FTSE Pension Liability Index of 4.48% as a discount rate to value liabilities in standard adjustments.

The following two tables provide Vermont's relative position among the 50 states with respect to its ANPL for fiscal 2021 and fiscal 2022 and a comparison of Vermont and Peer Group states with respect to Moody's pension ratios.

	State of Vermont Rankings		
Moody's Pension Ratios	2020[1,2]	2021[1,2]	2022[1,2]
ANPL as % of Personal Income	8	8	7
ANPL as % of State Gross Domestic Product	7	7	6
ANPL Per Capita	9	8	8
ANPL as % of Own-Source Revenue	14	12	10
Debt + ANPL + ANOL + Other Long-term Liabilities as a % of Own-Source Revenue	N/A	13	11

Sources:

Moody's *Debt, Pension and OPEB Liabilities All Up in Fiscal 2021,* September 7, 2022.

Moody's *Ability to Service Long-term Liabilities and Fixed Cost Improves,* September 26, 2023.

[1]Rankings are in numerically descending order, with the state having the highest Moody's Adjusted Net Pension Liability statistic ranked 1st and the state having the lowest Adjusted Net Pension Liability statistic ranked 50th.

[2]Based on a FTSE Pension Liability Index of 4.48%.

STATE OF VERMONT AND PEER GROUP STATES' MOODY'S PENSION LIABILITIES METRICS*

Triple-A Rated States	Moody's Adjusted Net Pension Liability (ANPL)[1] As % of PI	As % of State GDP	Per Capita ($)	As % of Revenues
South Carolina	12.3	11.7	5,570	169.0
Maryland	12.1	13.0	9,198	162.2
VERMONT[3]	**18.0**	**18.2**	**11,407**	**154.5**
Texas	7.6	6.0	4,713	134.0
Missouri	4.7	4.2	2,655	92.5
Iowa	5.3	4.3	3,095	74.9
Delaware	9.0	6.5	5,548	67.7
Indiana	4.5	3.9	2,596	67.0
Ohio	2.4	2.0	1,411	41.6
Minnesota	3.2	2.8	2,165	34.6
Florida	1.6	1.7	1,047	34.5
Georgia	2.0	1.7	1,151	34.5
Virginia	2.2	2.0	1,521	32.5
North Carolina	2.2	1.8	1,241	32.0
Utah	2.5	1.9	1,422	31.6
South Dakota	2.8	2.5	1,839	30.1
Idaho	2.1	2.0	1,125	28.3
MEAN[2]	4.6	4.1	2,784	64.3
MEDIAN[2]	2.8	2.5	1,839	34.6
VERMONT's 50 STATE RANK[4]	7	6	8	10

Source: Moody's *Ability to Service Long-term Liabilities and Fixed Cost Improves,* September 26, 2023.

[1]Based on a FTSE PLI of 4.48%.

