

# CAPITAL DEBT AUTHORIZATION

Vermont State Treasurer's Office  
January 2025



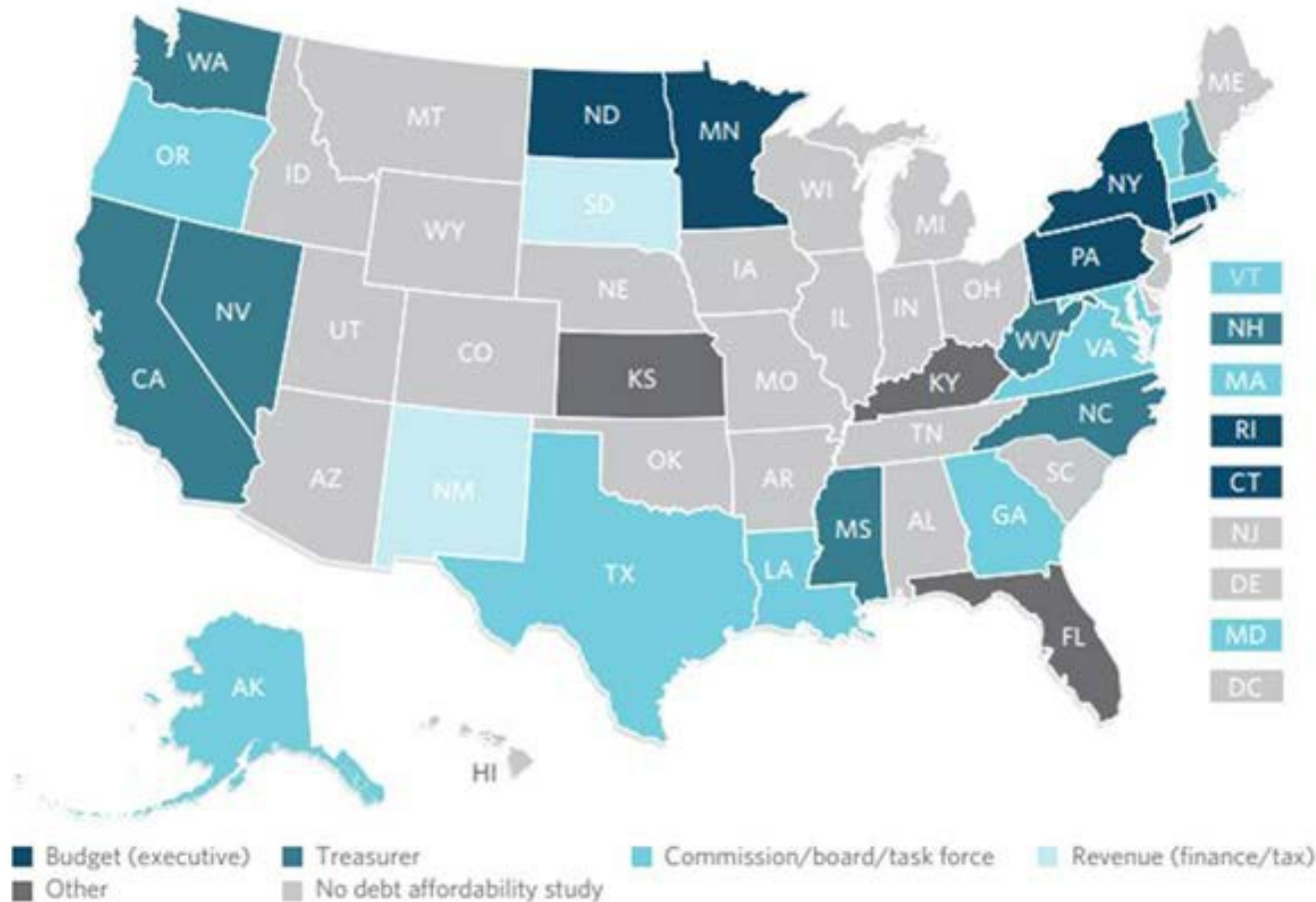
## ***CAPITAL DEBT AFFORDABILITY ADVISORY COMMITTEE (CDAAC)***

- **State Treasurer (Chair)**
- **Secretary of Administration**
- **Vermont Municipal Bond Bank representative**
- **2 Governor Appointees**
- **Treasurer Appointee**
- **State Auditor (non-voting)**
- **Legislative Economist or other designee of JFO (non-voting)**

# Many U.S. States Conduct Debt Affordability Studies

Figure 10

## Varying Offices Produce Debt Affordability Studies



Notes: In Kansas, the study is authored by an independent authority. In Kentucky, a legislative office serves as the author. The Florida Division of Bond Finance, within the State Board of Administration, conducts that state's study.<sup>73</sup> Hawaii produced its first state debt affordability study in December 2016, after the data collection for this report had concluded. The state's study is therefore not included in this analysis.

# ***CAPITAL DEBT AFFORDABILITY ADVISORY COMMITTEE***

- The CDAAC was created by State statute in 1989 (32 V.S.A. § 1001)
- Annually reviews affordability of Vermont's net tax-supported debt
- Reviews amount and condition of bonds, notes, and other obligations the State has a contingent liability or moral obligation
- Report due by September 30 to Governor and General Assembly– recommending amount of Net Tax-Supported Debt (NTSD) that may prudently be authorized for next fiscal year debt issuance
- Report to include the criteria that recognized bond rating agencies use to judge the quality of issues of State bonds, including
  - Projected Debt Service as a Percentage of Revenues (combined General and Trans. Funds)
  - Projected Debt Outstanding as a Percentage of Total State Personal Income
- Recommendation is advisory; in practice, Governor and General Assembly have always adopted

# ***CDAAC CONSIDERATIONS***

- 1. Amount of NTSD outstanding, and authorized but unissued amount**
- 2. Projected schedule of NTSD for next 10 years**
- 3. Projected debt service requirements**
- 4. Criteria used by bond rating agencies**
- 5. Amount of contingent liability debt outstanding and projected (moral obligation)**
- 6. Impact of capital spending upon economic conditions and outlook for the State**
- 7. Cost-benefit of various levels of debt financing, types of debt, maturity schedules**
- 8. Projections of capital needs authorized by JFO, Agency of Transportation, other depts.**
- 9. Any other factor relevant to State to meet its projected debt service requirements**
- 10. Effect of new debt authorizations on each of the above considerations**

# BENCHMARK - AAA RATED STATES

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

2023 Triple-A Rated States <sup>(1)</sup>	Moody's	S&P	Fitch
Delaware	Yes	Yes	Yes
Florida	Yes	Yes	Yes
Georgia	Yes	Yes	Yes
Idaho	Yes	No	Yes
Indiana <sup>(2)</sup>	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 <sup>(3)</sup>	Yes	Yes	Yes
South Carolina	Yes	No	Yes
South Dakota	Yes	Yes	Yes
Tennessee	Yes	Yes	Yes
Texas <sup>(2)</sup>	Yes	Yes	Yes
Utah	Yes	Yes	Yes
Virginia	Yes	Yes	Yes
<b>VERMONT<sup>(4)</sup></b>	<b>No</b>	<b>No</b>	<b>No</b>

(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.

