

**State of Vermont**  
**Agency of Administration**

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Vermont State House  
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H.493 Committee of Conference  
Senator Andrew Perchlik  
Senator Richard Westman  
Senator Virginia Lyons  
Representative Robin Scheu  
Representative James Harrison  
Representative Tiffany Bluemle

*Via email*

To the Members of the H.493 Committee of Conference:

I write with comments on H.493, *An act relating to making appropriations for the support of government*, as passed by the Senate.

We appreciate the areas of common ground – most notably the \$77 million general fund transfer to the education fund to help stabilize property taxes. To be clear, the Administration proposed this as a bridge to a structurally transformed and fiscally efficient public education system in the near term.

The Administration has consistently expressed concerns with the House and Senate passed versions of H.493, especially the current version's \$50 million of additional base spending, and reductions to critical housing and public health initiatives funded in the Governor's proposed budget. Considering uncertainty at the federal level and the economic outlook, we need to be more measured in funding the operations of state government, especially when it comes to base funding.

The Administration asks the Committee of Conference to consider the following changes to ensure a final budget we can all support.



### **New Programs and Commitments**

H.493 currently includes roughly **three dozen more** one-time initiatives than the Governor proposed and funded in his recommended budget. The B.1100 section of H.493 has almost seventy unique appropriations. While some are important, most are not essential. As we face federal funding and economic uncertainty, we must prioritize programs and services critical to Vermonters – our needs, not our wants. We are ready to work with the Committee of Conference to reduce non-critical appropriations.

### **Position Creation**

The Senate budget creates 12 new permanent positions and converts 11 limited-service positions to permanent. This is on top of another new permanent position created by the House for a total of 24 new permanent positions.

In contrast, the Governor's proposed budget funded 23 new positions by intentionally reclassifying existing vacancies to avoid creating new positions. This fiscally responsible approach utilizes historically high vacancies to live within our means.

The Legislature's new positions create ongoing, base pressures that increase over time, contribute to the large base General Fund increase in the Senate budget. Given current uncertainties, this is a risky, permanent cost pressure to place on Vermont taxpayers. We request the Committee of Conference eliminate newly created positions and address needs within existing resources.

### **Affordability**

Vermonters have been clear: affordability is their top priority. Housing, education transformation and a fiscally responsible budget all contribute to this issue.

The Governor's budget proposed \$13.5 million in much needed, targeted tax relief. This package included four initiatives: A military pension exemption, expanding the child tax credit, increasing the earned income tax credit to 100% and increasing income eligible limits for the social security tax exemption. These proposals are targeted directly at the people who need it: young families, lower income, working Vermonters and seniors on fixed incomes. We are encouraged by the House's current support of these proposals and hope the Senate will support them as well.

### **Housing**

The Administration and the Legislature have acknowledged the need for action to reverse Vermont's housing crisis. The Governor's proposed budget, alongside our multi-pronged housing plan, worked together to fix policies that increase costs and stifle housing, and make strategic investments to move the needle on unit generation *and* mitigate root causes of homelessness.



H.493 makes changes to these investments that will undermine our ability to build and revitalize homes across the state. Specifically, H.493:

- Eliminates ongoing funding for the Vermont Housing Improvement Program (VHIP) – one of the least expensive and fastest tools to bring affordable units online – by shifting it from base to one time. This program should be permanent.
- Cuts by more than half (from \$30 million to \$13.5 million) the Governor's proposed investments in the Missing Middle Homeownership Development Program and the Rental Revolving Loan Fund.

Instead of investing in permanent housing, H.493 commits \$10 million in base funds for H.91, *An act relating to the Emergency Temporary Shelter Program*. Though we may agree on concepts in this bill, such as a community-based approach, we cannot support locking in our commitment – and permanently diverting even more taxpayer dollars – to the hotel/motel program. Given the ongoing discussions related to H.91, I request we focus on spending less and narrowing the scope of the program for the future.

We are available to discuss our position and provide additional background. I look forward to working with you to finalize a budget we can all support.

Sincerely,

Sarah Clark  
Secretary of Administration

Cc: Senator Philip Baruth, State Senate, Senate President Pro Tempore  
Representative Jill Krowinski, House of Representatives, Speaker  
Catherine Benham, Joint Fiscal Office, Chief Fiscal Officer  
Emily Byrne, Joint Fiscal Office, Deputy Fiscal Officer  
Aimee Pope, Joint Fiscal Office, Associate Fiscal Officer  
Adam Greshin, Department of Finance and Management, Commissioner

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