

## MEMORANDUM

**TO:** Joint Fiscal Committee  
**FROM:** Adam Greshin, Commissioner of Finance & Management  
**DATE:** October 15, 2018  
**RE:** Excess Receipts Report – 32 VSA Sec 511



In accordance with 32 VSA Sec 511, please find attached the report on Excess Receipts approved for expenditure through the first quarter of FY 2019 (7/1/2018 through 9/30/18). The full text of the governing statute is provided at the end of this memo.

### Review Process

The Administration goes through an extensive application and approval process for allowing expenditure of excess receipts. The form required of departments can be found at: [http://finance.vermont.gov/sites/finance/files/pdf/forms/budget/Excess\\_Receipts\\_Form.doc](http://finance.vermont.gov/sites/finance/files/pdf/forms/budget/Excess_Receipts_Form.doc) (at <http://finance.vermont.gov/forms> under the “Budget” category). The form requires information to ensure that the approval does not overstep statutory guidelines. Requests that overstep the statutory guidelines are denied, and/or where appropriate are held for the legislative budget process.

Departments are required to provide written answers to the following questions (although only the response to the first question is entered into the VISION database):

- Reason funds are available?
- Do you anticipate additional funds from the same source available in this fiscal year and above current appropriation?
- Is this increase one-time or at an ongoing level?
- Why were funds not fully budgeted during budget development?
  - What is the current year appropriation or grant amount approved by the Joint Fiscal Committee for this fiscal year, from this source of funds for this purpose?
- If these are ongoing funds, will funds from this source be fully budgeted and appropriated next fiscal year?
- Were excess receipts requested from this source in the preceding two fiscal years? If so, explain why they were not budgeted?
- Are these excess receipts being received from another department (i.e., interdepartmental transfers)? If so, are they appropriated in that department or will excess receipts be required there as well?



- Relationship, if any, to the Budget Adjustment Act?
- Can excess receipts be used to reduce the expenditure of State funds?
- **Will excess receipts establish or increase the scope of a program, committing the State at any time to expend State funds?** [The form notes that in such instances, legislative approval is required.]
- What specifically will excess receipts be used for? What is the impact on programs if this excess receipt request is not approved?
- Are any of the excess receipts to be used for your department's administrative, staff or operating expenses? If so, explain.
- Is there any matching fund requirement due to excess receipts? If so, where is the match found in your budget?
- If excess receipts are earned federal receipts, is excess receipt being spent in the same (federal) program where the excess receipts are earned? If not, explain.
- Has the excess receipt been received and deposited? If no, what date are funds expected?
- If approved, when will the expenditure of this excess receipt first occur?

The VISION entry normally includes only the response to the first question – why are additional receipts available? However, for any individual Excess Receipt Request, we can provide the full paper copy of the form, listing all the department's responses.

### **Broad Categories of Excess Receipt Requests**

Requests for expenditure of excess receipts generally fall into several broad categories:

**Interdepartmental Transfers:** It is not uncommon for one State department (“Department A”) to purchase services from another State department (“Department B”). In that instance, Department A budgets these expenditures just as they would any other type of expenditure: by type of expenditure and by the source of revenue that will fund these expenditures. Department B also budgets these expenditures, and identifies the source of revenue as “interdepartmental transfers.” This process results in a small amount of “double-booking” of spending authority but ensures that both departments have the necessary spending authority. In many cases, at the time of budget development, Department A has not yet decided from where to purchase the services in question, so Department B does not budget the interdepartmental transfer revenues. When Department A moves forward to contract for services with Department B after the budget has closed, then Department B must request an Excess Receipts approval for the additional spending authority to perform the services.

**Federal Funds:** Departments estimate their likely federal receipts in the fall for the upcoming budget year, meaning the estimate is as much as nine-months old at the start of the budget year, and another 12 months older by the end of the budgeted fiscal year. As a result, more recent developments may mean that the budgeted federal spending authority is insufficient, either because the current federal award for an existing grant has been increased, or there is spending authority from grants from earlier federal fiscal years that can be used in the current year. Additionally, extraordinary events – such as the federal American Recovery and Reinvestment Act (ARRA) or federal aid to Vermont due to Tropical Storm Irene – may cause large – and unanticipated -- spikes in federal receipts.