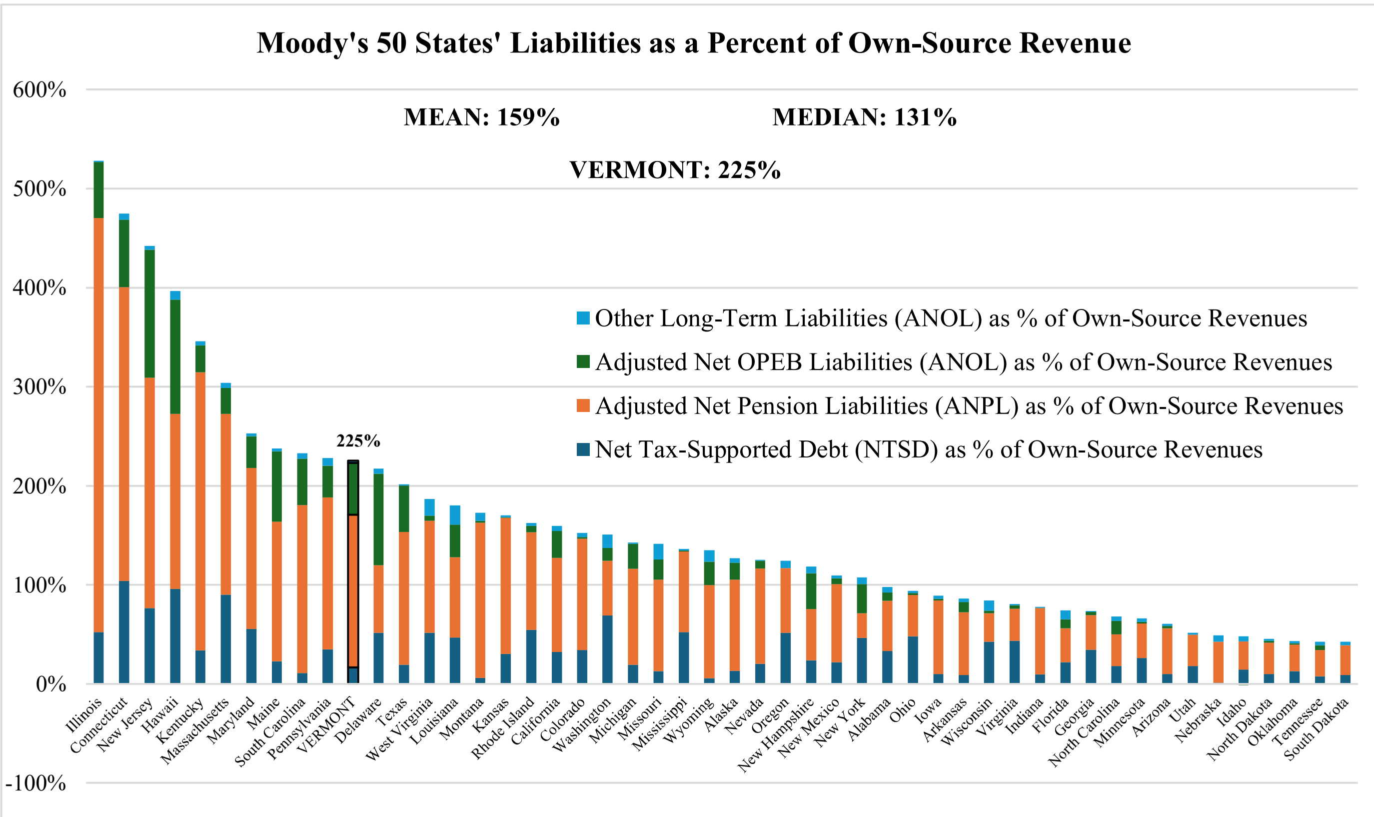
[2] Calculated by Public Resources Advisory Group, Inc. These calculations exclude all Vermont numbers and include only states rated triple-A by two or more of the rating agencies, as of September 30th, 2024.

[3]Vermont numbers include the combined defined benefits plans of the Vermont State Employees' Retirement System and the Vermont State Teachers' Retirement System.

[4]Rankings are in numerically descending order, with the state having the highest Moody's Adjusted Net Pension Liability statistic ranked 1st and the state having the lowest Adjusted Net Pension Liability statistic ranked 50th.

*Source does not take into account differing retirement benefits among states.

As discussed in Section 4, "Moody's US States Rating Methodology," the updated methodology includes a "Leverage" factor with a weight of 30% and adjusted OPEB liabilities and other long-term liabilities along with debt and pensions. As can be seen in the table below, Vermont is currently ranked 11th out of the 50 states in long-term liabilities ratio (lower numbers indicate relatively greater liabilities). Please see below for a chart comparing Vermont's Moody's long-term liabilities ratio compared to those of the other 49 states.