# DEBT PER CAPITA

## 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 <sup>1</sup>	Moody's Ratings <sup>2</sup>	S&P Ratings <sup>2</sup>	Fitch Ratings <sup>2</sup>	Moody's Debt Per Capita					5-Year Average
				2019	2020	2021	2022	2023	
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
<b>VERMONT</b>	<b>Aa1/Stable</b>	<b>AA+/Stable</b>	<b>AA+/Stable</b>	<b>1,140</b>	<b>1,061</b>	<b>1,102</b>	<b>1,185</b>	<b>1,173</b>	<b>1,132</b>
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
<b>MEAN<sup>3</sup></b>				<b>958</b>	<b>950</b>	<b>962</b>	<b>1,070</b>	<b>1,163</b>	<b>1,021</b>
<b>MEDIAN<sup>3</sup></b>				<b>618</b>	<b>586</b>	<b>581</b>	<b>684</b>	<b>680</b>	<b>630</b>

(1) States that carry at least two triple A ratings.

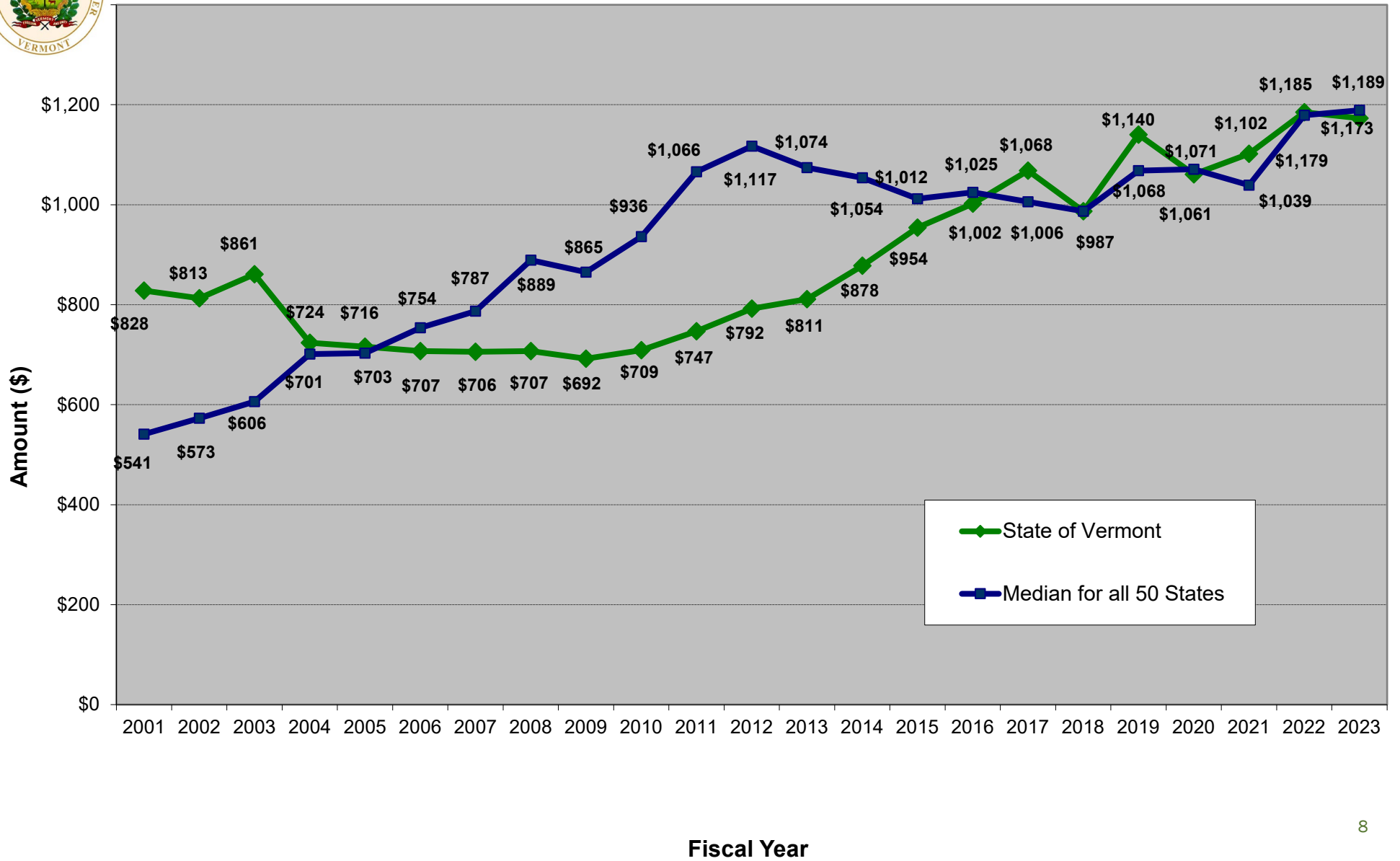
(2) Ratings as of September 30, 2024.

(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.



