

February 11, 2025

Honorable Andrew Perchlik
Chair, Senate Committee on Appropriations
Vermont State House
Montpelier, VT 05602

Dear Senator Perchlik:

I write with comments on H.141 – *An act relating to fiscal year 2025 budget adjustments*.

The Governor's adjustments reflect standard, midyear updates to cost pressures, program utilization changes, technical fixes to ambiguities in Act 113 language, or fund deficit mitigation. In keeping with best practice, the Administration submitted a policy-lite budget adjustment act (BAA) proposal, leaving policy items for consideration in the FY26 budget and other bills. So, while the Administration appreciates the House's concurrence with most of the Governor's recommended adjustments to Act 113 of the 2024 session, we have concerns with what was added.

Importantly, decisions made in the vacuum of the BAA do not factor in other funding priorities for the FY26 budget. Appropriations made in the BAA will come at the expense of higher value FY26 budget priorities, without the benefit of context or adequate legislative debate. The Administration is opposed to the additional \$14 million in appropriations added to the Governor's proposal (which will require another \$700,000 in reserves in FY26).

The source of funds for this addition is also concerning. The House redirected \$14 million of a \$20 million appropriation made to the Treasurer three years ago to retire a portion of the State's outstanding debt. The House proposes to take this appropriation made specifically to *reduce* the state's debts and use it to *add* to the state's obligations by funding additional expenditures. Given that we are experiencing higher interest rates and heightened uncertainty regarding federal funds, the Administration *strongly* recommends maintaining the \$14 million for its original purpose. At a minimum, this additional spending in the FY25 BAA should be tabled for consideration in the FY26 budget and weighed against other critical priorities, especially considering the uncertainty of federal funding with the new administration in DC.

Another significant policy concern in the House-passed budget adjustment is \$1.8 million directed at General Assistance Emergency Housing, which would direct the extension of cold weather provisions for an additional three months until June 30, 2025. The Emergency Housing program enacted in Act 113 (Section E.321) was the result of months of negotiation and compromise last session between

both chambers of the General Assembly and the Executive Branch. The Administration is committed to the program as passed by the Legislature last session and to our shared goals of better outcomes for individuals and cost containment. Investing in temporary housing for Vermonters in hotels and motels does not provide permanent solutions and, instead, isolates individuals and families away from the interventions they need, often exacerbating underlying issues like addiction, and attracting other criminal activity. In addition, funding an extension will impact available financial resources for FY26, limiting our ability to invest in long-term emergency shelter capacity, services, and permanent housing, all proven to be far better solutions than hotel/motel rooms.

The cold weather provisions in General Assistance (GA) have traditionally ended in April when GA reverts to normal eligibility. The Agency of Human Services has developed a proposal to expand emergency shelter capacity and services in those shelters using existing resources as an alternative to extending the cold weather expansion.

The Administration asks the Senate to remove the additional funding and appropriations as proposed by the House.

The Governor has set his priorities in his FY26 budget – affordability, housing, public safety and education – based on the needs and demands we have all heard from Vermonters. The Administration is prepared to engage with the Legislature over how these priorities are best met.

The Administration looks forward to working with Senate to craft a budget adjustment that addresses our shared priorities.

Sincerely,

Sarah Clark
Secretary of Administration

Cc: Representative Robin Scheu, House Committee on Appropriations, Chair
Senator Philip Baruth, State Senate, Senate President Pro Tempore
Representative Jill Krowinski, House of Representatives, Speaker
Catherine Benham, Joint Fiscal Office, Chief Fiscal Officer
Adam Greshin, Department of Finance and Management, Commissioner

