

## MEMORANDUM

**TO:** Joint Fiscal Committee  
**FROM:** Adam Greshin, Commissioner of Finance & Management  
**DATE:** February 5, 2019  
**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 second quarter of FY 2019 (10/1/2018 through 12/31/18). 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 - Q2 - Run 2/5/2019

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
Green Mountain Care Board	Green Mountain Care Board	3330010000	10/17/2018	22005	Federal Revenue Fund	70,000	GMCB anticipated drawing more Federal Cycle IV grant funds than anticipated before the grant closes in FY19
<b>Subtotal Federal Funds (Including "Regular" ARRA) Excess Receipts</b>						<b>70,000</b>	
DLL - Div of Liquor Control	DLC - Enforcement & Licensing	2300002000	12/4/2018	21500	Inter-Unit Transfers Fund	42,938	Grant funds received in FY2017, not all spent, program to continue through FY2019.
Tourism & Marketing	Dept. of Tourism & Marketing	7130000000	10/2/2018	21500	Inter-Unit Transfers Fund	4,586	FY19 MOU Agreement. AOT transferred funds for its contribution to CISION contract.
Transportation Agency	Finance & Administration Div	8100000100	12/21/2018	21500	Inter-Unit Transfers Fund	250,000	Expenditures related to fire event at National Life will be reimbursed by insurance reserve funds.
Transportation Agency	Public Transit	8100005700	11/15/2018	21500	Inter-Unit Transfers Fund	4,487	Funds are available from Grant Agreement (GR1255) between AOT (Public Transit Section) and Rural Community Transportation, Inc.. See MOU between VTRANS and Vt Agency of Human Resources.
<b>Subtotal Interdepartmental Transfers</b>						<b>614,660</b>	
Finance & Management	Vt Council on the Arts	1110013000	12/3/2018	21445	Art Acquisition Fund	25,000	Funds rec'd into the Acquisition of Art in State Buildings special fund for Vermont Arts Council to acquire are on behalf of the state. The Vermont Arts Council must request distribution directly from the Dept of Finance & Management.
Environmental Conservation	Air & Waste Management Approp	6140030000	11/29/2018	21275	Environmental Contingency Fund	750,000	Court ordered settlement between St Gobain & SOV for the cleanup of PFOA contamination in Bennington & N. Bennington. Orig ERR submitted in FY18 but work was not completed in FY18. This ERR to establish spending for FY19.
Financial Regulation	Securities Division	2210031000	11/7/2018	21906	Financial Services Education	50,000	Over the last 12 years funds have been deposited into this special fund per 9 VSA 5601(d) and (e). Donations have come from financial services entities.
Housing & Comm Development	Housing & Community Developmnt	7110010000	12/14/2018	21054	Misc Fines & Penalties	101,857	Cash balance in fund 21054, Misc Fines & Penalties for various earmarked projects
Libraries	Department of Libraries	1130030000	11/6/2018	21870	Misc Special Revenue	80,000	OneClick Digital Program and Movie License Program made available to public libraries/schools which are provided using a fee structure based on circulation. Participating libraries and schools pay 100% of the cost for the services.

DLL - Div of Liquor Control	DLC - Enforcement & Licensing	2300002000	11/29/2018	21870	Misc Special Revenue	3,249	Revenue from informational training packets, and there is still a balance remaining even though revenue for Online Training is deposited in 50300 starting in 2017.
DLL - Div of Liquor Control	DLC - Enforcement & Licensing	2300002000	11/29/2018	21870	Misc Special Revenue	82,137	Revenue from informational training packets, and there is still a balance remaining even though revenue for Online Training is deposited in 50300 starting in 2017.
Housing & Comm Development	Housing & Community Developmnt	7110010000	10/2/2018	21330	Municipal & Regional Planning	17,951	Municipal Planning Grant funds remaining in FY2018 and FY2017
Agriculture, Food&Mrkts Agency	Lg Animal Vet Loan repayment	2200891801	11/20/2018	21992	Next Generation Initiative Fnd	2,589	Remaining on-time appropriation - grant agreement exists fully obligating funds.
Environmental Conservation	Air & Waste Management Approp	6140030000	11/29/2018	21281	Saint-Gobain Waterline Fund	6,095,916	Court ordered settlement between St Gobain & SOV for the cleanup of PFOA contamination in Bennington & N. Bennington. Orig ERR submitted in FY18 but work was not completed in FY18. This ERR to establish spending for FY19.
Public Safety	DPS-Fire Safety	2140040000	10/4/2018	21584	Surplus Property	12,000	These funds are available from the sale of vehicles at auction
Corrections	Design Reentry Program	3480891801	10/4/2018	21370	Tobacco Litigation Settlement	350,000	These funds were appropriated in Act 11, but allocated in FY18. These were not to be spent until FY19, so spending authority is needed.
Corrections	Medication Assisted Treatmnt	3480891802	10/4/2018	21370	Tobacco Litigation Settlement	400,000	These funds were appropriated in Act 11, but allocated in FY18. These were not to be spent until FY19, so spending authority is needed.
<b>Subtotal Other Fund Excess Receipts</b>						<b>7,970,699</b>	
<b>TOTAL:</b>						<b>8,655,359</b>	