

State of Vermont
Agency of Administration
Department of Finance & Management
Pavilion Office Building
109 State Street, 5th Floor
Montpelier, VT 05609-0201
www.finance.vermont.gov

[phone] 802-828-2376

Adam Greshin, Commissioner

TO: Senator Jane Kitchel
CC: Rep. Diane Lanpher, Emily Byrne, Aimee Pope, Erin Viera, Hannah Gottschalk
FROM: Adam Greshin
RE: **Technical Corrections to H.839 – An act relating to fiscal year 2024 budget adjustments**
DATE: January 31, 2024

I write to suggest the following clarifications and technical edits to H.839 – *An act relating to fiscal year 2024 budget adjustments*, as passed by the House.

Section 39

B.1100(a)

(6) \$3,000,000 Technology Modernization Special Funds for Enterprise Resource Planning modernization related projects, including business process transformation.

EXPLANATION:

The Administration does not support the funding of business process transformation activity with \$3M from the Technology Modernization Special Fund and asks the Senate not to concur with the House, and to instead appropriate General Fund for this purpose, as proposed in the Governor's Recommended Budget Adjustment. However, this policy disagreement aside, the language of Section 56 of H.839 as passed by the House is unworkable due to several major technical defects.

H.839, Sec. 56 proposes to amend 2022 Act 185, Sec. E.105.2. However, the section proposed for amendment by Sec. 56 was repealed in 2023 Act 3, Sec. 51 (the FY2023 BAA). For this reason, H.839, Sec. 56 is recommended for repeal later in this letter.

H.839, Sec. 56 authorizes the “transfer” of up to \$3M to other agencies and departments for ERP projects. Technically, funds are transferred between funds, not between a fund and an agency or department. It is also unclear to whom the authority is granted to make what are implied to be discretionary transfers of spending authority. In statutory and session law precedent, the power to transfer appropriations or make other such funding reallocations is typically granted to a specific party (i.e. The Secretary of Administration, the Commissioner of Finance and Management).



Our interpretation of Sec. 56 is that it refers to the appropriation described in 2022 Act 185 Sec. B.1102(a)(1)(A) as added by 2023 Act 3 Sec. 47. We interpret the legislative intent of Sec. 56 to be to reduce the appropriation to the Agency of Digital Services by an amount “up to \$3,000,000,” and to reappropriate a corresponding amount from the Technology Modernization Special Fund to one or more agencies or departments for “Enterprise Resource Planning modernization-related projects, including business process transformation.”

The Administration’s proposed language maintains the House’s intent in a technically actionable manner by directly appropriating \$3M from the Technology Modernization Special Fund to the Agency of Administration. A corresponding reduction to the appropriation made in 2022 Act 185 Sec. B.1102 would be made by a reversion in H.839, Sec. 54.

B.1100(c)

(2) ~~\$75,000~~ \$200,000 General Fund to fund ~~one~~ two new permanent full-time ~~position~~ positions in the VTHR Operations division in fiscal year 2024. ~~This~~ These ~~position costs~~ s shall be funded through ~~the Department of Human Resources~~ Financial Management – Internal Service Fund beginning in fiscal year 2025; and

EXPLANATION:

Grammar

B.1100

(j) Department of Mental Health. In fiscal year 2024, funds are appropriated for the following:

(1) \$105,000 General Fund to the Department of Mental Health in fiscal year 2024 for expediting competency and sanity evaluations; and

(2) \$166,000 General Fund for a grant to the Howard Center to support the Cultural Liaison Program.

EXPLANATION:

The House altered the sequence of the appropriations by inserting their recommendation prior to the appropriation that already exists. It would require substantial effort in the VISION system to change all existing appropriation citations recorded for audit purposes.

B.1100

(l) Agency of Human Services Central Office. In fiscal year 2024, funds are appropriated for the following:

(3) \$10,000,000 General Fund to continue to address the emergent and exigent circumstances impacting health care providers following the COVID-19 pandemic. All or a portion of these funds may also be used as matching funds to the Agency of Human Services Global Commitment



Program to provide State match. If funds are used as matching funds to the Agency of Human Services Global Commitment Program to provide State match, the commensurate amount of Global Commitment Fund spending authority may be requested during the Global Commitment Transfer process pursuant to 2023 Acts and Resolves No. 78, Sec. E.301.1;

(4) \$10,534,603 General Fund and \$13,693,231 Federal Revenue Fund #22005 for use as Global Commitment matching funds for one-time caseload pressures due to the suspension of Medicaid eligibility redeterminations;

(5) \$255,000 General Fund for a subgrant to the United Way of Lamoille County to expand resource coordination for employee stability through its Working Bridges Program; and

(6) \$671,000 General Fund to the State Refugee Office.

