

State of Vermont
Agency of Administration

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Sarah Clark, Secretary

April 1, 2026

Honorable Andrew Perchlik
Chair, Senate Committee on Appropriations
Vermont State House
Montpelier, VT 05602

Dear Senator Perchlik:

I write with comments on H.951 – *An act relating to making appropriations for the support of government* – as passed by the House on March 27.

While there are many areas of agreement, our concerns with the House-passed version of the budget are primarily focused in five areas:

- Property Tax Increase
- Higher Spending
- Diverting IT Funds
- Education Transformation
- Long-term Transportation Funding

Property Tax Increase

Unfortunately, at a time when Vermonters are feeling the impacts of higher property taxes, the House proposal in H.949, the “yield” bill, directs only half of the Governor’s recommended \$105 million to be used in FY27. The Administration strongly urges the Senate to provide the full amount of relief in FY27. Vermont property taxpayers simply cannot afford a 7% average property tax increase this year, and the Governor cannot accept it.

To address future increases, we must follow through on the education transformation started last year with Act 73. As a bridge to the new system, the Governor



supports the Senate's passage of S.220 and looks forward to helping advance the concept in the House.

Higher Spending

The House budget adds almost \$11 million in one-time spending and \$7 million in base spending above the Governor's proposed budget. In building the FY27 Governor's budget, we reviewed hundreds of one-time and base requests and had to make challenging budgetary decisions to prioritize funding the greatest needs. To spend more, including 40 one-time appropriations as compared to only 10 in the Governor's recommended budget, is not responsible in a time of extreme asset market volatility, federal funding vulnerabilities and uncertain state revenue.

The Administration requests the Senate reconsider any base expansion or one-time expenditure which will require Vermonters to foot the bill in the future.

Diverting IT Funds

Equally concerning is the method of transferring \$9.5 million of earned interest out of the Technology Modernization Special Fund to fund the new one-time expenditures. The Technology Modernization fund was created in partnership with the Legislature only four years ago to provide an ongoing source of funding for our ever-increasing technology project needs. The unobligated balance in this fund is intended to cover the costs of IT projects currently in flight, most notably, the Enterprise Resource Planning project that is being developed right now.

Diverting money from this fund, as the House has proposed, is short-sighted and will create immediate funding challenges for State IT projects. Regrettably, the House took no testimony on the impact of diverting these funds.

Education Transformation

Over the last year, the Agency of Education (AOE) has worked to strengthen statewide leadership and realign the Agency to better support teachers and school districts so we can follow through on the laws passed by the Legislature in Act 73.

Unfortunately, the House-passed budget undermines AOE's ability to do this by adding new guardrails to AOE funding appropriated last year. Secretary Saunders testified on this topic and provided a [memo](#) to the Senate Appropriations Committee on March 27 that details her concerns.

Long-term Transportation Funding (T-Fund)

The Governor's budget included language to incrementally retain funds from the motor vehicle purchase and use (MV P&U) tax in the T-Fund, phased in over five years. Though the House-passed budget provides a one-year plan to



allow the T-Fund to retain more MV P&U tax, it does not provide a longer-term commitment. We ask the Senate to join the Administration in making a commitment to long-term structural reforms in the T-Fund and allow Vermont to maintain our transportation infrastructure.

The areas of concern highlighted in this letter reflect our highest priorities. Attached is an addendum outlining other issues with the bill. We look forward to working with the Senate to focus on our shared priorities while balancing fiscal challenges due to a fluid revenue environment and federal uncertainty.

Sincerely,

Sarah Clark
Secretary of Administration

SC/cfg

Cc: Representative Robin Scheu, House Committee on Appropriations, Chair
Senator Philip Baruth, State Senate, Senate President Pro Tempore
Representative Jill Krowinski, House of Representatives, Speaker
Catherine Benham, Joint Fiscal Office, Chief Fiscal Officer
Adam Greshin, Department of Finance and Management, Commissioner

Attachment: Addendum



ADDENDUM:Agency of Education

The House-passed budget cuts the Governor’s proposed \$700,000 appropriation for ReadVT, an important literacy program. AOE has been working with school districts around the state to transform the delivery of literacy instruction. This work is unlikely to continue without this \$700,000 appropriation. We ask the Senate to fund this effort via the one-time appropriation requested by the Governor and funded via an AOE reversion.

Agency of Human Services, Various Sections

Facing substantial base pressures, the Agency of Human Services (AHS) conducted an exhaustive review of its operations and, in some cases, made the strategic decision to reduce or eliminate programs or services which either didn’t demonstrate viable outcomes or could be administered within existing state resources. The House counteracted many of these decisions, but in doing so, used one-time funding to continue what had been base programs. This is true for B.1100(c)(2) (Prevent Child Abuse Vermont), B.1100(j)(1) (Howard Center Community Outreach), and B.1100(c)(5), which requires DCF to expand the supervised visitation program, all using one-time funding, creating a base shortfall in future years. The Administration requests the Senate remove these sections from the bill and, if they are not removed, reflect them as base appropriations.