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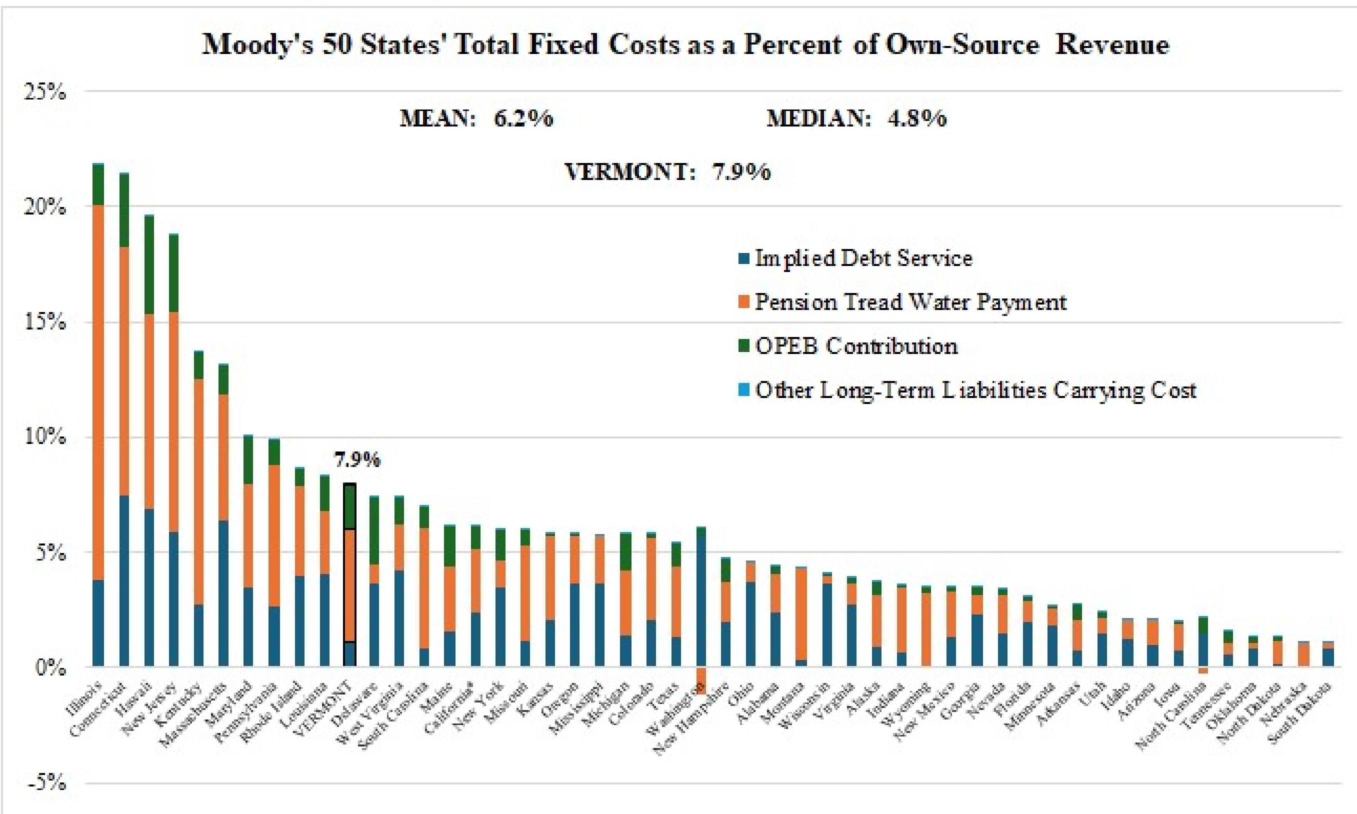
Moody's – Review of State and Local Budget Capacity

Moody's has raised concerns with state and local governments' long-term debt liabilities as they relate to percentage of fixed cost to total operating budget capacity. With many states expecting the costs for pensions, debt and OPEBs expected to rise, the agencies are concerned that other funding priorities will be squeezed and for some states this could create reduced financial flexibility.

