



COMMONWEALTH of VIRGINIA

Office of the Governor

Glenn Youngkin
Governor

August 9, 2023

The Honorable William Euille
The Honorable Gregory Holland
The Honorable Mark Rubin

Via Electronic Mail

Dear Messrs. Euille, Holland, and Rubin,

I was deeply disappointed that at the July 20 Virginia Alcoholic Beverage Control Authority Board of Directors meeting, the three of you joined together to defeat the agency's Fiscal Year 2024 budget proposal recommended by ABC's Chief Executive Officer and supported by the Commonwealth's Chief Transformation Officer.

As you are aware, your CEO and his administrative team have for months been collaborating with the Transformation Office to improve business operations and increase profit margins so that Virginia taxpayers would be the beneficiaries of a better run, more profitable organization. This collaborative effort was undertaken as a result of your request during the ABC Board's April 20 meeting.

The budget you defeated would have increased agency net operating profit margins to approximately 19%, the first increase in three years, despite rising net operating revenues at the agency. The budget you rejected would have returned significantly more resources to the Commonwealth and was supported by ABC management. Instead, your group passed, by a 3-2 vote, a budget which would continue the trend of stagnant or declining net operating profits despite those increasing revenues, providing for a record-low net operating profit margin of only 17%—a decision which would cost taxpayers at least \$21 million in resources. In justifying your decision, one of you publicly stated: "I saw today there's \$5.2 billion of additional money in Virginia. [Losing \$21 million in the Authority's budget] may make us less productive and take us off of the path we're on in terms of the future." I am alarmed and deeply disappointed that one of you used the existence of a budget surplus as justification for voting to allow poor performance by ABC.

While I presume each of you is well-intentioned, this is unacceptable, and in my opinion, you have neglected your duties. You must serve as faithful, responsible stewards of the public's money, and you inexplicably fell far short of that duty.

Therefore, I am directing you to cause a re-vote on the budget and to vote to pass a budget for Fiscal Year 2024 that will reverse the trend of declining net operating profit and net operating profit margins at ABC.

Sincerely,

A handwritten signature in blue ink, appearing to read "Glenn Youngkin", is written over the printed name. The signature is fluid and cursive, with the first name "Glenn" and last name "Youngkin" clearly distinguishable.

Glenn Youngkin