

January 28, 2025

Dear Rep. Scheu,

Please find this letter as the House Committee on Government Operations and Military Affairs (HGOMA) response to the Governor's Recommended Fiscal Year 2025 Budget Adjustment as it relates to areas that touch on our jurisdiction. We have reviewed several proposals and have additional recommendations as well.

State Employee Medical Benefit Plan: With regard to the conversation presented in Appropriations yesterday, we concur with the transfer of \$18.5 million from the general fund to the SEMBP reserve fund (in deficit) so as to avoid an increase in the existing premium which would increase the cost of the plan to the state.

The Vermont State Recovery Office: The Vermont State Recovery office requests \$6.5 million for the Emergency Relief Assistance Fund. They said this amount is an estimate based on cash-flow need caused by the 2023 and 2024 federally declared disasters. The cost estimate for the 2023 disasters has not shifted substantially from last year. The flood events of 2024 and the cash flow needs are primarily driven by the 2024 events being 75/25 cost share events. This creates a higher proportional burden on municipalities and the state, which at this point in time can not be projected precisely. The VSRO will true up this item in the FY26 BAA as they do every year.

Department of Public Safety: DPS requests \$2,256,773 for (B208) Administration and (B210) Criminal Justice Services. For various economic reasons, such as staffing and benefit costs, as well as a downward trend in revenue, the department has been backfilling shortfalls in other areas with a surplus from their general fund, which has now been depleted.

Department of Liquor and Lottery: DLL requests decreases in two fund transfers, one from the Sports Wagering Enterprise Fund and the other from the Liquor Control Fund.

D.101(b)(1)(C) – Sports Wagering Enterprise Fund (50250) The Department of Liquor and Lottery requests a decreased transfer to the General Fund, from \$7,000,000 to \$6,139,162; the decreased amount is \$860,838. As passed, the FY 2025 budget estimated that \$7,000,000 of revenue from sports wagering receipts would be available to transfer to the General Fund. The requested downward adjustment is due to a trend of increased winnings and payouts to players, as reported to DLL from the state's market operators. (More winning consumers means less money in revenue.) The adjustment would more closely align the transfer with the amount of expected available revenue.

D.101(b)(1)(D) –Liquor Control Fund (50300) DLL also requests a decreased transfer to the General Fund from \$21,100,000 to \$9,543,353; the decreased amount is

\$11,556,647. As passed, the FY 2025 budget would have transferred \$21,100,000 from the Liquor Control Fund to the General Fund. However, excessive prior year transfers and evolving market conditions have put the Liquor Control Fund in deficit. The requested reduction is expected to return the fund to a net balanced position at the end of FY 2025 and resolve the deficit.

Sincerely,

Representative Matt Birong
Chair, House Government Operations & Military Affairs Committee
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