## State of Vermont Net Tax Supported Debt Per Capita





# DEBT AS A PERCENTAGE OF PERSONAL INCOME

## 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%

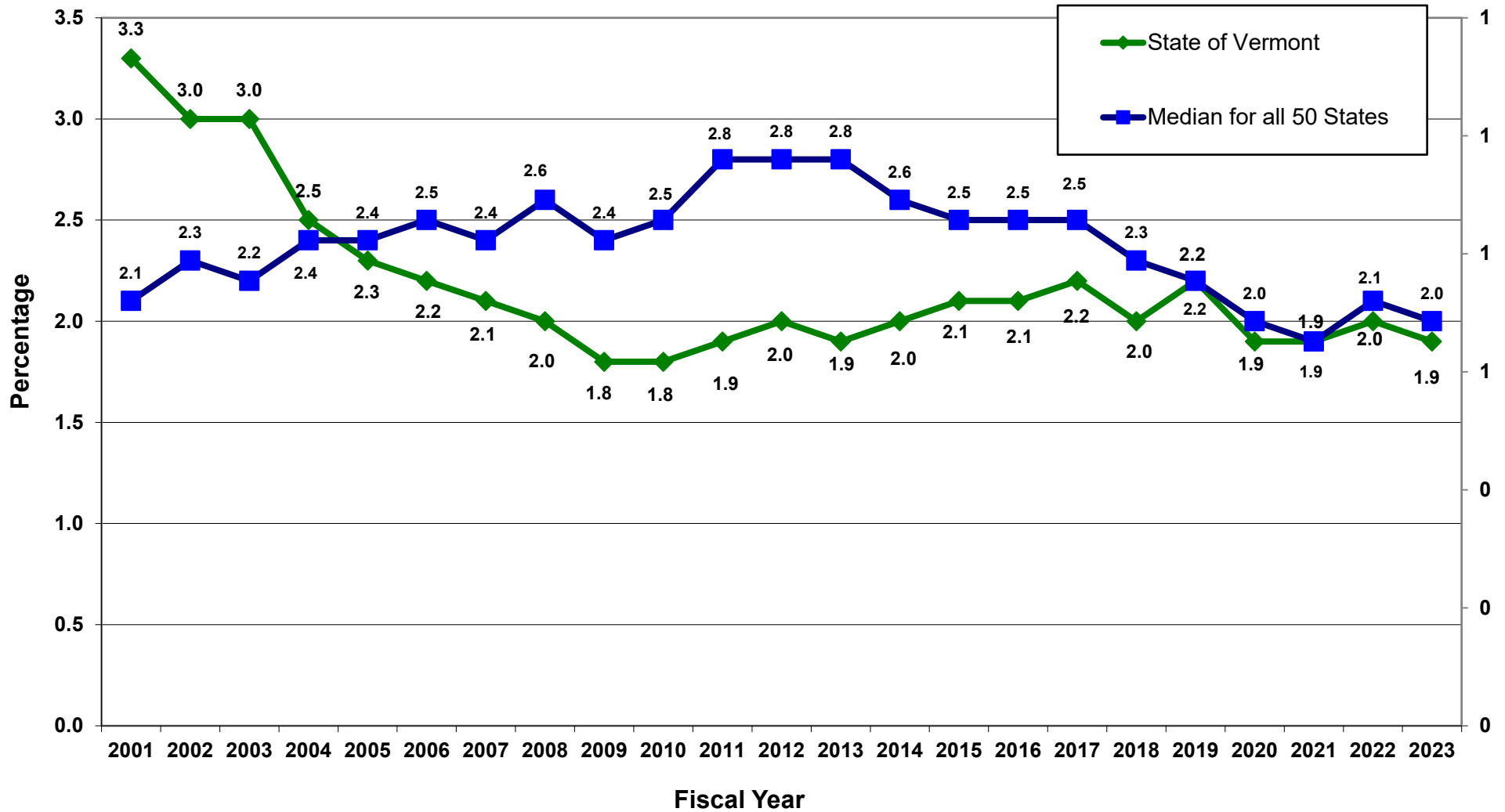
Triple-A Rated States	Moody's Debt as % of Personal Income					5-year Average
	2019	2020	2021	2022	2023	
Delaware	6.5	6.1	6.0	7.0	6.9	6.5
Maryland	3.8	3.5	3.5	4.1	4.4	3.9
Virginia	2.7	2.8	2.8	2.8	3.0	2.8
Ohio	2.3*	2.1*	2.1*	3.0*	2.8	2.8
Minnesota	2.6	2.4	2.3	2.2	2.4	2.4
Georgia	2.3	2.0	1.9	2.0	2.0	2.0
<b>VERMONT</b>	<b>2.2</b>	<b>1.9</b>	<b>1.9</b>	<b>2.0</b>	<b>1.9</b>	<b>2.0</b>
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
<b>MEAN<sup>1</sup></b>	<b>1.9</b>	<b>1.7</b>	<b>1.7</b>	<b>1.8</b>	<b>1.8</b>	<b>1.8</b>
<b>MEDIAN<sup>1</sup></b>	<b>1.3</b>	<b>1.2</b>	<b>1.2</b>	<b>1.2</b>	<b>1.1</b>	<b>1.2</b>

(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.