Moody's Fixed Cost Ratio, which was also previously discussed, is a ratio within the "Leverage" factor that compares implied debt service, OPEB contributions and pension tread water costs to state own-source revenue. Please see below for a chart comparing Vermont's Moody's Fixed Cost Ratio compared to the ratios for the other 49 states; currently Vermont is ranked 11th out of 50 (lower numbers indicate relatively higher fixed costs).



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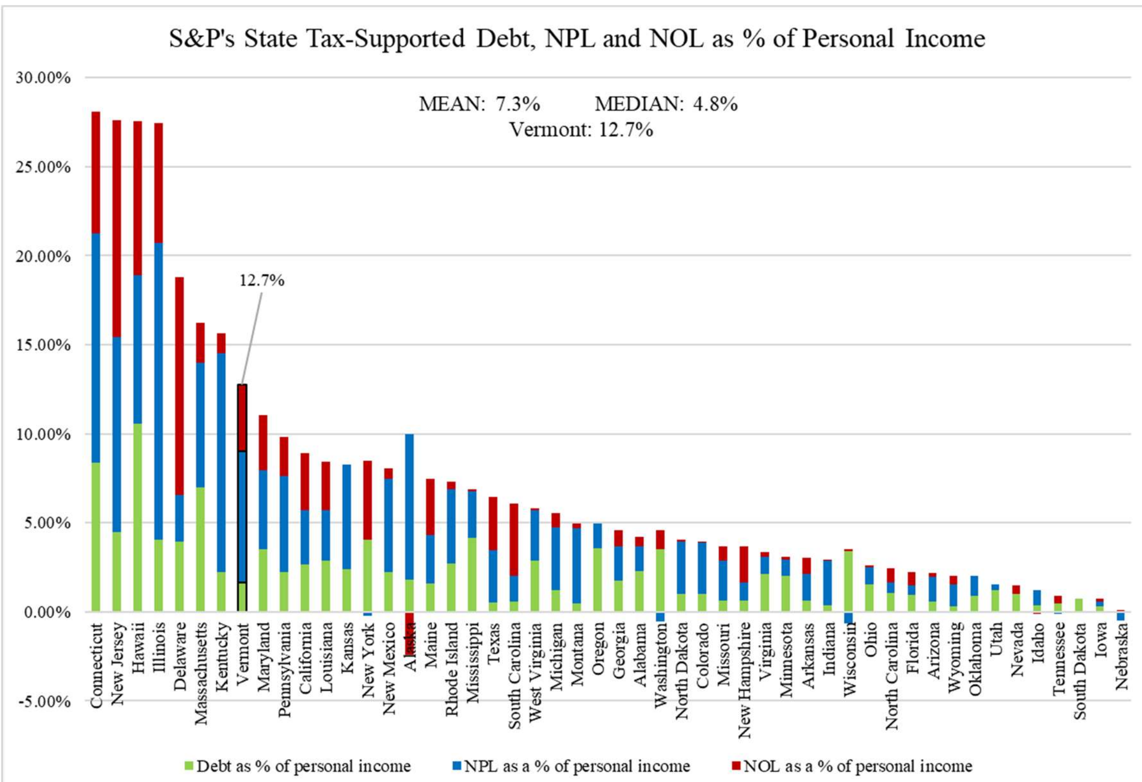
S&P State Liability Information

In September 2023, S&P published a report titled "U.S. State Pension And OPEBs: Funding Progress Is Likely To Pick Up In 2023 After Slipping In 2022." The report explained that while investment performance dropped in fiscal 2022, a marginal improvement was expected for fiscal 2023 which would blunt potential near-term pressures to states' debt and liability profiles. Without plan modifications, contribution rates could inch up further to address pension funding shortfalls, leading to longer-term budget pressure for some states. The chart below represents each state's ratio of direct debt, pension liabilities and OPEB liabilities to personal income. At the time, Vermont was ranked 8th out of the 50 states (note: higher ranked states have less debt, pension liabilities and OPEB liabilities).



