

Federal Government Shutdown
Sarah Clark, Secretary of Administration
Joint Fiscal Committee

October 16, 2025



Status of Federal Shutdown

- Day 16 of Federal Shutdown
- As is our normal process when faced with a federal shutdown, DFM communicated across state government on September 22 requesting all agencies and departments to draw down receipts for all eligible federal expenditures through 9/30/2025.
- Stay disciplined and factual in evaluation of changes and operational response as the shutdown continues.

Communication and Information Gathering

- Monthly reporting to DFM as established in Act 27, E.127.2
- Weekly communication specific to the government shutdown with Cabinet informed by Financial Staff
- Critical communications on an as needed basis
- Monitoring large federal programs and access to federal reimbursement systems
- Engage with federal partners as able – challenged given furloughed and reduced federal staffing
- Managing budgets prudently per normal protocol
- Assessing other states' activity and decision making
- Working in partnership with the Treasurer's Office – state's cash balance

Analysis of Federal Expenditures – Q2 SFY2025, Qtr ending 12/31/2024

- Roughly \$674M in federal expenditures quarterly
 - Not fully inclusive – ARPA, FHWA (roughly \$100M) and others that go into segregated accounts or direct to recipients
 - Point in time from last year
 - On average, \$224M in monthly expenditures
 - AHS, AOE, DPS and AOT are the largest expenders of federal funds
- Important to understand programs within this federal spending – risk analysis of major programs
 - Medicaid is our largest federal program - \$1.6B in federal funds annually – has received its quarterly award for the quarter ending 12/31/2025 = \$420M
 - AHS's other major programs – TANF, SNAP, Voc Rehab, WIC, LIHEAP
 - AOT – FHWA – able to receive funds from prior fiscal year, no access to FFY26 FHWA apportionment
 - AOE – Title 1 and IDEA are forward funded through FY26
 - AOE – USDA Child Nutrition – just received monthly authorization of \$5M – funded through October – shifted from quarterly to monthly authorizations

Contingency Planning - Reserves and Appropriations

General Fund Reserves (Cumulative)		FY 2026
	Budget Stabilization Reserve	118,358,708
	Human Services Caseload Reserve	91,811,198
	27/53 reserve	20,280,359
	Balance Reserve (Rainy Day Fund)	99,060,516
	Other Reserves Act 27 B.1101 (b) (3) & (4)	60,000,000
Total GF Reserve Balance		389,510,781
	AoA - Emergency Board Act 27 B.1101 (b) (2)	50,000,000

Other Federal Funding Concerns & Considerations

- Other Federal Funding Concerns:
 - VDOL – UI Admin, Labor Market Information
 - Military – STARBASE program
 - FWD – NRCS Environmental Quality Incentive Program (EQIP) paused
- Federal Staffing Challenges
 - Agency's guidance on essential functions – IRS, CMS, etc
 - USDA Disaster Declarations – not processed during the shutdown
 - DPS Vermont Emergency Management – Delays in inquiries and submittals but not total stoppage
 - USDOL