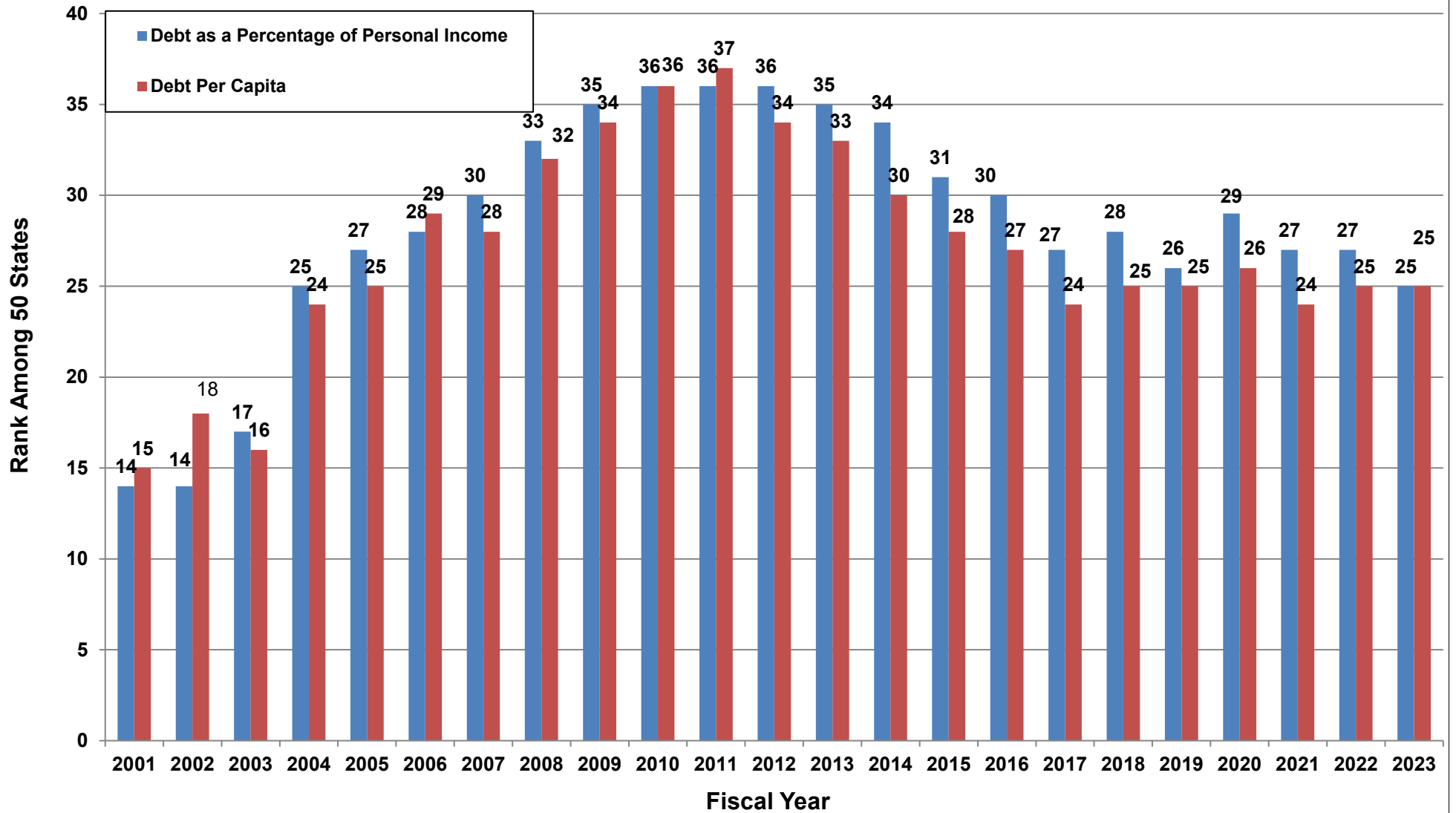


## State of Vermont Net Tax Supported Debt as a Percent of Personal Income





## State of Vermont Historical State Debt Rankings



# DEBT AS A PERCENTAGE OF GROSS STATE PRODUCT

## STATE OF VERMONT DEBT AS % OF GROSS STATE DOMESTIC PRODUCT COMPARISON

Triple-A Rated States	Moody's Debt as % Gross State Domestic Product					5-Year Average
	2019	2020	2021	2022	2023	
Massachusetts	7.8*	7.2*	7.4*	7.5*	7.1	7.1
Delaware	4.3	4.3	4.4	5.1	5.0	4.6
New York	4.0	3.7*	4.1*	4.1	3.4	3.8
Oregon	3.6	3.4	3.4	4.1	4.0	3.7
Maryland	3.6	3.3	3.5	4.0	4.1	3.7
Washington	3.8	3.3	3.3	3.8	3.5	3.5
Wisconsin	3.8*	2.5*	2.5	3.0	2.8	2.8
Virginia	2.5	2.6	2.7	2.7	2.7	2.6
Ohio	2.0*	2.0*	2.0*	2.7*	2.3	2.3
Minnesota	2.3	2.1	2.1	2.0	2.1	2.1
Georgia	1.9	1.7	1.7	1.7	1.7	1.7
Florida	1.8	1.5	1.4	1.3	1.1	1.4
Utah	1.5	1.2	1.4	1.4	1.1	1.3
Nevada	1.2	1.0	1.1	1.1	1.0	1.1
North Carolina	1.0	1.0	1.1	1.1	1.0	1.0
New Hampshire	1.3*	1.1*	1.2*	1.2*	1.0	1.0
Idaho	1.2*	1.2*	1.1*	0.9	1.0	1.0
South Carolina	1.2	1.0	0.9	0.8	0.8	0.9
South Dakota	1.1	0.8	0.8	0.8	0.7	0.8
Missouri	1.0	0.9	0.8	0.7	0.6	0.8
Texas	0.7	0.6	0.6	1.0	0.9	0.8
Tennessee	0.6	0.5	0.5	0.5	0.4	0.5
Indiana	0.5	0.5	0.4	0.4	0.5	0.5
Iowa	0.4	0.2	0.3	0.6	0.5	0.4
<b>States with at Least Two Triple-A Ratings (17 States)</b>						
<b>MEAN<sup>1</sup></b>	<b>1.6</b>	<b>1.5</b>	<b>1.5</b>	<b>1.6</b>	<b>1.6</b>	<b>1.5</b>
<b>MEDIAN<sup>1</sup></b>	<b>1.2</b>	<b>1.0</b>	<b>1.1</b>	<b>1.1</b>	<b>1.0</b>	<b>1.1</b>
<b>Additional States Rated at Least Aa1/AA+/AA+ (7 States)</b>						
<b>MEAN<sup>1</sup></b>	<b>3.1</b>	<b>2.6</b>	<b>2.6</b>	<b>3.3</b>	<b>3.3</b>	<b>3.0</b>
<b>MEDIAN<sup>1</sup></b>	<b>3.7</b>	<b>3.3</b>	<b>3.0</b>	<b>4.0</b>	<b>3.4</b>	<b>3.5</b>
<b>Difference</b>						
<b>MEAN<sup>1</sup></b>	<b>1.5</b>	<b>1.1</b>	<b>1.1</b>	<b>1.7</b>	<b>1.8</b>	<b>1.4</b>
<b>MEDIAN<sup>1</sup></b>	<b>2.5</b>	<b>2.2</b>	<b>1.9</b>	<b>3.0</b>	<b>2.4</b>	<b>2.4</b>
<b>Combined States Rated at Least Aa1/AA+/AA+ (24 States, plus Vermont)</b>						
<b>MEAN<sup>1</sup></b>	<b>1.9</b>	<b>1.7</b>	<b>1.7</b>	<b>2.0</b>	<b>2.1</b>	<b>1.9</b>
<b>MEDIAN<sup>1</sup></b>	<b>1.5</b>	<b>1.1</b>	<b>1.4</b>	<b>1.3</b>	<b>1.1</b>	<b>1.3</b>
<b>VERMONT</b>	<b>2.0</b>	<b>2.2</b>	<b>1.9</b>	<b>2.1</b>	<b>1.9</b>	<b>2.0</b>

# Vermont Bond Ratings

- The major credit rating agencies are:
  - Moody's Investors Service
  - S&P Global Ratings
  - Fitch Ratings
- In May/June 2024, Moody's affirmed the State's rating of Aa1 and Fitch and S&P affirmed the rating of AA+, all with Stable outlooks. These are all the 2<sup>nd</sup> highest rating assigned.
- Vermont's high bond ratings result in low interest rates (borrowing cost)

BOND RATINGS CHART				
	Moody's	S&P	Fitch	Meaning
Investment Grade	Aaa	AAA	AAA	High quality; minimal risk of default
	Aa1	AA+	AA+	High quality; very low credit risk
	Aa2	AA	AA	
	Aa3	AA-	AA-	
	A1	A+	A+	Upper-medium grade; low credit risk but somewhat specific susceptible to adverse factors
	A2	A	A	
	A3	A-	A-	
	Baa1	BBB+	BBB+	Medium grade; moderate credit risk; may have some

# Rating Agency Commentary for Vermont

**MOODY'S**  
INVESTORS SERVICE

**STANDARD  
& POOR'S**  
RATINGS SERVICES

FitchRatings

**Aa1 (Stable)**

*Report Dated: 5/31/24*

**AA+ (Stable)**

*Report Dated: 5/30/2024*

**AA+ (Stable)**

*Report Dated: 6/4/24*

## Credit Strengths

- Although the state's economy is the smallest of all US states, resident income is above average, educational attainment is high, and unemployment is low
- Financial operations and budget reserves are sound and stable, and liquidity is very healthy

- Strong budget management framework with history of effective budget tracking and adjustment to maintain structural balance
- Well-defined debt affordability and capital-planning processes that have limited leverage and contribute to a modest tax-supported debt burden with rapid principal amortization

- Track record of disciplined financial management and cautious revenue forecasting
- Healthy fiscal reserves and ample expenditure-cutting capacity
- Elected leaders maintain close oversight and management of debt issuance and have engaged in multiple efforts to improve the sustainability of retirement liabilities over time

## Credit Challenges

- The state's economic growth lags that of the US and many state peers, and an aging population may be a drag on future growth
- Relative to state revenue, Vermont's leverage (combined debt and unfunded post-employment liabilities) is higher than most states

- Significant pension and OPEB liabilities that remain sizable relative to those of state peers, although retirement reforms will moderate these liabilities over time
- Comparatively weak labor force growth will weigh on long-term economic growth

- Small and modestly growing economy has above average reliance on health and education sectors, as well as manufacturing and tourism; and remains exposed to several large employers
- Long-term liability burden is above U.S. median but remains moderate compared to state's economic resource base

