



REPORT ON UNFUNDED BUDGET PRESSURES

32 V.S.A. § 306(a)(1)(B and C)

March 31, 2026

Department of Finance and Management

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SUMMARY

Act 72 of 2016, Sec. E.100.9, as amended by Act 11 of 2018 Special Session, Sec.E323(a) and as further amended by Act 72 of 2019, Sec.E.124 modifying 32 V.S.A § 306(a)(1), requires the Administration to prepare a report on the current service obligations of several state liabilities. This report provides a summary of the projected liabilities at the beginning of FY 2027.

SECTION (B)

- MAINTENANCE OF TRANSPORTATION ROAD AND BRIDGE INFRASTRUCTURE AT CURRENT LEVELS

Transportation Infrastructure (\$ Millions)	
Annual Need	\$1,043.6
Available Funds	\$934.7
Net Unfunded	\$108.9
Note: Amounts reflect the cost of maintaining total transportation infrastructure, not just road and bridge repair.	

SECTIONS (C)(i)

- PENSION LIABILITIES FOR THE VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM (VSERS) AND THE VERMONT STATE TEACHERS' RETIREMENT SYSTEM (VSTRS)
- OTHER POSTEMPLOYMENT BENEFIT [OPEB] LIABILITIES UNDER CURRENT LAW AND RELEVANT GOVERNMENT ACCOUNTING STANDARDS BOARD STANDARDS FOR THESE SYSTEMS

VSERS	
Pension	985,494,742
OPEB	1,122,369,900
VSTRS	
Pension	1,625,927,125
OPEB	1,037,965,541
All amounts reflect the unfunded actuarial liability as of 6/30/2025. For consistency with the ACFR and other financial reports, pension system values use the GASB 67 accounting standard and OPEB values use GASB 74. These values may differ from those presented in the actuarial valuations used to determine the required employer contribution for each pension system.	

SECTION (C)(ii)

- CHILD CARE FEE SCALE FUNDING REQUIREMENTS PURSUANT TO 33 V.S.A. § 3512 TO BRING TOTAL YEAR FUNDING TO CURRENT MARKET RATES AND THE CURRENT FEDERAL POVERTY LEVEL

In FY 2026, the Child Care Financial Assistance Program pursuant to 33 V.S.A. § 3512 is fully funded based on current market rates and the federal poverty level.

SECTION (C)(iii)

- REACH UP FUNDING FULL BENEFIT OBLIGATIONS, INCLUDING THE STANDARD OF NEED FOR THE CURRENT FISCAL YEAR, PRIOR TO ANY RATABLE REDUCTIONS MADE PURSUANT TO 33 V.S.A. 1103(a) WHICH ENSURES EXPENDITURES FOR THE PROGRAMS DO NOT EXCEED APPROPRIATIONS

Reach up (\$ Millions)	
Obligation prior to Ratable Reduction	51.43
Base Appropriation	25.51
Amount for full funding	25.92
*Based on current Reach Up caseload and the ratable reduction of 49.6%	

SECTION (C)(iv)

- STATUTORY FUNDING LEVELS FROM THE PROPERTY TRANSFER TAX TO THE CURRENT USE ADMINISTRATION SPECIAL FUND (32 V.S.A. § 9610(c)), THE VERMONT HOUSING AND CONSERVATION FUND (10 V.S.A. § 312), AND THE MUNICIPAL AND REGIONAL PLANNING FUND (24 V.S.A. § 4306(a))

Fiscal Year 2027 Property Transfer Tax (PTT) Allocation	
PTT Revenue – January 16, 2026 Emergency Board Adopted Forecast	82,000,000
32 V.S.A. § 9610 (d)	
\$2,500,000 to Vermont Housing and Conservation Board	2,500,000
32 V.S.A. § 9610 (c)	
2% to Current Use Administration Special Fund	1,192,500
Remainder for allocation	78,307,500
10 V.S.A § 312	
50% to the Vermont Housing & Conservation Board (VHCB)	39,153,750
32 V.S.A. § 435 (b)(10)	
33% to the General Fund	28,973,775
24 V.S.A. § 4306 (a)	
17% to the Municipal & Regional Planning Fund	10,179,975
70% to the Regional Planning Commission	7,125,983
20% to the Municipal Planning Commission	2,035,995
10% to the Geographic Information Services	1,017,998
** Based on Vermont statutory language	

SECTION (C)(v)

- PROJECTED FUND LIABILITIES OF THE FUNDS IDENTIFIED IN NOTE III.B. OF THE “NOTES” SECTION OF THE MOST RECENT ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR), INCLUDING WORKERS’ COMPENSATION FUND, THE STATE LIABILITY INSURANCE FUND, THE MEDICAL INSURANCE FUNDS AND THE DENTAL INSURANCE FUND