**Other:** There are over 200 different special funds created under State law, in which are deposited fees, user charges, penalties, specified taxes, etc. Departments estimate how much they will collect each year for each of these special funds, and base their spending plans accordingly. However, for the same reasons noted above, the actual collections for these revenues may be higher than the original budget. Excess receipts may also be used in an instance where prior-year special fund spending authority was not utilized and needs to be created again in the subsequent year (similar to a carry-forward). It should be noted that in addition to the restrictions in the excess receipts statute, each special fund has its own statutory restrictions that prevent the funds being used for other than their intended purposes and programs.

**Attached Report:**

The attached report is a cumulative list of approved excess receipt requests for the first quarter of the current fiscal year. It includes ALL the data entered in VISION for that transaction, including:

- Agency/Department name
- Appropriation name and “DeptID”
- Transaction date
- Fund source – name and fund number
- Amount
- Comments in response to question: “Why are funds available?” (VISION allows for a limited number of characters per cell entry.)

The data are sorted into the three broad categories of requests discussed above.

**Governing Statute:**

**32 V.S.A. § 511. EXCESS RECEIPTS**

*If any receipts including federal receipts exceed the appropriated amounts, the receipts may be allocated and expended on the approval of the commissioner of finance and management. If, however, the expenditure of those receipts will establish or increase the scope of the program, which establishment or increase will at any time commit the state to the expenditure of state funds, they may only be expended upon the approval of the legislature. Excess federal receipts, whenever possible, shall be utilized to reduce the expenditure of state funds. The commissioner of finance and management shall report to the joint fiscal committee quarterly with a cumulative list and explanation of the allocation and expenditure of such excess receipts.*

**FY 2019 Excess Receipts Report - Q1 - Run 10/15/2018**

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
Treasurer's Office	US Forest Sales to Towns	1260110000	7/26/2018	22005	Federal Revenue Fund	98,507	Federal Money
Housing & Comm Development	Housing & Community Developmnt	7110010000	9/27/2018	22005	Federal Revenue Fund	2,584,026	Community Development Block Grant program awards exceed current spending
Economic Development	Economic Development	7120010000	8/6/2018	22005	Federal Revenue Fund	672,023	Federal Department of Defense Economic Adjustment Assistance and Environmental Protection Agency Brownfield Assessment awards exceeds current spending authority.
<b>Subtotal Federal Funds (Including "Regular" ARRA) Excess Receipts</b>						<b>3,354,556</b>	
Agency of Digital Services	Comm & Info Technology	1105500000	9/26/2018	21500	Inter-Unit Transfers Fund	69,240	Remaining balances from VCGI in ACCD totalling \$375,201.45
Agency of Digital Services	Comm & Info Technology	1105500000	9/26/2018	21500	Inter-Unit Transfers Fund	(747,210)	To reverse orig ER-28 that was posted on 8/15/18.
Agency of Digital Services	Comm & Info Technology	1105500000	8/15/2018	21500	Inter-Unit Transfers Fund	747,210	Carry forward and by Statute
Sergeant at Arms' Office	Sergeant at Arms	1230001000	8/14/2018	21500	Inter-Unit Transfers Fund	10,000	Room Rental
State Ethics Commission	State Ethics Commission	1300001000	7/31/2018	21500	Inter-Unit Transfers Fund	62,953	The Ethics Commission was created on 10/15/17 and has been working on setting up operations. Large startup expenses were planned but not executed before 6/30/18. This ER is to re-establish the spending authority to allow the purchase of svcs and equip.
Crime Victims' Services Center	Victims Compensation	2160010000	9/21/2018	21500	Inter-Unit Transfers Fund	2,552	Grant to VCCVS from DCF MOU 03440-38354-18-CJA
Forests, Parks & Recreation	Forestry	6130020000	8/14/2018	21500	Inter-Unit Transfers Fund	5,000	Funds from VDH to support delivery of Arbor Day Foundation's Energy Saving Trees Program in two communities, which provides property owners with free trees, with the goal of reducing energy expenses on cooling and heating.
Forests, Parks & Recreation	Forestry	6130020000	8/14/2018	21500	Inter-Unit Transfers Fund	11,706	Fund from DEC to facilitate compliance with water quality requirements. FPR will create a green street guidance doc to provide info & advice on how to incorporate green infrastructure to create high quality urban roadside environments.
Forests, Parks & Recreation	Forestry	6130020000	8/14/2018	21500	Inter-Unit Transfers Fund	11,000	Funds are available through a grant agreement with DEC to support invasive plant control in Lake Champlain.
Forests, Parks & Recreation	Forestry	6130020000	8/14/2018	21500	Inter-Unit Transfers Fund	25,000	The receipts in the interdepartmental transfer fund are available from FEMA disaster assistance received through VTrans for the flood events.