## ***CDAAC Recommendations and Comments***

- **Recent limited debt issuance by other states, including our peer Triple-A rated states, has resulted in a weakening of Vermont's debt ratio comparative ratings**
- **Other factors – economic volatility and uncertainty, competing capital projects from available federal and local infrastructure funds, potential impacts of labor and materials availability and supply chain issues, increasing costs and/or delaying project timelines, historically high inflation, significantly increased borrowing costs**
- **Significantly higher than average Authorized but Unissued Debt**
- **This is the first year of the 2026-2027 biennium and the Committee has a two-year debt recommendation of \$100,000,000**
- **This represents a reduction of 7% from the prior biennium and 37% since the 2014-15 recommendation**
- **Potential of increasing the second year of the biennial recommendation given the factors above**

# DEBT METRIC PROJECTIONS

## STATE OF VERMONT HISTORIC AND PROJECTED DEBT RATIOS

Fiscal Year (ending 6/30)	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 <sup>(5)</sup>		
	State of Vermont	Moody's Median	State's Rank <sup>(4)</sup>	State of Vermont	Moody's Median	State's Rank <sup>(4)</sup>	State of Vermont <sup>(3)</sup>	Moody's Median	State's Rank <sup>(4)</sup>
Actual <sup>(1)</sup>									
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 <sup>(2)</sup>	1,121	n.a.	n.a.	1.6	n.a.	n.a.	3.7	n.a.	n.a.
Projected (FYE 6/30) <sup>(3)</sup>		State Guideline <sup>(6)</sup>			State Guideline <sup>(7)</sup>			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 FY2026 through 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



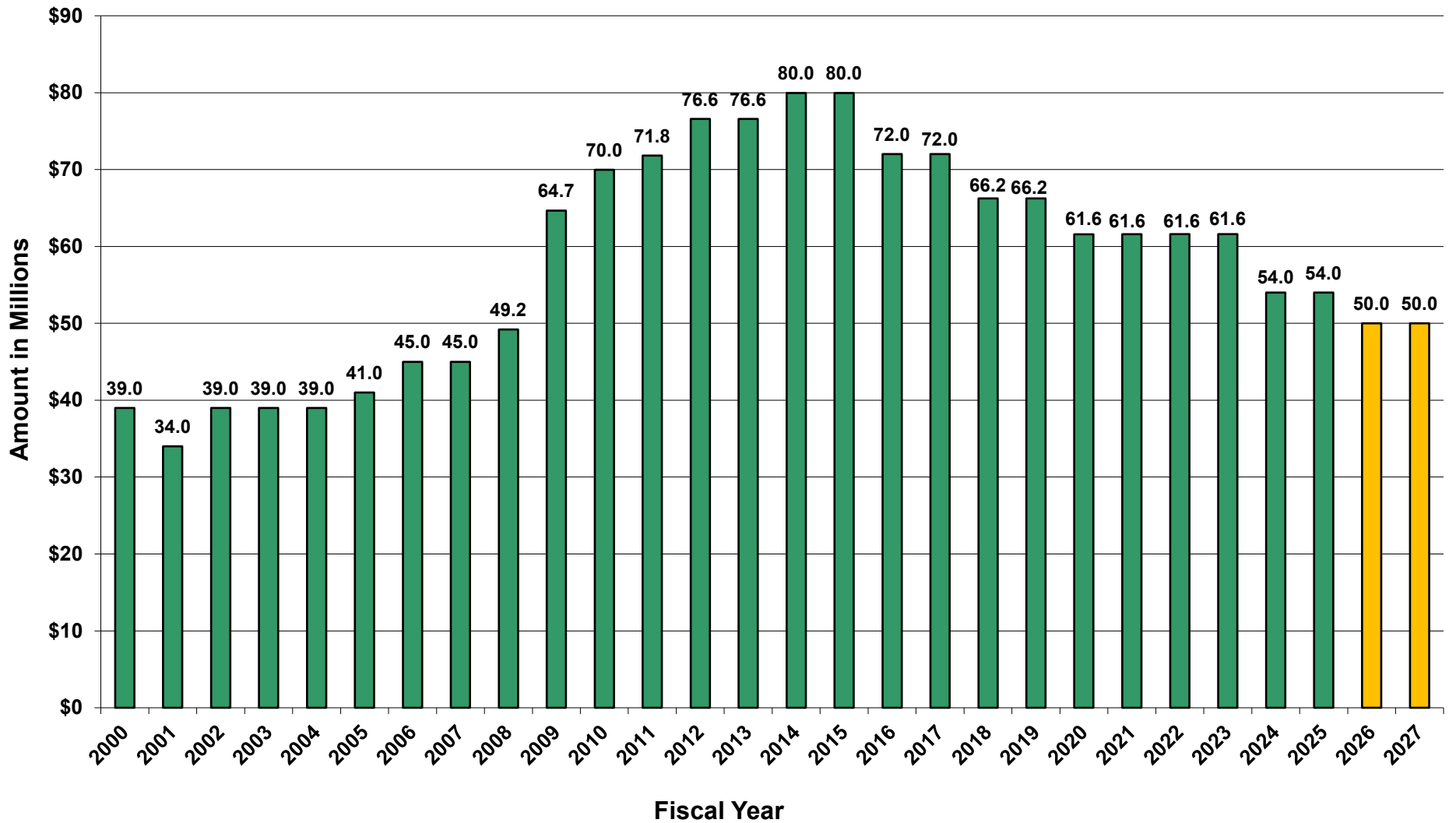
# DASHBOARD INDICATORS

	Vermont <sup>(a)</sup>	Median Triple-A States <sup>(b,c)</sup>
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 <sup>(d)</sup> :	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.