	Workers Comp Fund	Medical Insurance Fund	Postage Fund	Property Management Fund	Facilities Operations Fund	State Lottery Fund	Communications and Information Technology Fund	Copy Center Fund	Human Resources Fund	State Surplus Property Fund	Federal Surplus Property Fund	General Obligation Bonds Project Fund
FY 2023 Starting Balance	(4,514,502)	27,897,280	(3,330,110)	(11,061,399)	2,993,855	(2,954,164)	957,888	(1,221,291)	(476,682)	718,738	(180,935)	(6,785,874)
Revenue	13,127,455	225,819,325	2,820,006	21,722,506	35,584,588	159,342,979	104,739,757	1,962,276	7,926,091	4,028,615	758,319	986,238
Expenses	(12,885,938)	(258,154,051)	(2,681,780)	(21,121,602)	(37,577,682)	(125,757,503)	(110,596,953)	(2,339,009)	(8,198,618)	(4,896,419)	(766,123)	(64,306,114)
Other *	780,950	694,224	-	(1,202,912)	(19,733)	(33,564,201)	(163,979)	(9,781)	(76)	-	15,622	(6,285,803)
Operating Income (Loss)	1,022,467	(31,640,502)	138,226	(602,008)	(2,012,827)	21,275	(6,021,175)	(386,514)	(272,603)	(867,804)	7,818	(69,605,679)
FY 2024 Starting Balance	(3,492,035)	(3,743,222)	(3,191,884)	(11,663,407)	981,028	(2,932,889)	(5,063,287)	(1,607,805)	(749,285)	(149,066)	(173,117)	(76,391,553)
Revenue	14,301,558	261,549,258	3,352,756	22,780,424	38,377,839	168,994,525	116,270,872	2,567,688	8,281,960	4,846,769	1,095,625	-
Expenses	(15,558,282)	(297,322,962)	(3,245,921)	(21,533,509)	(39,742,381)	(133,937,587)	(124,012,367)	(2,452,247)	(8,024,030)	(5,012,096)	(1,087,201)	(54,416,986)
Other *	1,214,041	(488,208)	(17,024)	(1,640,011)	(17,493)	(35,056,938)	(97,580)	(32,483)	-	(268)	-	146,939,146
Operating Income (Loss)	(39,222)	(36,261,912)	106,835	(393,096)	(1,382,035)	-	(7,839,075)	85,339	257,930	(165,327)	8,424	92,522,160
FY 2025 Starting Balance	(3,534,718)	(40,005,134)	(3,102,073)	(12,056,503)	(401,007)	(2,932,889)	(12,902,362)	(1,524,847)	(491,355)	(314,661)	(164,693)	16,130,607
Revenue	13,588,688	306,116,504	3,271,973	22,237,808	39,803,803	155,814,575	118,447,083	2,809,193	9,146,567	5,713,338	969,291	189,443
Expenses	(13,859,276)	(310,480,184)	(2,994,729)	(21,955,650)	(42,624,995)	(123,455,628)	(130,040,769)	(2,629,129)	(9,524,228)	(5,927,469)	(965,431)	(56,933,189)
Other *	1,271,525	17,130,492	-	(1,666,784)	(189,091)	(30,009,559)	(873,775)	6,261	-	-	-	(3,353,633)
Operating Income (Loss)	1,000,937	12,766,812	277,244	(1,384,626)	(3,010,282)	3,004,657	(12,467,461)	186,325	(377,661)	(214,131)	3,860	(60,097,379)
FY 2026 Starting Balance	(2,533,781)	(27,238,322)	(2,824,829)	(13,441,129)	(3,411,289)	(654,969)	(25,369,823)	(1,338,522)	(869,016)	(528,792)	(160,833)	(43,966,772)
Projected Revenue	14,435,006	336,209,449	3,514,268	22,737,808	41,360,458	155,953,553	116,519,042	2,921,908	9,491,975	5,280,054	941,078	-
Projected Expenses	(14,435,006)	(331,309,597)	(3,167,692)	(22,944,414)	(44,930,084)	(123,203,307)	(134,612,587)	(2,807,536)	(9,332,943)	(5,469,783)	(939,585)	(61,969,761)
Other *	1,168,416	539,017	-	(1,716,788)	(31,507)	(32,750,246)	15,000,000	-	-	-	-	113,748,546
Projected Operating Income (Loss)	1,168,416	5,438,869	346,576	(1,923,394)	(3,601,133)	-	(3,093,545)	114,372	159,032	(189,729)	1,493	51,778,785
FY2026 Projected Ending Balance	(1,365,365)	(21,799,453)	(2,478,253)	(15,364,523)	(7,012,422)	(654,969)	(28,463,368)	(1,224,150)	(709,984)	(718,521)	(159,340)	7,812,013

* Other includes the Non-Operating Revenues, including Gain/Loss on the disposal of Capital Assets, and Other Revenue, Expenses Gains, Losses and Transfers, including Insurance Recoveries, Capital Contributions, and other transfers in/out.

SECTION (C)(VI)

- A SUMMARY OF OTHER NONMAJOR ENTERPRISE FUNDS AND INTERNAL SERVICE FUNDS WHERE DEFICITS EXIST IN EXCESS OF \$1,500,000

The Fiscal Year 2025 ACFR contains no other nonmajor enterprise funds or internal service funds in deficit positions.