Forests, Parks & Recreation	Parks	6130030000	8/14/2018	21500	Inter-Unit Transfers Fund	225,000	The receipts in the interdepartmental transfer fund are available from FEMA disaster assistance received through VTrans for the flood events.
Tourism & Marketing	Dept. of Tourism & Marketing	7130000000	7/16/2018	21500	Inter-Unit Transfers Fund	16,779	FY18 remaining inter-unit transfer cash balance of Byways Program per MOU with AOT.
Transportation Agency	Finance & Administration Div	8100000100	7/9/2018	21500	Inter-Unit Transfers Fund	500,000	Expenditures related to fire event at National Life will be reimbursed by insurance reserve funds.
<b>Subtotal Interdepartmental Transfers</b>						<b>1,160,393</b>	
Economic Development	Economic Development	7120010000	7/16/2018	21820	ACCD-Miscellaneous Receipts	19,970	Cash balance of Economic Development PTAC Program's Matchmaker Event in Misc Receipts Special Fund 21820.
Buildings & Gen Serv-Capital	VT Expo major Maint 51/14(a)	1305100141	9/6/2018	21682	AF&M-Eastern States Building	25,000	Additional spending authority to cover additional expenses at the Big E.
Buildings & Gen Serv-Gov'tal	BGS- Recycling Efforts	1150060000	8/22/2018	21604	BGS-Recycling Efforts	20,000	Funds are collected from the disposition of recycling materials. The proceeds are deposited into the fund and can only be used for recycling efforts statewide.
Buildings & Gen Serv-Capital	BGS-Various Property Sales	0904300250	9/25/2018	21613	BGS-Sale of State Land	8,903	Replenish spending authority as of 6/30/18
Buildings & Gen Serv-Capital	BGS-Various Property Sales	0904300250	8/14/2018	21613	BGS-Sale of State Land	8,903	Replenish spending authority as of 6/30/18
Agency of Digital Services	Comm & Info Technology	1105500000	9/26/2018	21932	Clean Water Fund	290,065	Remaining balances from VCGI in ACCD totalling \$375,201.45
Education Agency	Education Services	5100070000	9/6/2018	21848	ED-Private Sector Grants	210,000	Unspent funds from FY18 and additional funds received from grantor organizations.
Economic Development	Economic Development	7120010000	7/16/2018	21898	Entergy-Windham Cnty Econ Dev	339,873	Remaining cash balance of Entergy-Vermont Yankee Windham Cty Econ Dev Fund (21898) which was set up for a \$10m settlement fee paid out at \$2m per year for 5 years per attached MOU. [Act 4 (2015) Sec. 69(a); Act 68 (2016) Sec. 69A.]
Human Resources-Gov'tal	DHR - VTHR Operations	1120080000	8/8/2018	59300	Financial Management Fund	414,209	The DHR division of VTHR Operations ended the fiscal year with a surplus of funds and is now requesting ER authorization to use the funds to upgrade the system to make it more innovative/intuitive. ER will be used for FY19 HCM Modernization.
Forests, Parks & Recreation	Lands Administration	6130040000	8/20/2018	21779	FPR-Youth Conservation Corps	300,000	Funds are available through a cash assistance MOA between FPR and VYCC. VYCC will reimburse FPR for all cash assistance before the end of FY19.
Transportation Agency-Prop	Central Garage	8110000200	8/1/2018	57100	Highway Garage Fund	778,374	Funds are the unexpended balance in the equipment replacement account at the end of FY18. Funds will be used for equipment purchases per Title 19, Sec. 13 (c).

