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Adam Greshin, Commissioner

To: Senator Jane Kitchel, Chairperson, Senate Committee on Appropriations
CC: Representative Kitty Toll, Chairperson, House Committee on Appropriations
From: Adam Greshin, Commissioner of Finance and Management
Date: 5/19/2020
Re: Policy Observations on H.953

The Administration has reviewed H.953, *An act relating to fiscal year 2020 supplemental budget adjustments*. We believe the House substantially adheres to the Governor's recommended budget adjustments while making a few early appropriations from the Coronavirus Relief Fund (CRF). We appreciate their good and quick work to ensure we adapt to the new fiscal reality and close the year in balance.

We do have one requested revision to the House bill. In Section 29(b), interfund borrowing from the CRF, if allowed, is used instead of reserves to close the year-end General Fund deficit. Not only do we believe this is not necessary, it may be counterproductive. Unlike many states, Vermont has sufficient reserves to fill the gap left by deferred tax payments. Not tapping our reserves may compromise our ability to pull down additional federal assistance, should it become available. Many federal programs require a state match. We should demonstrate our commitment to use state resources before calling on federal assistance. Even if not required, this commitment may strengthen our position with the federal government, and our federal delegation, when money is tight. We request the following revision:

Sec. 29. USE OF GENERAL FUND RESERVES FOR FISCAL YEAR 2020 FINANCIAL
CLOSE OUT

- (b) Should federal fiscal assistance to states become available, ~~including the ability for utilization of interfund borrowing from the Coronavirus Relief Fund that would allow for the use of such federal funding to be directly applied to the General Fund or applied to fiscal year 2020 General Fund expenditures,~~ such funds shall be applied as allowed to reduce or eliminate the need to utilize the provisions of subsection (a) of this section.

Thank you in advance for considering this slight change to H.953. We look forward to working with the Senate to get this legislation to the Governor's desk as expeditiously as possible.

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