

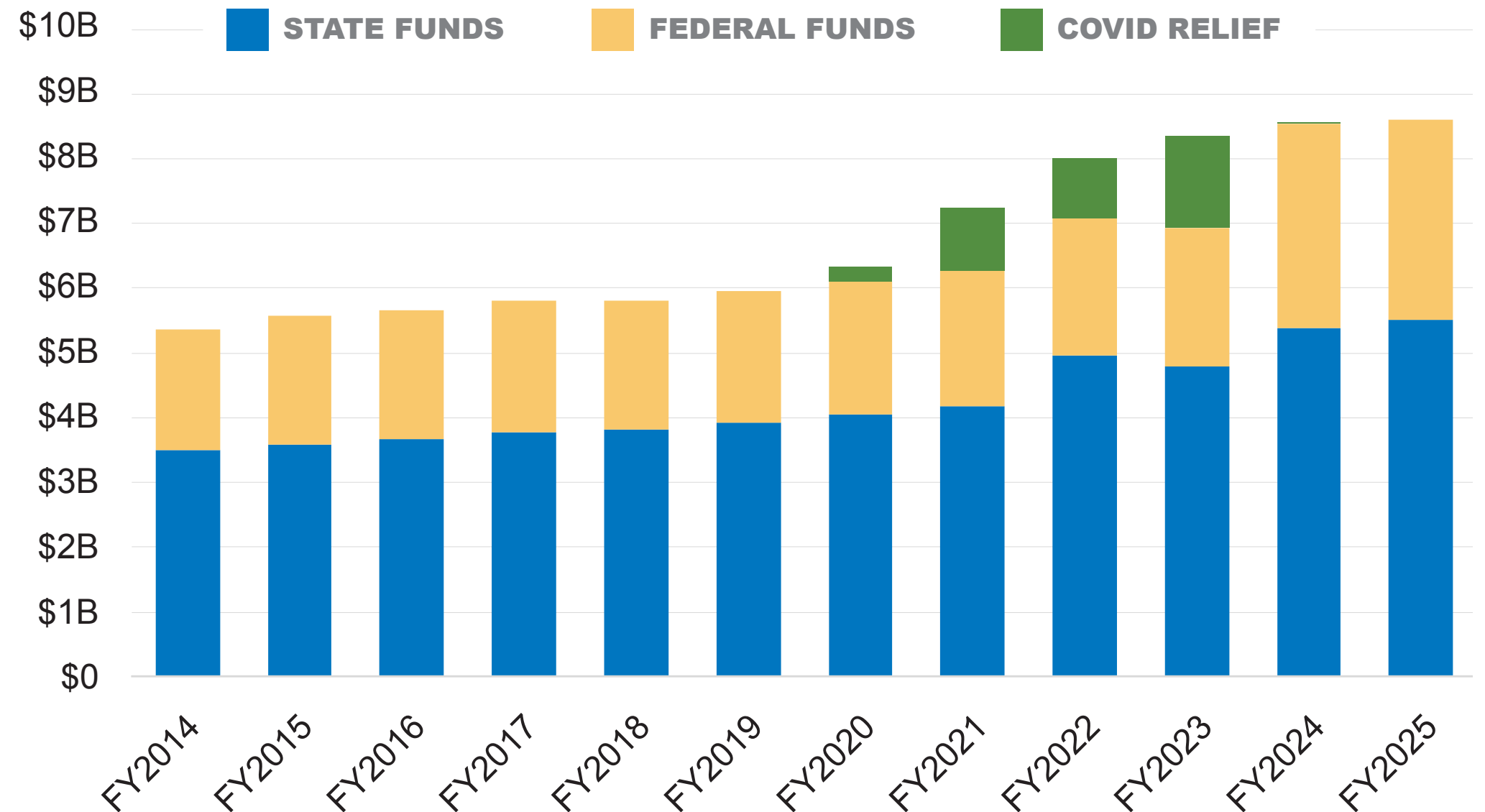
Vermont state budget 101

State budget over time

- The total state budget was \$8.6 billion in FY25
- This was up from \$6 billion pre-pandemic
- Federal Covid money hit in FY20-FY23
- Post-pandemic, Vermont has increases in both baseline federal funds due to infrastructure investments and state funds due to increased economic activity

