



**STATE OF VERMONT**  
JOINT FISCAL OFFICE

**MEMORANDUM**

To: Members of the Joint Fiscal Committee  
From: Catherine Benham  
Date: September 17, 2025  
Subject: September 2025 – Fiscal Officer's Report

In anticipation of the September 18 meeting, I have prepared an update of recent developments, some of which may also be discussed at the Joint Fiscal Committee meeting.

**1. FY 2026 Revenue Collections Year to Date**

Year to date the General Fund and Education Fund are above their targets while the Transportation Fund is slightly below. Cumulatively, the three major funds are ahead of forecast by \$5.8 million, or 1.2%.

**Fund Highlights:**

- a. **The General Fund** Year to date the General Fund is above forecast by \$4.3 million, or 1.3%.
- b. **The Education Fund** Year to date the Education Fund is above forecast by \$1.6 million, or 1.2%.
- c. **The Transportation Fund** Year to date the Transportation Fund is below target by \$0.1 million, or -0.3%.

**FY 2026 Fund Performance vs Official Forecast (in millions)**

|                            | Year To Date (YTD) |                         |                     |
|----------------------------|--------------------|-------------------------|---------------------|
|                            | Revenue            | Revenue<br>vs<br>Target | %<br>Over<br>Target |
| <b>General Fund</b>        | \$325.2            | \$4.3                   | 1.3%                |
| <b>Education Fund</b>      | \$134.0            | \$1.6                   | 1.2%                |
| <b>Transportation Fund</b> | \$52.6             | (\$0.1)                 | -0.3%               |

**2. Budget Instructions and Legislative Budget**

The Department of Finance and Management released budget development guidelines for fiscal year 2027 on August 27. Once again, agencies and departments have been

asked to limit base spending increases to 3% of fiscal year 2026 “as passed” appropriations. Agencies and departments must absorb most increases within this target, including the annualization of Pay Act and any base inflationary pressures. The Department of Finance and Management has asked agencies and departments to assume Internal Service Fund charges and employee benefit rates (excluding health) increase at the same 3% rate. Agencies and departments have been directed to assume a 5% increase for employee health benefit rates of fiscal year 2026 “as passed” and to assume employer contribution rates for both the Defined Benefit and Defined Contribution retirement plans to be equal to those of fiscal year 2026 “as passed.” Finally, due to the Agency of Digital Services’ (ADS) implementation of the Core Enterprise Services cost recovery model, agencies and departments have been directed to assume a 3% increase in ADS costs over fiscal year 2026 “as passed.” It should be noted that data on the actual impact of the cost recovery model change will not be available prior to initial budget submissions, so the ADS costs reflected in agency and department budget submissions are likely to differ from those in the Governor’s budget recommendation. The Joint Fiscal Office has started preparing the fiscal year 2027 legislative budget.

### **3. Joint Fiscal Office Updates**

- a. In addition to responding to legislative requests, the Joint Fiscal Office continues to work on numerous long-term projects and research initiatives.

These include:

- i. continuing to track federal funding and tax policy issues;
- ii. issue briefs on a range of policy topics;
- iii. a report on the Cash Fund;
- iv. a report on child care and early education programs;
- v. the fiscal year 2026 fee report; and
- vi. the five-year appropriations Web Report.

- b. Request for Proposal

Act 73 (2025; an act relating to transforming Vermont’s education governance, quality, and finance systems) directed the Joint Fiscal Office to release a Request for Proposal (RFP) for a contractor to conduct comprehensive analyses of education finance in Vermont. We issued the RFP on August 28; proposals are due by October 3.

- c. Staffing

- i. The Joint Fiscal Office is hiring for a House Appropriations Fiscal Staff Member position. The Joint Fiscal Office has conducted first round interviews with multiple candidates and hopes to move quickly with the hiring process.
- ii. Autumn Crabtree, staffing House Appropriations, will be taking the lead on Joint Fiscal Committee and the all-member briefing, and will work on other committees as needed. Please look for emails from Autumn.
- iii. Tom Kavet: Kavet Rockler and Associates (KRA) is enhancing their revenue forecasting capabilities by bringing Daniel Lee, Senior

Economist, into their process as Tom transitions to a more advisory role. From the JFO perspective, our contract remains with KRA as the primary contractor, so this represents a natural evolution within our existing contract. We're pleased to welcome Daniel's involvement in this important work.

d. Other

- i. Webpage – the Joint Fiscal Office is working on an update and redesign with the Legislative IT team to be rolled out next fall. This is within the legislative budget. We will be sending out a survey to members and others to gather input for this project.
- ii. Legislative Branch budget – The Joint Fiscal Office is working with the other offices to develop the FY27 Legislative Branch budget proposal.

**4. Notable Dates**

- a. The next meetings of the Joint Fiscal Committee
  - i. Tentative: Thursday October 16
  - ii. Thursday, November 13
  - iii. Tentative: Wednesday December 3 after the all-member briefing
- b. The Joint Fiscal Office will host an all-member briefing on Wednesday, December 3.