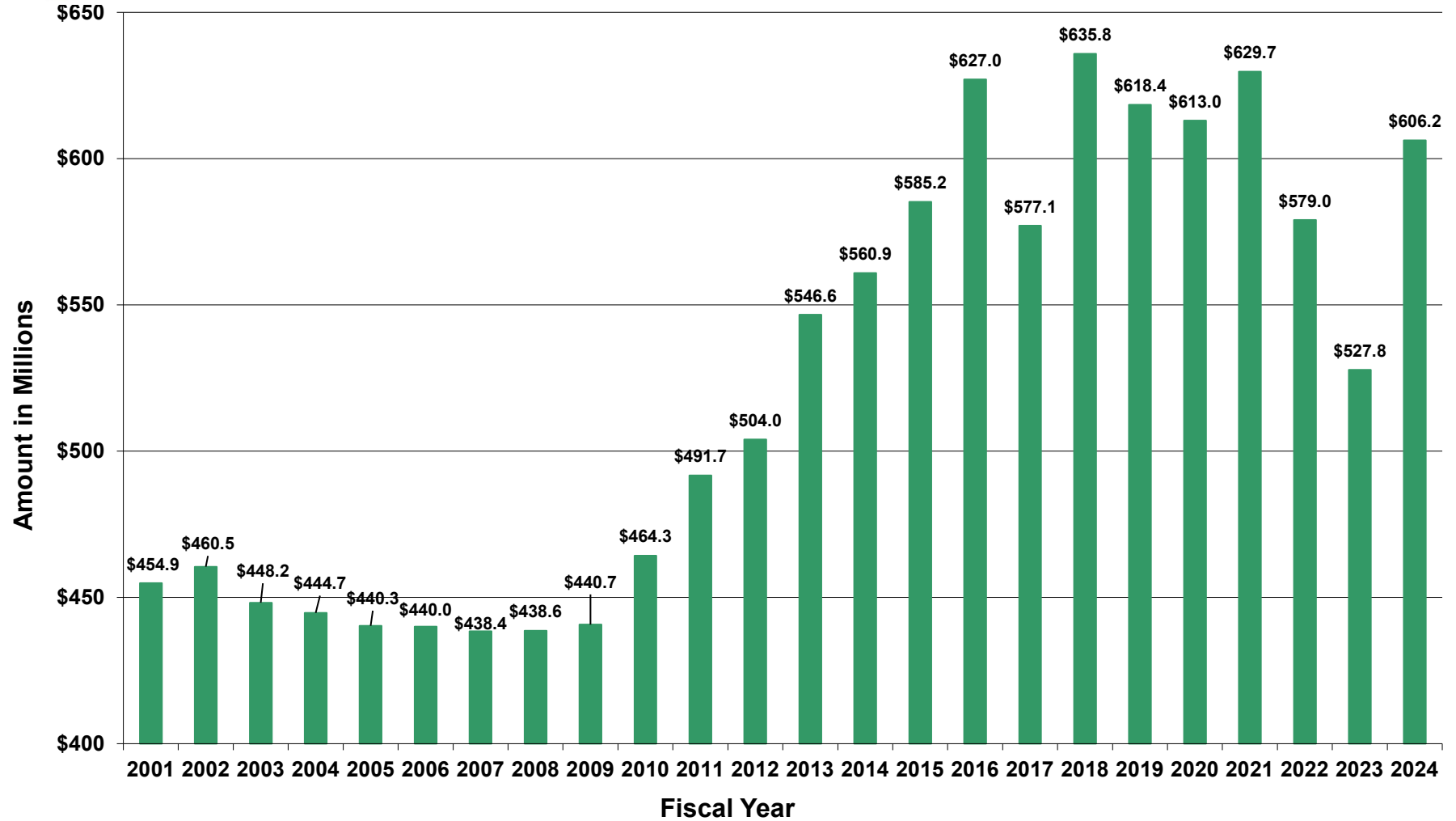


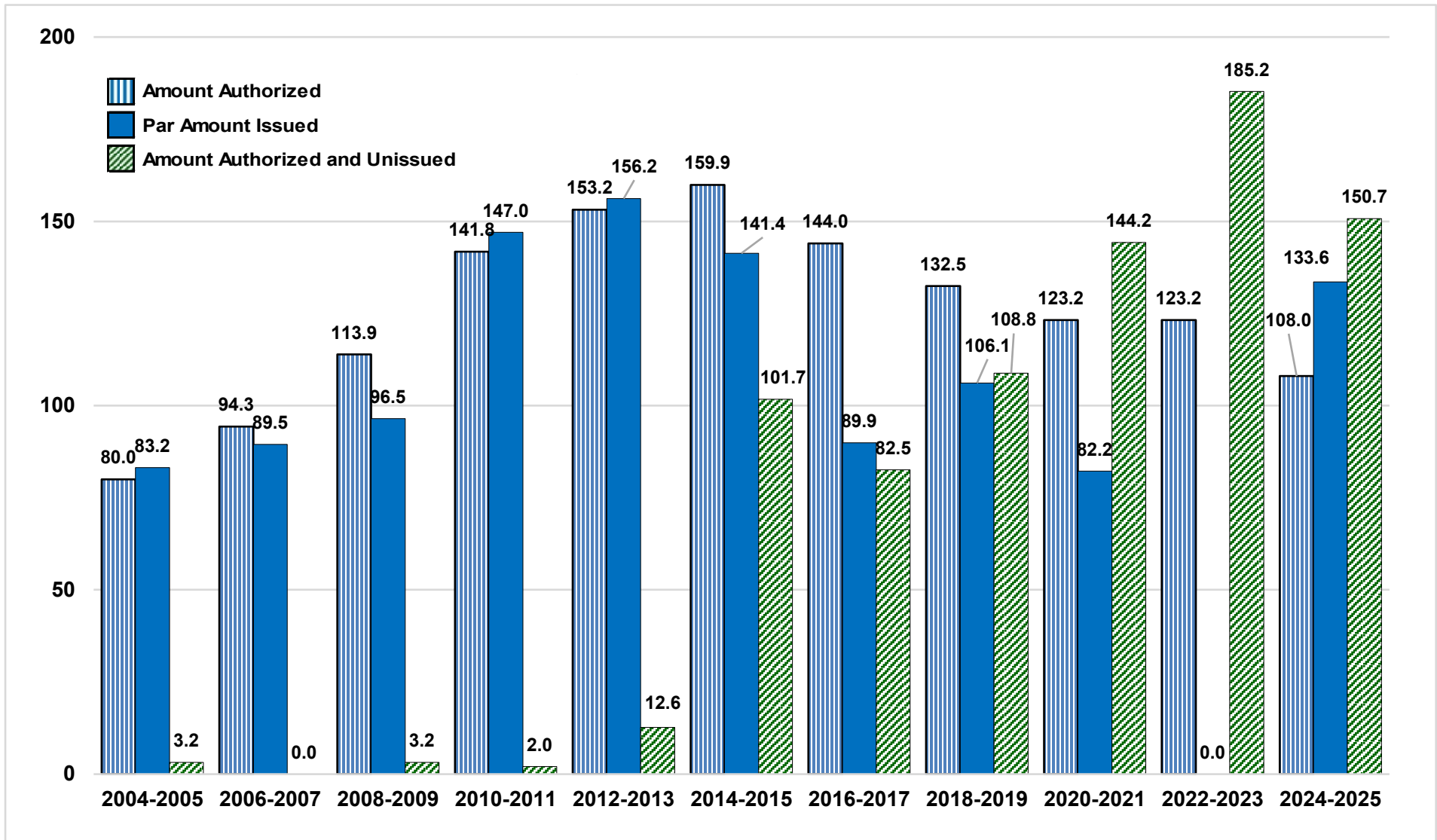
## State of Vermont - General Obligation (G.O.) Debt Authorizations FY2000-FY2027 (\$ millions)





## State of Vermont General Obligation Debt Outstanding, FY2000-FY2024





*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.

# Net Tax Supported Debt and Moral Obligation Commitments

## Debt as of June 30, 2024

### Net Tax Supported Debt

General Obligation Bonds	\$	606,245,000
Property Transfer Tax Bonds, VHFA Series 2018	\$	27,280,000
Various Leases	\$	76,838,696
Subscription Based Information Technology Arrangements (SBITAs)	\$	16,804,156
<b>Total Net Tax Supported Debt</b>	<b>\$</b>	<b>727,167,852</b>

<b>Reserve Fund Commitments (Moral Obligation)</b>	<b>Maximum per Statute</b>	<b>Outstanding</b>
Vermont Bond Bank	\$ 612,491,000	\$ 612,491,000
Vermont Housing Finance Agency	\$ 155,000,000	\$ 53,985,802
Vermont Economic Development Authority	\$ 181,000,000	\$ 155,000,000
Vermont Student Assistance Corporation	\$ 50,000,000	\$ -
Vermont Telecommunications Authority	\$ 40,000,000	\$ -
University of Vermont	\$ 66,000,000	\$ -
Vermont State Colleges	\$ 34,000,000	\$ -
<b>Total Moral Obligation Commitments</b>	<b>\$ 1,138,491,000</b>	<b>\$ 821,476,802</b>

# ADDITIONAL CONSIDERATIONS

Rating Agencies now including “long-term liabilities” as rating factors. These are primarily pension and OPEB liabilities.