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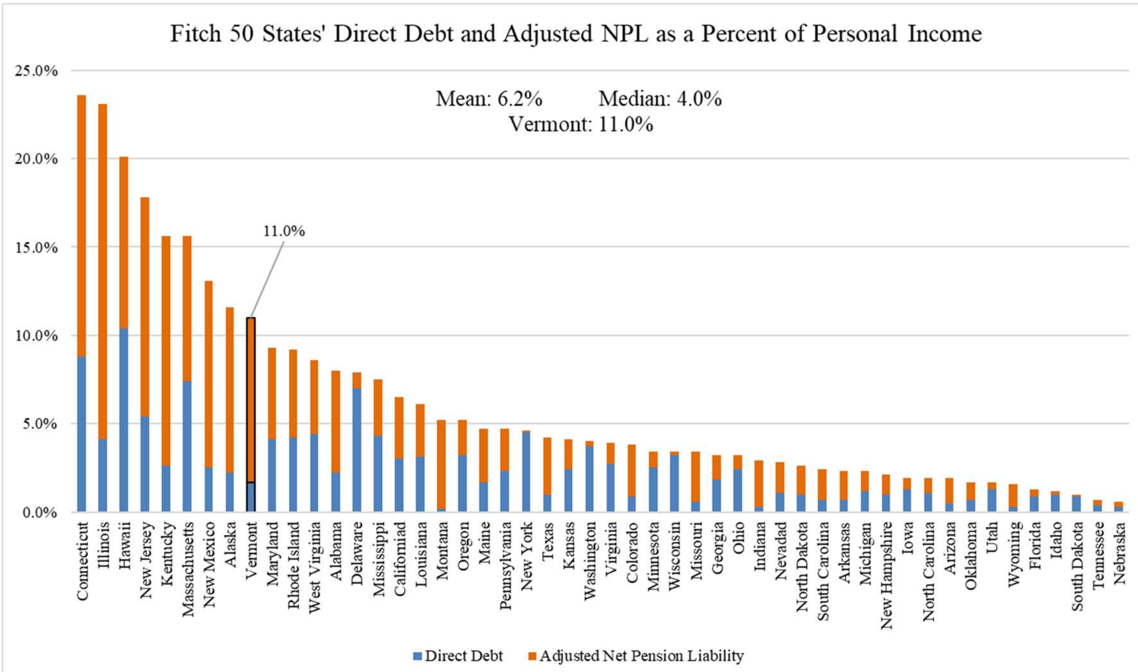
Fitch Annual State Liability Report

Fitch annually publishes a state liability report. In November 2023, Fitch released their "2023 State Liability Update," which recognized that the post-pandemic surge in assets lowered pension burdens. In the chart below, Fitch presents each state's ratio of direct debt and net pension liabilities to personal income. Vermont is currently ranked 9th out of the 50 states (note: lower numbered rankings correspond to higher debt and pension liabilities).



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Reserve or Rainy-Day Fund Balances

The rating agencies are also putting greater emphasis on the importance of having robust general fund reserve fund balances, commonly referred to as rainy-day funds. Well-funded rainy-day funds were particularly important for states during the onset of the COVID-19 pandemic to maintain adequate liquidity in order to deliver essential services. Historically, a rainy-day fund target of 5% of general fund expenditures was considered conservative and a credit positive by the rating agencies, but rating agencies now consider higher reserve funds to be consistent with triple-A ratings. Moody's considers the level of states fund balance (funds that are classified as unassigned, assigned or committed in the total governmental funds section of a state or territory's audited financial statements) as one factor in its assessment of the Financial Performance score (see Section 4, "National Credit Rating Methodologies and Criteria"). In its US States Rating Methodology, Moody's provides expectations for fund balance levels by credit rating category, specifying that triple-A rated states' fund balances should approximate or exceed 15% of revenues and double-A rated states' levels should approximate or exceed 10% of revenues. With respect to the Vermont's rainy day fund balances, in the State's most recent Standard and Poor's report published in May 2024, S&P states that its stable outlook "reflects our expectation that Vermont will continue to realize structurally balanced operations with fully funded reserves and robust cash balances in the coming few years" despite the likelihood of a near-term economic slowdown. S&P's recent criteria update on September 9, 2024, relocated the reserves and liquidity by moving it out of budgetary performance and to a separate factor, which highlights the role reserves and liquidity play in paying debt service and supporting operations during economic downturns. The table below shows the fiscal year 2022 through 2025 rainy day fund balances of the other triple-A states.