EXPLANATION:

The House altered the sequence of the appropriations by inserting their recommendations prior to the appropriations that already exist. This requires substantial effort in the VISION system to change all existing appropriation citations recorded for audit purposes.

B.1100

(aa) Department of Disabilities, Aging, and Independent Living. In fiscal year 2024, funds are

appropriated for the following:

(1) ~~\$450,000 General Fund to the Department of Disabilities, Aging, and Independent Living~~ to continue the SASH pilot for another year; and

(2) \$1,000,000 General Fund grant to meal providers that provide meals to seniors with low income.

EXPLANATION:

The House altered the sequence of the appropriations by inserting their recommendation prior to the appropriation that already exists.

Section 41

(c) In fiscal year 2024, the amount of ~~\$50,000,000~~ \$54,500,000 General Fund is appropriated to the Vermont Housing and Conservation Board (VHCB):

(2) ~~\$40,000,000~~ \$44,500,000 to provide support and enhance capacity for the production and preservation of affordable mixed-income rental housing and homeownership units, including improvements to manufactured homes and communities, permanent homes for those experiencing



homelessness, recovery residences, and housing available to farm workers and refugees. The Board is authorized to utilize up to 10 percent of these resources for innovative approaches to helping communities meet their housing needs.

(d) In fiscal year 2024, the amount of \$400,000 General Fund is appropriated to the Department for Children and Families Office of Economic Opportunity for grants for rental housing stabilization services pursuant to 2023 Acts and Resolves No. 47, Sec. 43.

(e) In fiscal year 2024, the amount of \$1,025,000 General Fund is appropriated to the Agency of Human Services for grants for the Tenant Representation Pilot Program pursuant to 2023 Acts and Resolves No. 47, Sec. 44.

(f) In fiscal year 2024, the amount of \$2,500,000 General Fund is appropriated to the Department of Housing and Community Development for a grant to the Vermont State Housing Authority for the Rent Arrears Assistance Fund, pursuant to 2023 Acts and Resolves No. 47, Sec. 45.

(g) In fiscal year 2024, the amount of \$4,500,000 General Fund is appropriated to the Department for Housing and Community Development for a grant to the Vermont Housing Finance Agency for its Middle-Income Homeownership Development Program.

EXPLANATION:

The House altered the sequence of the appropriations by inserting their recommendation prior to the appropriation that already exists.

Section 46

(b) To the extent available in fiscal years 2023 and 2024, the amount of \$14,500,000 is reserved in the Other Infrastructure, Essential Investments, and Reserves subaccount of the Cash Fund for Capital and Essential Investments, from the transfer provided in subdivision D.101(a)(1)(D)(ii) of this act, to provide the State match in fiscal years 2025 and 2026 needed for federal funding for water and wastewater related projects under the IIJA. These funds shall only be expended if authorized by the General Assembly.

EXPLANATION:

Citation correction. Changes (10) to (1).



Section 71

(4) ~~\$3,000,000~~ \$3,500,000 to the Agency of Transportation to grant to the Community Action Agencies to support the MileageSmart Program, established in 2019 Acts and Resolves No. 59, Sec. 34, as amended.

(5) ~~\$2,350,000.00~~ \$1,850,000 to the Agency of Transportation for the Replace Your Ride Program, established in 2021 Acts and Resolves No. 55, Sec. 27, as amended.

(6) ~~\$2,200,000~~ \$2,350,000 general funds and \$550,000 Transportation funds to the Agency of Transportation for the following:

(C) \$50,000 Transportation funds and ~~\$100,000~~ \$150,000 general funds to the Agency of Transportation for electric bicycle incentives.

(7) \$500,000 to the Agency of Transportation Electrify Your Fleet Program.

EXPLANATION:

The General Assembly amended the language in the Transportation Bill last session to reallocate funds between programs but never amended the appropriations language. The Administration agreed to proceed with the Legislature’s intent with the understanding that it would be retroactively corrected in the Budget Adjustment Act. The language put forth by the Administration fulfills that understanding. The language presented was adjusted at the request of the House Transportation Committee and represents a combination of the Administration’s technical adjustment plus a policy change to move \$500K from Replace Your Ride to Mileage Smart. The Electrify Your Fleet Program should be added as a new subsection 7. The numerical order should be changed back to the Governor’s Recommendation.

Section 95

The Administration recommends striking this section from H.839, which amends the FY 2024 appropriations act, and moving it to the FY 2025 appropriations act.

EXPLANATION:

This is a policy directive that applies to the FY 2025 budget process and proposes reversions and reappropriations to be made in FY 2025. It does not apply to making changes to the FY 2024 budget; thus, the FY 2025 appropriations bill is a more appropriate legislative vehicle.