Total state budget has increased since Covid

Vermont budget appropriations by funding source, in billions, FY2014-FY2025



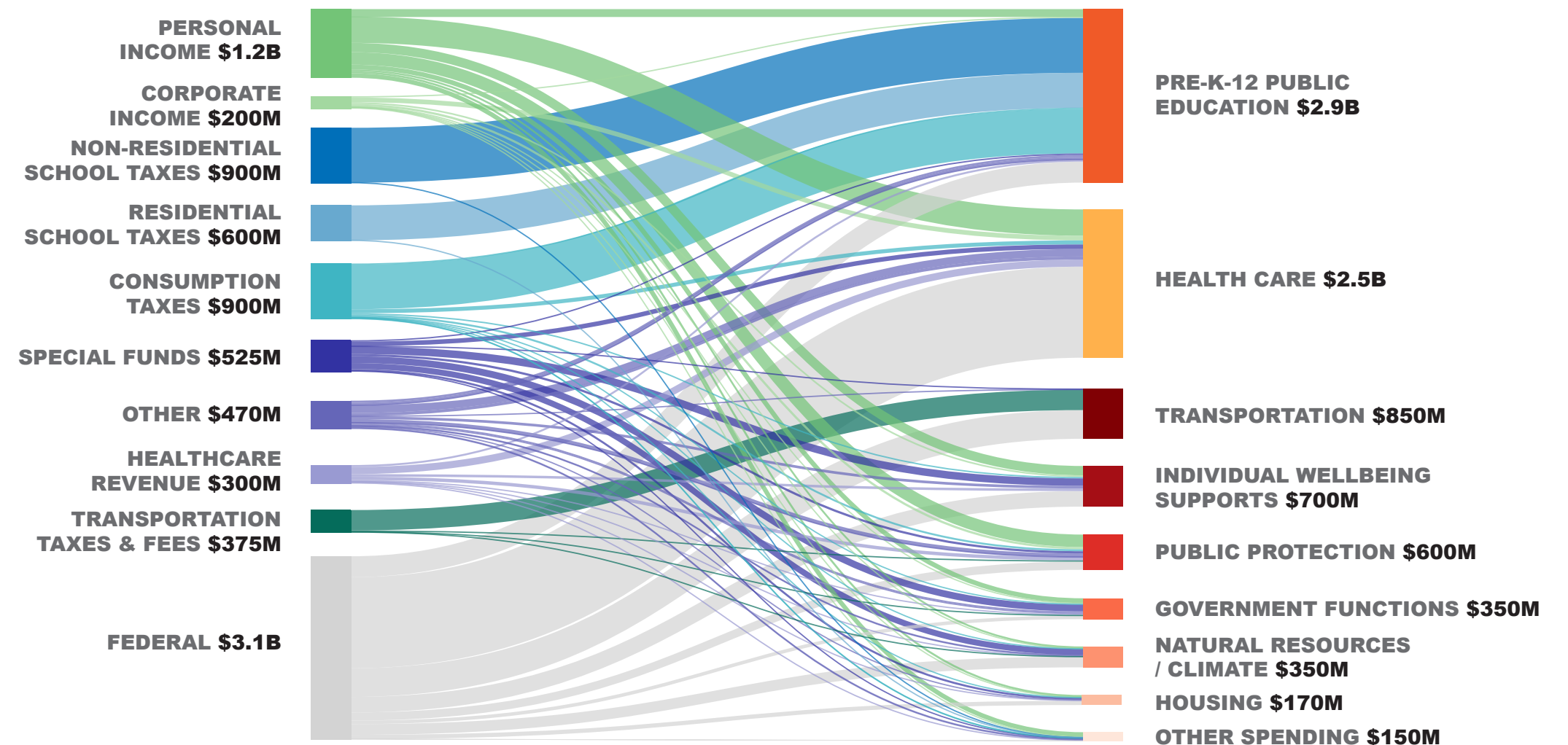
Data source: Vermont Joint Fiscal Office
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The big picture

- The state collects revenue to fund programs and policies to help meet Vermonters' needs
- This is the big picture of the state's revenues and how they are spent
- The federal portion is \$3.1 billion; state \$5.5 billion