As mentioned in Section 4, "National Credit Rating Methodologies and Criteria," Fitch has a different approach to evaluating reserve or rainy-day balances. Rather than having a set target percentage of general fund expenditures, Fitch determines reserve adequacy taking into consideration revenue volatility and budget flexibility.

Vermont has several reserve funds to dampen the effect of revenue volatility that are considered "available reserve funds." These are statutorily defined in 32 V.S.A. §§ 308-308e. The General Fund Stabilization Reserve and Transportation Fund Stabilization Reserve are determined on a self-building 5% budgetary basis and administered by the Commissioner of Finance and Management. The General Fund Balance Reserve is known as the "Rainy Day Reserve." Any remaining and undesignated General Fund amount is determined by the Commissioner of Finance & Management and reported to the Joint Fiscal Committee after all codified transactions have been completed. . This reserve is capped at 5% of the prior year's General Fund appropriations. The use of this fund is restricted to 50% of the amounts added to the reserve in the prior year for unforeseen or emergency needs.

In fiscal year 2017, the State recognized the pressures placed on the budget by periodic 53rd week Medicaid vendor payments and 27th payroll payments. The State created new reserves to build over time the amount to fully fund these payments when needed. See the table on the following page for a summary of the State's FY 2024 and budgeted FY 2025 operating reserves as a percentage of General Fund Appropriations.

State of Vermont Summary of Operating Reserves		
	Fiscal Year 2024 Final	**Fiscal Year 2025 As Passed**
Total General Fund Appropriations	$2,400.91	$2,275.60
Reserves:		
Stabilization Reserve	$104.88	$120.05
27/53 Reserve	9.10	14.58
Human Services Caseload Reserve	94.53	94.53
Rainy Day Reserve	98.11	98.83
Other Reserve	0.00	0.00
TOTAL	**$306.62**	**$327.98**
Operating Reserves as a Percentage of Total General Fund Appropriations and Carried Forward Amount:	12.8%	14.4%

Note: $'s in millions. Totals may not agree due to rounding.

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The chart below provides the State's FY2022 and 2023 actual, estimated FY2024, and recommended FY2025 rainy day funds as a percentage of general government expenditures compared to the Peer Group.

Rainy Day Fund Balances
As a Percentage of General Government Expenditures

Triple-A Rated States	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	4-Year Average
Texas	17.3	23.2	18.0	35.3	23.5
Idaho	18.8	24.1	22.8	21.5	21.8
Georgia[1]	18.3	17.6	N/A	N/A	18.0
North Carolina	12.1	17.8	15.9	15.8	15.4
Utah	11.6	13.8	12.2	14.3	13.0
VERMONT	**11.4**	**13.8**	**12.2**	**14.3**	**12.9**
Virginia	10.0	12.1	14.6	N/A	12.2
South Dakota	15.0	10.7	10.2	10.0	11.5
South Carolina	19.3	7.2	8.8	9.4	11.2
Minnesota	13.2	12.5	8.6	10.0	11.1
Iowa	10.2	11.0	11.3	11.2	10.9
Ohio	10.0	10.0	10.7	12.6	10.8
Tennessee	9.8	10.5	7.6	9.5	9.4
Maryland	7.8	10.6	9.1	9.0	9.1
Indiana	8.8	9.7	8.2	9.3	9.0
Florida	7.2	6.4	6.9	9.6	7.5
Missouri	7.4	6.8	5.8	5.7	6.4
Delaware	5.5	5.4	5.2	4.9	5.3
Mean[2]	**11.9**	**12.3**	**11.0**	**12.5**	**11.9**
Median[2]	**10.2**	**10.7**	**9.7**	**10.0**	**10.1**

Source: "The Fiscal Survey of States, Spring 2024. A report by the National Governors Association and the National Association of State Budget Officers." Fiscal Year 2022 and 2023 are "Actuals," Fiscal Year 2024 are "Estimated" and Fiscal 2025 are 'Recommended."

