



STATE OF VERMONT
LEGISLATIVE JOINT FISCAL OFFICE

To: Senate Committee on Appropriations
From: Catherine Benham, Chief Fiscal Officer; Aimée Pope, Associate Fiscal Officer
Date: March 28, 2025
Subject: Rescissions, Budget Revisions, and Emergency Board Authority

Each year, the Emergency Board adopts a consensus revenue forecast for the coming fiscal year in January (and an updated mid-year one in July).¹ The January estimate is what is used to build the State budget. If estimated revenues end up being lower than what was forecast, adjustments may need to be made to maintain a balanced budget.

Rescissions, which reduce spending authority previously provided to agencies, departments, and other State entities, are one way that State spending can be reduced while the General Assembly is not in session. There are “trigger points” in current law that start the rescission process when revenues come in below estimate and the General Assembly is not in session:

1% or less reduction:

[32 VSA § 704\(b\)\(2\)](#)

- a. The Secretary of Administration can prepare and implement an expenditure reduction plan.
 - i. Total reductions in appropriations and transfers cannot be greater than the reduction in the revenue estimate.
 - ii. Reduction to any section or subsection cannot exceed 5% without the approval of the Joint Fiscal Committee.
- b. Plan must be filed with the Joint Fiscal Office prior to implementation.

1% to 4% reduction:

[32 VSA § 704\(b\)\(1\)](#)

- a. The Secretary of Administration prepare an expenditure reduction plan.
 - i. Total reductions in appropriations and transfers cannot be greater than the reduction in the revenue estimate
- b. The plan must be approved by the Joint Fiscal Committee within 21 days to be enacted.
 - i. If it isn't approved, the Secretary must submit a new plan, which the Joint Fiscal Committee has 14 days to approve.

¹ Comprised of the Governor and the chairs of the four “money committees” per [32 V.S.A. § 131](#).

- c. There must be a public hearing while the Joint Fiscal Committee considers the plan so that the public has an opportunity to comment on it and prior to their approval of the plan.

Over 4%:

- a) No statutory authority. The General Assembly must reconvene.

Emergency Board Authority:

[32 V.S.A. § 133](#)

- a) In addition to these statutory triggers, the Emergency Board has the authority to make expenditures necessitated by unforeseen emergencies and transfer funds appropriated to one agency or department to another:
- b) In a given fiscal year, the Emergency Board can make expenditures or transfers up to 2% of current fiscal year General Fund appropriations – roughly \$44 million in the fiscal year 2025 budget as enacted.

For context, the table below shows estimated State revenues for fiscal year 2025.

| | FY 2025 Estimate (Millions) | 1% | 4% |
|---|-----------------------------------|---------|----------|
| General Fund | \$2,298.40 | \$22.98 | \$91.94 |
| Transportation Fund | \$317.80 | \$3.18 | \$12.71 |
| Education Fund | \$769.20 | \$7.69 | \$30.77 |
| Federal Funds* | \$3,093.90 | \$30.94 | \$123.76 |
| *Federal revenue exclusive of all ARPA Funds. | | | |

It should be noted that current statute does not address “worst case” reductions such as a significant reductions in federal funding. In typical years, federal funding changes can be anticipated and are incorporated into the budget and the consensus revenue forecast. The estimated Federal Funds revenue approved in the consensus forecast is based on the level of appropriations adopted by the General Assembly in the current year budget.

If there is a reduction in forecasted revenues in excess of 4%, the General Assembly may have to convene to address it.