Human Resources-Gov'tal	PERSONNEL OPERATIONS	1120010000	8/29/2018	59600	Human Resource Services	115,323	As we prepare for the final FY18 CAFR, we need to finalize the transfer between fund 59600 and 21500 for the amount appropriated to the State Ethics Commission for FY18. This will be a one-time transfer to true-up accounts for FY18.
Human Resources-Gov'tal	PERSONNEL OPERATIONS	1120010000	7/24/2018	59600	Human Resource Services	98,967	DHR began implementation of a new recruitment svcs system, fully budgeted for in FY18. Project milestone payments to the vendor carried into FY19. This ERR is to re-establish the spending authority in FY19 in order to complete payments for the project.
Buildings & Gen Serv-Gov'tal	BGS-Information Centers	1150400000	9/21/2018	21936	Information Center Revenues	250,000	Receipts come from advertisement marketing panels placed in Information Centers around the state.
Economic Development	Economic Development	7120010000	7/24/2018	21054	Misc Fines & Penalties	20,000	Stenger EB-5 Settlement Agreement (attached). Funds will be deposited into fund 21054 Misc Fines and Penalties to be used for Rutland Economic Development. Spending authority will be built into the FY20 Base Budget.
Judiciary	Judiciary Appropriation	2120000000	7/17/2018	21908	Misc Grants Fund	26,584	FY18 Grant Award carry-forward to FY19. Grant was extended to 7/31/2018.
Sergeant at Arms' Office	Sergeant at Arms	1230001000	8/14/2018	21870	Misc Special Revenue	10,000	Room Rental
Public Safety	DPS-Emergency Management	2140030000	9/21/2018	21870	Misc Special Revenue	604,000	Emergency Management Assistance Compact (EMAC) missions
Agency of Digital Services	Comm & Info Technology	1105500000	9/26/2018	21330	Municipal & Regional Planning	5,277	Remaining balances from VCGL in ACCD totalling \$375,201.45
Forests, Parks & Recreation	Forestry	6130020000	8/14/2018	21475	Natural Resources Mgmt	33,334	Under H.495 DEC will transfer 50K of revenue to FPR for water quality improvement efforts. The funds will be used to purchase & construct skidder bridges for timber harvesters and other to improve water quality at logging sites.
Economic Development	STEM Incentive	7120891602	7/17/2018	21992	Next Generation Initiative Fnd	59,100	One-time appropriations FY2018 special fund remaining balances carry forward
Economic Development	STEM Incentive	7120891702	7/17/2018	21992	Next Generation Initiative Fnd	27,900	One-time appropriations FY2018 special fund remaining balances carry forward
Public Safety	DPS-Emergency Management	2140030000	9/21/2018	21584	Surplus Property	20,303	Proceeds from SFY18 spring auction
Finance & Management	University of VT	1110891802	7/18/2018	21370	Tobacco Litigation Settlement	500,000	These funds were appropriated in the FY2019 Big Bill for UVM per Sec C. 105.1(a)(2). We are requesting Excess Receipts to re-establish spending authority.
Buildings & Gen Serv-Gov'tal	Brattleboro Retreat	1150891801	9/24/2018	21370	Tobacco Litigation Settlement	1,000,000	2018 Special Session Act 11 Sec C.105.1(a)(1) appropriated 1MM to BGS for renovation and fit-up of the Brattleboro Retreat. The approp was approved at the end of FY18 without time for BGS to expend the funds. This to re-establish spending authority.

Joint Fiscal Office	Corrections Healthcare	1220891801	8/20/2018	21370	Tobacco Litigation Settlement	150,000	Funds were appropriated in Act 11 of 2018 (Sec. C.105.1(a)(13)) from the Tobacco Litigation Settlement Fund for use on a study of corrections health care.
Transportation Agency	Rail	8100002300	7/16/2018	20150	Transportation FEMA Fund	25,000	Fund are available for three Rail projects, New Haven RREW001A, RREW001C, and Ferrisburgh RREW001D.
Transportation Agency	TH State Aid Federal Disasters	8100001000	7/24/2018	20135	Transportation FHWA Fund	2,500,000	Funds are Federal Emergency Relief funds available for Disaster VT17-1 - Heavy Rain, Severe Flooding in the State of Vermont from 6/29-7/1/17 - see attached letter.
Transportation Agency	Rail	8100002300	7/24/2018	20155	Transportation-FRA Fund	1,644,479	Funds are available from TIGER V Grant. See attached email from FRA.
Military	MIL Vet Affairs Office	2150050000	9/21/2018	21924	Vermont Veterans Fund	72,900	Proceeds from tax return donations
Agency of Digital Services	Comm & Info Technology	1105500000	9/26/2018	21328	Vt Center for Geographic Infor	10,620	Remaining balances from VCGI in ACCD totalling \$375,201.45
<b>Subtotal Other Fund Excess Receipts</b>						<b>9,589,085</b>	
<b>TOTAL:</b>						<b>14,104,034</b>	