



STATE OF VERMONT
JOINT FISCAL OFFICE

MEMORANDUM

To: Representative Emilie Kornheiser, Chair
Senator Ann Cummings, Vice Chair
Senator Andrew Perchlik
Representative Robin Scheu
Members of the Joint Fiscal Committee

From: Catherine Benham

Date: July 31, 2025

Subject: July 2025 – Fiscal Officer's Report

Here is an update of recent developments, some of which may also be on the agenda of the Joint Fiscal Committee.

1. Fiscal Year 2025 Revenue Collections:

FY 2025	Total \$ (millions)	\$ above or below forecast (millions)	% above or below forecast
General Fund (GF)	\$2,450.5	\$88.1	3.7%
Transportation Fund (TF)	\$313.6	-\$7.4	-2.3%
Education Fund (EF)	\$762.7	\$0.1	0.01%

Preliminary revenues for fiscal year 2025 show that, combined, the three major funds closed the year \$80.9 million, or 2.3%, above target. This was largely due to the positive performance of the General Fund. While the General Fund closed the year \$88.1 million above forecast, the Education Fund was right on target (\$0.1 million above forecast) and the Transportation Fund was below forecast by -\$7.4 million.

Some of the more specific revenue performance highlights are shown on the following page, organized by fund.

- General Fund (GF)

General Fund FY 2025 Revenue Component Performance Highlights		
	<u>Above Forecast</u>	<u>Below Forecast</u>
Personal Income	\$66.5	-
Corporate Income	\$13.3	-
Meals and Rooms	\$0.1	-
Property Transfer Tax	-	-\$0.5
Estate Tax	\$26.0	-

- Transportation Fund (TF)

Transportation Fund FY 2025 Revenue Component Performance Highlights		
	<u>Above Forecast</u>	<u>Below Forecast</u>
Purchase and Use	-	-\$4.6
DMV Fees	-	-\$3.3
Gas & Diesel Tax	\$0.4	-

- Education Fund (EF)

Education Fund FY 2025 Revenue Component Performance Highlights		
	<u>Above Forecast</u>	<u>Below Forecast</u>
Sales and Use	\$7.8	-
Meals and Rooms	\$0.3	-
Lottery	-	-\$5.0
Purchase and Use	-	-\$2.3

2. Unobligated General Fund Contingent Appropriations and transfers to the General Fund Balance Reserve and Pension funds

As part of the fiscal year 2025 closeout, the fiscal year 2026 appropriations act (“Big Bill”) designated the following amounts for the following purposes:

- \$138 million as unallocated carryforward for meeting the requirements of the Big Bill, including those made to adjust the fiscal year 2025 appropriations act (Act 113 of 2024)
- \$8 million as a transfer to the Communications and Information Technology Special Fund to cover the costs of transitioning billable services from a service level agreement model to a core enterprise services model;

- \$50 million as an appropriation to the Agency of Administration to be transferred by the Emergency Board pursuant to 32 V.S.A. §133 – a section of statute amended by the Act to grant the Emergency Board a limited amount of further flexibility – while the General Assembly is not in session in the event of a reduction in federal funds to the State;
- \$30 million to be reserved in the General Fund for future appropriation or transfer by the General Assembly for addressing federal funding shortfalls; and
- \$30 million to be reserved in the General Fund for future appropriation or transfer by the General Assembly for Vermont Medicaid and other human services, property tax relief, permanent housing initiatives, or any other uses determined to be in the best interests of the public.

After fulfilling reserve requirements and fully funding these contingent appropriations and transfers, the General Fund had a remaining balance of \$1.9 million. Pursuant to 32 V.S.A. §308c these remaining funds were allocated accordingly:

- \$0.95 million was reserved in the General Fund Balance Reserve (Rainy Day Fund);
- \$0.48 million was transferred to the Vermont State Retirement Fund established by 3 V.S.A. §473; and
- \$0.48 million was transferred to the Postretirement Adjustment Allowance Account established in 16 V.S.A. §1949a.