Moody's Pension Ratios	State of Vermont Rankings		
	2020 <sup>1,2</sup>	2021 <sup>1,2</sup>	2022 <sup>1,2</sup>
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.

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

<sup>2</sup>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) <sup>1</sup>			
	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
<b>VERMONT<sup>3</sup></b>	<b>18.0</b>	<b>18.2</b>	<b>11,407</b>	<b>154.5</b>
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
<b>MEAN<sup>2</sup></b>	<b>4.6</b>	<b>4.1</b>	<b>2,784</b>	<b>64.3</b>
<b>MEDIAN<sup>2</sup></b>	<b>2.8</b>	<b>2.5</b>	<b>1,839</b>	<b>34.6</b>
<b>VERMONT's 50 STATE RANK<sup>4</sup></b>	<b>7</b>	<b>6</b>	<b>8</b>	<b>10</b>

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

<sup>1</sup>Based on a FTSE PLI of 4.48%.

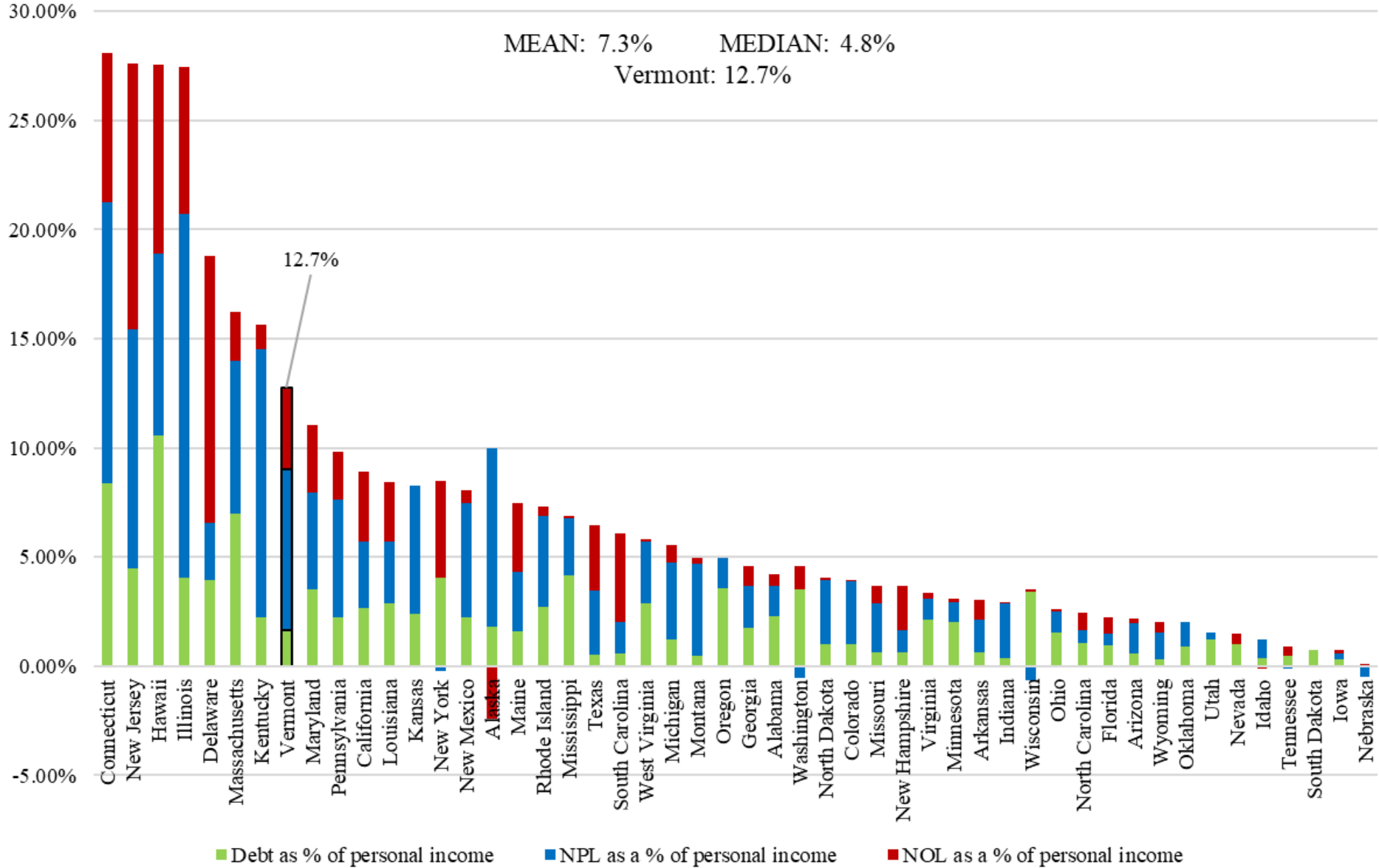
<sup>2</sup> Calculated by Public Resources Advisory Group, Inc. These calculations exclude all Vermont numbers and include only states rated triple-A by two or more of the rating agencies, as of September 30<sup>th</sup>, 2024.

<sup>3</sup>Vermont numbers include the combined defined benefits plans of the Vermont State Employees' Retirement System and the Vermont State Teachers' Retirement System.