The state budget uses state and federal dollars to help meet Vermonters' needs

Vermont state budget by major revenue and spending categories, FY2025



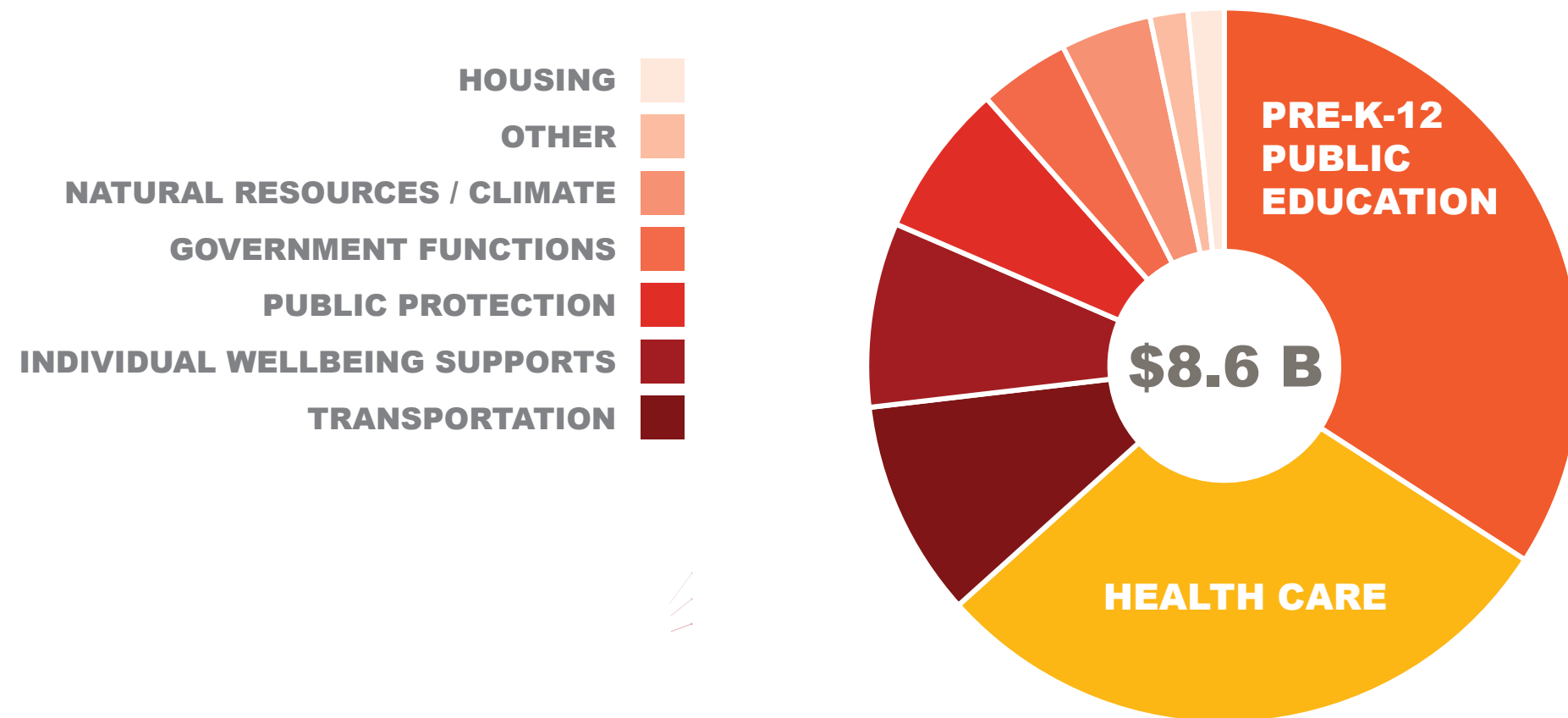
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Appropriations

- Public education and healthcare are the biggest things the state does, with each accounting for about a third of the budget
- Public education is paid for with mostly state dollars and healthcare is paid for with mostly federal dollars
- Other investments are a mix of state and federal dollars