3. Education Fund Outlook

For fiscal year 2026, Act 24 (2025) set the property yield at \$8,596, the income yield at \$12,172, and the equalized uniform non-homestead property tax rate at \$1.703; these yields and rates are estimated to correspond with an average bill change increase across all three classes by approximately 1.1%. The increase in average tax bills can be attributed to multiple factors including an estimated 5.5% year-over-year growth in education spending, performance of non-property tax revenues, prior year use of one-time money to reduce property taxes, and other costs to the Education Fund.

Approximately \$118 million in one-time money was used to uniformly reduce fiscal year 2026 tax bills. This consisted of an estimated \$41 million Education Fund surplus, and a transfer of \$77 million from the General Fund to the Education Fund in Act 27 in order to alleviate the burden of property tax increases.

4. Medicaid Year End Report:

Fiscal year 2025 Medicaid and Medicaid-related estimated expenditures totaled \$2.45 billion, 0.04% above the budgeted amount in Act 27 and a 5.4% increase in total spending over fiscal year 2024.

Overall Global Commitment Waiver spending came in \$434,281 below what was budgeted (-0.2%). While overall spending was under target, individual spending categories had greater fluctuation. Global Commitment Program spending was above

target by \$3.9 million. The Children's Health Insurance Program (CHIP) also ran above expectations, exceeding the target by \$2.9 million. Vermont Premium Assistance and Choices for Care, on the other hand, came in \$1.36 and \$4.4 million below. Overall program administration was 7%, consistent with fiscal years 2022, 2023, and 2024.

Fiscal year 2025 caseload for all Medicaid eligibility groups tracked very close to projections. Overall enrollment decreased in almost every eligibility group, save for CHIP enrollees and Aged Blind Disabled (ABD) adults. CHIP is a small category, but it is notable that enrollment increased by 18%. The increase in ABD adults was more modest (4%). Enrollment in Medicaid as a primary source of coverage decreased by roughly 12,000 beneficiaries (-8%) compared to fiscal year 2024, the majority of which were in the adult categories. The full report can be [found](#) on the Joint Fiscal Office website.

5. Fiscal Year 2025 Legislative Closeout:

Legislative branch departments, including the Joint Fiscal Office, ended fiscal year 2025 in healthy financial positions. Some surplus funding will be utilized to cover costs associated with the extended regular session and the veto session in June.

Financial staff, department heads, and legislative leadership will prepare the fiscal year 2027 legislative budget proposal in the coming months.

6. Joint Fiscal Office Updates:

The Joint Fiscal Office continues to work on a number of projects including research on economic and housing investments, migration and demographics, the Supplemental Nutrition Assistance Program (SNAP), and child care in the state. We're continuing to work with the Legislative Counsel and the Administration to understand short- and long-term impacts of the 2025 Federal Reconciliation Act and other federal policy changes.

Fiscal staff are also conducting follow-up work on the education transformation bill (Act 24), preparing the fiscal year 2027 legislative budget, and updating introductory materials for the all-member briefing later this year. We are also working with other Legislative Branch offices on the reorganization of legislative operations.

Erin Pedley, who joined our office in 2022, recently accepted a position with the Office of the Senate Secretary as the Operations Manager/ Journal Clerk. Erin served as a Senior Staff Associate in our office and as the Committee Assistant for the House Appropriations Committee. As much as we're sad to say goodbye to her, we're glad that she'll be staying close by!

We received many applications after posting the opening for the Senior Staff Associate position. We've begun the interview process and hope to hire a qualified candidate later this summer.

Maria Blair, who has worked at the Joint Fiscal Office for nearly forty years, will be retiring this fall. Over the years Maria has played a crucial role in the budget process as an Associate Fiscal Officer, lending her expertise to the House Appropriations Committee as it worked its way through the budget bills. She, and her wealth of institutional knowledge, will be sorely missed but we're incredibly grateful for her years of service and congratulate her on a much-deserved retirement.

We'll begin recruiting for the House Appropriations Committee Fiscal Analyst position soon.