

February 22, 2026

Dear Chair Scheu and House Committee on Appropriations,

Thank you for the opportunity to provide comment regarding the FY27 budget. Below please find our recommendations. We agree with the Governor's SFY27 Recommend of \$299.6 million for the Agency of Natural Resources (SO, DEC, DFW, and LURB) which supports necessary conservation and housing. The ANR SFY27 budget includes an overall decrease of \$42.1 million (~12%) compared to FY26 due to the winding down of BIL/IIJA/ARPA. DFW does not anticipate significant federal reductions or grant eliminations in the remainder of SFY26 or SFY27. Significant budget changes from SFY26 include:

- Increase in salaries, wages, and benefits of \$7M (+6.8%)
- Decrease in Contracted & 3rd Party Service of \$11.6M (-26.9%)
- Decrease in Internal Operations of \$6.5M (-12.7%)
- Decrease in grants of \$30.9M (-20.6%)

The increase in salaries, wages, and benefits is due to cost-of-living increases and steps, which is part of the collective bargaining agreement plus increases in health insurance, retirement, and workers' compensation. The increase is not related to an increase in position count. The FTE count in ANR is holding steady. The vacancy rate of ~8.5% is already included in the budget ask.

We also affirm the Governor's decision to fund the **Vermont Housing and Conservation Board with its full statutory allowance**, and encourage sufficient funding for conservation efforts.

Additional Committee Recommendations:

Critical Needs

- Base funding in the amount of **\$450,000** for 3 additional FTEs for the DEC Office of Water Programs for the timely **implementation of Act 121, the Flood Safety Act**
 - DEC has consistently expressed that they need more capacity in order to implement Act 121. Act 121 will protect Vermonters from lift-threatening, avoidable, and expensive flooding.
- **\$336,200 in additional base funding for the Natural Resource Conservation Districts**, beyond the Governor's recommended **\$612,000**; this would provide a sufficient State share for operational funding at each district office (\$746,998), as well as resources for the statewide Natural Resources Conservation Council (\$74,200) and centralized administrative services (\$40,800)
 - The Natural Resources Conservation Districts find a 9-to-1 match for State-based dollars. They are implementing flood plain restoration and other flood resilience projects, helping Clean Water resources get effectively implemented in the field, and play a crucial role in filling the gap left by NRCS federal staffing reductions for agricultural conservation and clean water projects.

Additional Opportunities for Good Return on Investment

- One-time funding in the amount of **\$200,000** to DEC to implement the initial stages of **S.218, Chloride Contamination Reduction Program**
- We affirm the Governor's Recommend of **\$500,000** for **Serve Learn Earn, \$500,000** in addition to Governor's Recommend (total: \$1 million). This would restore the program to 50% of the funding that it was provided in SFY25
- **\$2 million** in base funding for the **Healthy Homes Initiative**

Sincerely,

Your House Environment Committee