Sec. E.316 – Reach Up Ratable Reduction Report

This section sets the stage for unsustainable base spending in future years. As reported in March 2024, the Department for Children and Families (DCF) Economic Services Division (ESD) estimates the budget for Reach Up would need to increase by \$5.6 million in year one. This decision would require an additional \$5-6 million each year, with a \$27 million increase by year five. Caseload will also increase, as more households become eligible, making the budgetary impact even higher (estimated \$6 million in year one to \$53 million by year five) and potentially requiring additional staff, raising the cost of the overall proposal beyond even what is contemplated in the budget. In our declining revenue environment, funding this proposal is improbable if not impossible. This language section should be removed.

Sec. 300.1 – High-End System Facilities for Youth

The House language is overly restrictive and will impede efforts that are currently underway related to the planning for a youth facility. AHS is developing a report to address the questions and issues raised in Act 27 of 2025, Sec. E.300.1. The Act 27 report should resolve any outstanding questions regarding plans for the Green Mountain Youth Campus. The additional proposed language and funding restrictions should be removed.



Higher Education – University of Vermont Multi-Purpose Center

The House-passed budget does not include the \$15 million one-time appropriation for the University of Vermont (UVM) Multi-Purpose Center funded by a one-time use of the Higher Education Endowment Trust Fund (HEETF). This state investment would spur the private donations and UVM funding necessary to complete the project. State investments in higher education are not unprecedented, given our significant investment in the Vermont State University system over the last decade. Importantly, this would not only be an investment in our higher education system, but in an economic development and cultural engine for Vermont.

In FY25, the HEETF received an unanticipated \$26 million transfer from the general fund due to estate taxes exceeding 125% of their forecast. This was a windfall to the HEETF and using these funds for the UVM Multi-Purpose Center would not detract from future HEETF disbursements. Even after this transfer, the HEETF remains in a much stronger position than prior years.

Sec. B.702 – Fish and Wildlife

The Department of Fish and Wildlife (DFW) built their FY27 budget with the assumption of \$50,000 in revenue from a new Area License (public access license). The Commissioner currently has the authority to set rules and fees for Fish and Wildlife-owned lands. House Ways and Means, in Sections 21-23 of H.933, repeals the authority that would have allowed for the creation of the public access license. To backfill the budget gap created by the authority the House revoked, the House budget uses \$50,000 of base General Funds. The House, however, failed to consider that the Area License is part of a larger, multi-year financial restructuring effort to generate revenue from users who do not hold hunting or boating licenses, but visit public lands for other recreational uses. The \$50,000 in FY27 was the projected earnings in year one, but overall annual revenue was projected to increase to \$290,000 by FY29 as full compliance is reached. The \$50,000 of General Fund added by House Appropriations will make DFW whole in FY27, but does not address potential revenue in future years. The Administration requests the Senate remove the above sections from H.933 and maintain the Commissioner's authority to set fees through rulemaking.

Sec. D.102 Reversions

Sec. D.102(a) reverts \$598,269 from appropriation dept. ID 6140892402 DEC - Emissions Repair Program. This program was created in FY22 and funded through FY23. The above appropriation, originally \$600,000, was from FY24 and was intended to continue the program through FY26. From this appropriation, \$200,000 has been encumbered with two contractors. An additional \$37,583.40 is reserved for administrative costs. The remaining \$362,416.60 is currently available; however, DEC will continue to operate this program until the passage of the budget, at which time the available



amount will be lower. At a minimum, the reversion amount should be set at or below the available amount. From a policy standpoint, current year reversions should be avoided. Once spending authority is established, in this case through the Secretary of Administration's carry forward authority, departments can and do establish contracts with vendors to execute the Legislature's intent. The Administration was given no advance notice of this reversion.

B.139 – PILOT Fund/General Fund Swap

The Governor's budget proposed to change the fund source of the annual appropriation in Section B.139 (reappraisal and listing payments) from the General Fund to the PILOT Fund. Statutory language was included that would make the change permanent. The House agreed with the fund source change (and used it retroactively for FY26), but it stripped the statutory changes in favor of annual notwithstanding language (Section E.139.1). PILOT Fund revenues come from municipalities; reappraisal and listing payments recycle those revenues back to municipalities in return for help maintaining the statewide grand list. This will not change year-to-year, and it should not be subject to an annual debate. The Administration requests the Senate restore the statutory changes that would make the fund source permanent.