Public education and health care are Vermont's two biggest commitments

Appropriations by major spending category, FY2025



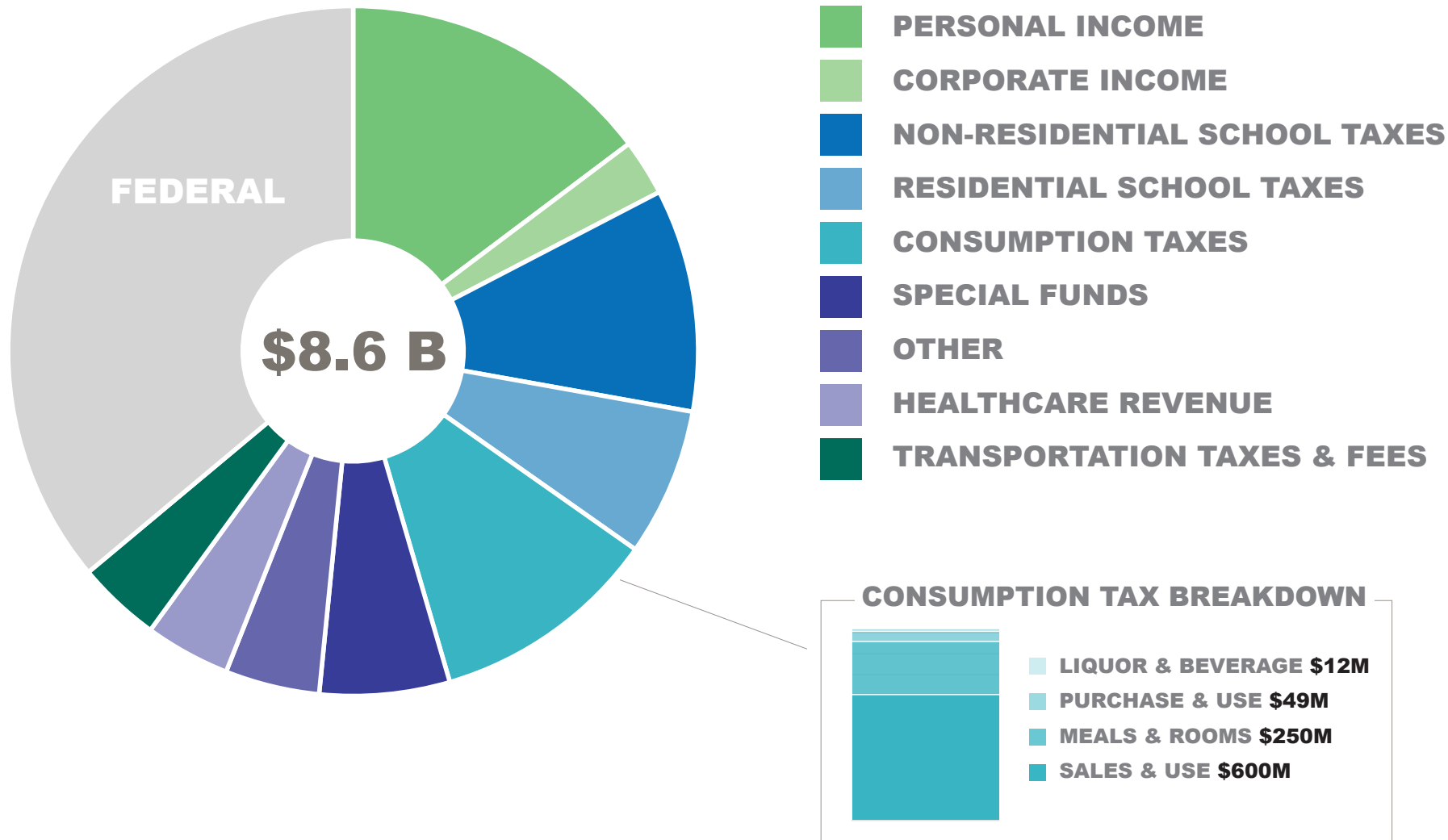
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Revenues

- The state relies on three main taxes: sales/consumption, income and property
- In Vermont, unlike other states, residential school taxes are a mix of income-based and property-based
- Federal money comes with a specific purpose with some flexibility in how to spend it, while state dollars are a mix of dedicated and general uses

State income, property and consumption tax in addition to federal dollars fund the programs Vermonters rely on

Revenues by major category, FY2025



Data source: Vermont Joint Fiscal Office
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Who pays

- Vermont is one of the few states where the tax system does not make inequality worse
- The system is mostly progressive but still regressive at the top, meaning the highest-income Vermonters pay a smaller share of their income in taxes than many middle-class Vermonters
- Sales taxes tend to be the most regressive, although Vermont exempts many necessities like food, clothing and prescriptions
- Vermont's income tax is progressive
- Property taxes tend to be regressive but Vermont's is progressive at the low end because of income sensitivity in school taxes

High-income Vermonters pay a smaller share in taxes than many in the middle

Vermont state and local taxes as a share of family income, by tax and quintile, 2024



* The lowest 20% receives refundable credits from the income tax, offsetting liabilities for the remaining taxes for a net of 6.3%.

Data source: Institute on Taxation and Economic Policy
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The budget cycle

- Vermont’s budget cycle is based on a July-June fiscal year
- [Vermont law requires](#) that the “state budget be designed to address the needs of the people of Vermont in a way that advances human dignity and equity...Spending and revenue policies will . . . recognize every person’s need for health, housing, dignified work, education, food, social security, and a healthy environment.”
- There are opportunities for resident input in November before the governor prepares their budget and in February/ March while the Legislature is considering it

Vermont’s Budget Process: July 1 - June 30