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

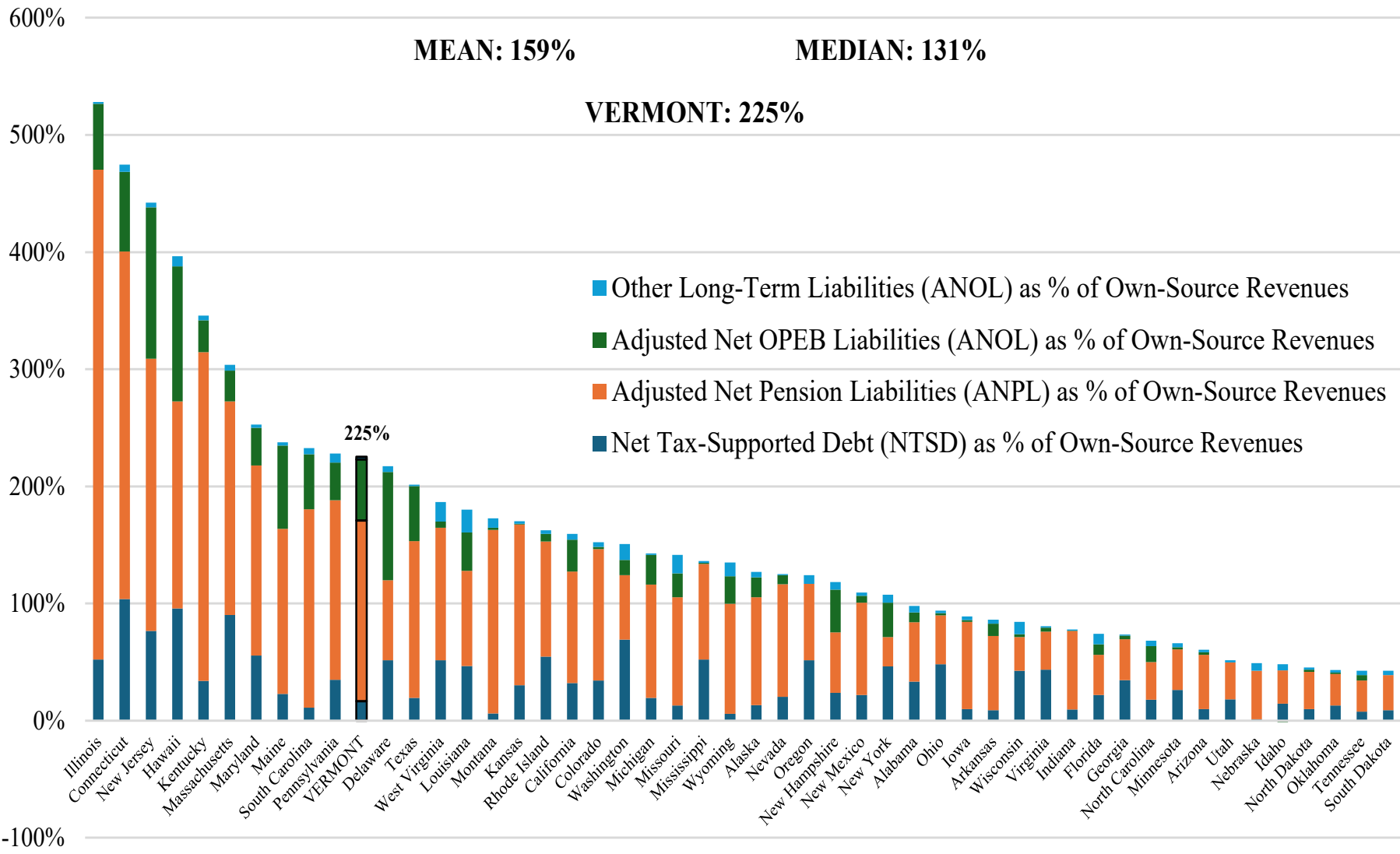
\*Source does not take into account differing retirement benefits among states.

### S&P's State Tax-Supported Debt, NPL and NOL as % of Personal Income

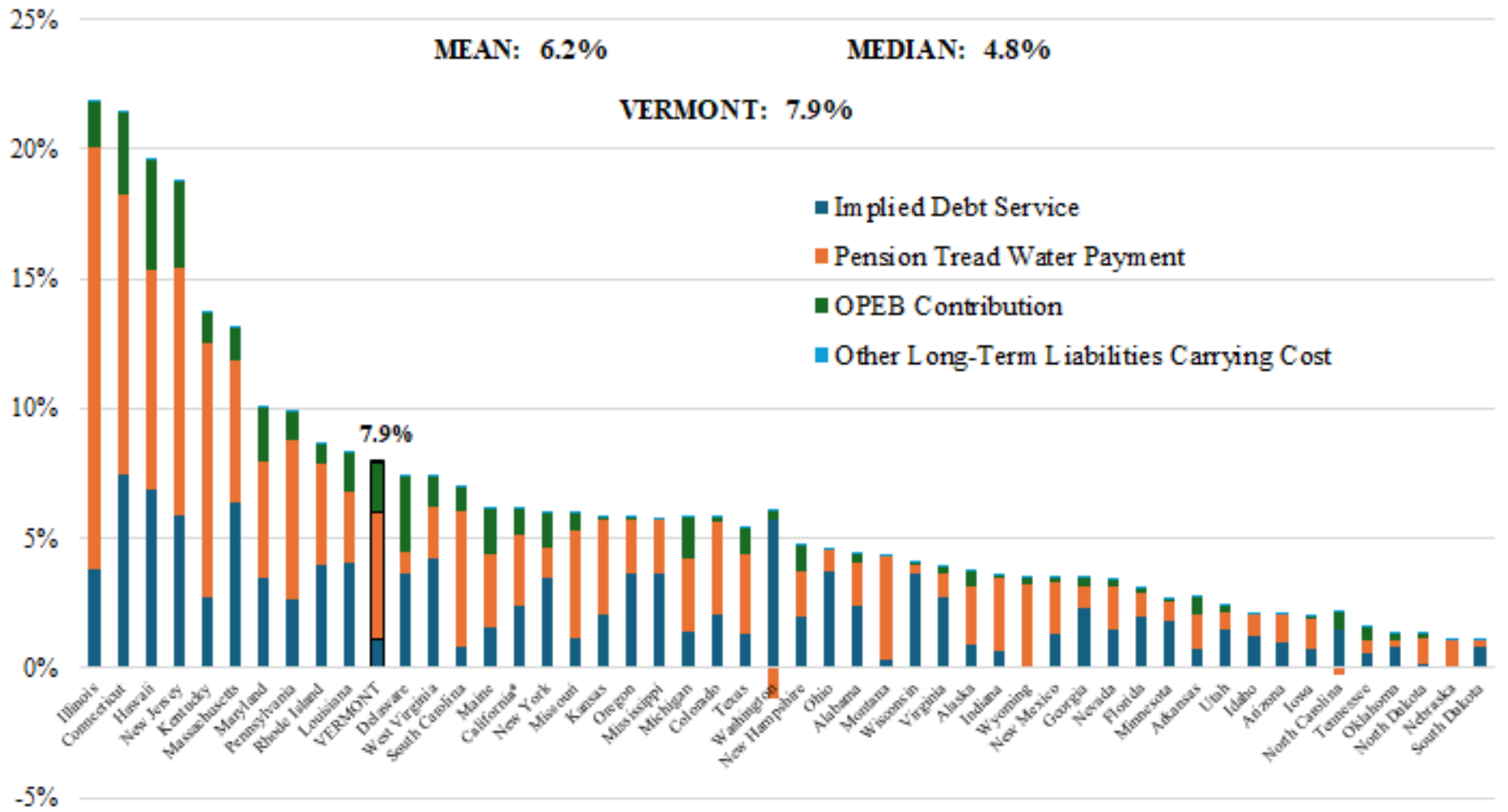




## Moody's 50 States' Liabilities as a Percent of Own-Source Revenue



## Moody's 50 States' Total Fixed Costs as a Percent of Own-Source Revenue



# Bond Rating Credit Priorities

- **PENSION FUNDING:** Continue 100% funding of the annual required contributions (ADECs) to the Vermont State Employees' and State Teachers' Retirement Systems pension funds
- **RESERVES:** Continue to maintain budget stabilization reserves, and build the General Fund Balance Reserve (or "rainy day reserve") incrementally and over time
- **DEBT RECOMMENDATION:** Continue unbroken record of adopting the Capital Debt Affordability Advisory Committee's (CDAAC) biennium recommendation; adopt recommended \$100 million debt authorization for the 2026-2027 biennium Capital Bill