[1] Information for Georgia's FY 2024 and Georgia's and Virginia's FY 2025 rainy day fund balance was not provided in the reports.

[2] Calculated by Public Resources Advisory Group, Inc. These calculations exclude all Vermont numbers and include only states rated triple-A by any two of the three rating agencies, as of September 30, 2024.

Capital Planning Program

All three rating agencies include the condition of Vermont's economy as a significant factor in their respective ratings. Capital improvements – whether financed through the use of debt, funded through direct appropriation or federal funds, or advanced through public private collaboration have a significant impact on the State's economy. Further, the link between investment in infrastructure and economic development is widely accepted. As noted in a March 2012 report prepared by the United States Department of Treasury with the Council of Economic Advisors, titled *A New Economic Analysis of Infrastructure Investment*, states that "well-designed infrastructure investments can raise economic growth, productivity, and land values, while also providing significant positive spillovers to areas such as economic development, energy efficiency, public health, and manufacturing." These points notwithstanding, the report also states that not every infrastructure project is worth the investment. Metrics are needed to ensure that economic growth through infrastructure investment is done in an affordable and sustainable manner.

Moody's began publishing the Capital Asset Depreciation Ratio (Accumulated Depreciation divided by Gross Depreciable Assets) as part its annual medians in 2020. The higher the ratio, the more a state may have a pressing debt issuance need for infrastructure investment. The current peer state median is 47% versus Vermont's ratio of 49%.

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Triple-A Rated States	Moody's Capital Asset Depreciation Ratio 2019	2020	2021	2022	2023	5-Year Average
Indiana		64%	66%	58%	59%	62%
Ohio		57%*	57%*	57%*	58%	58%
Maryland		56%	57%	59%	58%	58%
Georgia		52%	53%	54%	53%	53%
Iowa		51%	51%	52%	53%	52%
Missouri		50%	51%	51%	51%	51%
Minnesota		48%	50%	51%	52%	50%
Florida		48%	49%	50%	52%	50%
Idaho		47%*	47%*	48%	47%	48%
Delaware		44%	45%	47%	47%	46%
VERMONT		**45%**	**45%**	**46%**	**49%**	**46%**
Utah		44%	44%	46%	44%	45%
Tennessee		44%	44%	44%	45%	44%
South Carolina		41%	41%	42%	43%	42%
South Dakota		41%	41%	42%	42%	42%
Virginia		39%	40%	41%	40%	40%
Texas		34%	35%	35%	36%	35%
North Carolina		34%	34%	34%	34%	34%
MEAN[1]		**46%**	**47%**	**47%**	**48%**	**47%**
MEDIAN[1]		**44%**	**45%**	**48%**	**47%**	**46%**

Next year's report will include a fifth year of peer state data, enabling a comparison to 5-year average medians and means similar to that shown for debt ratios.

There is always a concern at the rating agencies when a state meaningfully enlarges its debt program to ameliorate periodic economic downturns. The rating agencies will often advise that long-term annual costs, in the form of higher debt service and frequently higher administrative and operating expenses, can accompany such an increased debt program. The Committee believes it is of critical importance to strike the correct balance between infrastructure investment and economic growth on the one hand and maintaining affordable and sustainable levels of debt authorizations and capital spending on the other.

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6. ACKNOWLEDGEMENTS

We would like to express our gratitude to the State Treasurer's Office, the Department of Finance and Management, EPR, and various officers and staff members of the State, whose assistance has been invaluable in completing this report. Certain computations and projections were made based on consensus official State population, personal income, and revenue projections provided by EPR. The numbers presented herein have not been audited and are, therefore, subject to change, possibly in a substantial manner.

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