


## MEMORANDUM

**TO:** Joint Fiscal Committee  
**FROM:** Adam Greshin, Commissioner of Finance & Management   
**DATE:** October 30, 2019  
**RE:** Excess Receipts Report – 32 VSA Sec 511

Pursuant to 32 VSA Sec 511, attached please find a report on Excess Receipts approved for expenditure through the first quarter of FY 2020 (7/1/2019 through 9/30/19). The full text of the governing statute is provided at the end of this memo.

### Review Process

The Administration completes an extensive review prior to approving expenditure of excess receipts. The form required of departments can be found at: <http://finance.vermont.gov/forms/budget>. The review ensures approval does not overstep statutory guidelines. Requests that overstep statutory guidelines are either denied and/or 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?
- Are additional funds anticipated from the same source available in this fiscal year and above the current appropriation?
- Is this increase one-time or ongoing?
- 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.]
- For what, specifically, will excess receipts be used? 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.
- Do the excess receipts have a matching fund requirement? If so, in which budget is the match found?
- If excess receipts are earned federal receipts, are the excess receipts being spent in the same (federal) program where they are earned? If not, explain.
- Have the excess receipts been received and deposited? If no, what date are funds expected?
- If approved, when will the expenditure 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, the paper copy of the form with the full department response can be provided.

### **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 department within state government (“Department A”) to purchase services from another 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. Interim developments may mean the budgeted federal spending authority is insufficient, either because the federal award for an existing grant has been increased or spending authority from grants from earlier federal fiscal years 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, unanticipated spikes in federal receipts.

**Other:** Over 200 special funds exist 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. Actual collections 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). In addition to restrictions in the excess receipts statute, each special fund has its own statutory restrictions that put guardrails around the use of special fund revenues.

**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 General Assembly. 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 2020 Excess Receipts Report - Q1 - Run 10/30/2019**

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
Forests, Parks & Recreation	Lands Administration	6130040000	7/30/2019	22005	Federal Revenue Fund	8,644,957	Federal funds are available from the U.S. Forest Service for Forest Legacy Program acquisitions. Available funding by project is detailed on the attached document.
<b>Subtotal Federal Funds (Including "Regular" ARRA) Excess Receipts</b>						<b>8,644,957</b>	
Buildings & Gen Serv-Prop	BGS-Fee For Space	1160550000	9/4/2019	21500	Inter-Unit Transfers Fund	102,920	FEMA proceeds for admin costs related to the financial closeout of Tropical Storm Irene.
Joint Fiscal Office	Joint Fiscal Committee/Office	1220000000	7/30/2019	21500	Inter-Unit Transfers Fund	121,193	Funds to be carried forward to perform IT project review and oversight and report to Leg per Act 84 of 2017, Sec. 32. Funding will be used thru Aug 19, when the current contract expires, after which time any remaining funds will be returned to Jud.
Sergeant at Arms' Office	Sergeant at Arms	1230001000	8/20/2019	21500	Inter-Unit Transfers Fund	10,000	Room Rental
State Ethics Commission	State Ethics Commission	1300001000	8/28/2019	21500	Inter-Unit Transfers Fund	60,946	This Excess Receipt request is to re-establish the spending authority from FY2019 in FY2020, which will allow for the purchase of service and equipment necessary to the mission of the State Ethics Commission.
Public Safety	DPS-Emergency Management	2140030000	8/2/2019	21500	Inter-Unit Transfers Fund	130,000	Public Assistance disaster DR-4022 (Tropical Storm Irene) Category Z Management Cost is still open and funding is available. AOT is the recipient for this disaster, but Vt Emergency Management staff manages the disaster programmatically.
Vermont Health Access	DVHA-Medicaid-Long Term Care W	3410016000	7/3/2019	21500	Inter-Unit Transfers Fund	60,000,000	FY20 GC for Choices for Care amt in B.308 will be approp'd to DVHA & Finance will do a transfer of the spending authority to DAIL on 7/1/19 under the authority of Sec E.308. F&M instructed DVHA to continue to pay Medicaid draws out of 21500/34100160000
Corrections	Correc-Correctional Services	3480004000	9/20/2019	21500	Inter-Unit Transfers Fund	1,265,478	These funds were appropriated to AHS in Act 11 of 2018 Special Session, C.1000(a)(14), and the spending plan was approved by the JFC on 09/27/18.
Corrections	Correc-Correctional Services	3480004000	9/19/2019	21500	Inter-Unit Transfers Fund	800,000	These funds were appropriated to AHS in Act 11 of 2018 Special Session, C.1000(a)(14), and the spending plan was approved by the JFC on 09/27/18 to address MAT costs at DOC in FY19 and FY20.

Forests, Parks & Recreation	Lands Administration	6130040000	7/30/2019	21500	Inter-Unit Transfers Fund	35,000	Federal funds are available from the U.S. Forest Service for Forest Legacy Program acquisitions. Available funding by project is detailed on the attached document.
Housing & Comm Development	Housing & Community Developmnt	7110010000	8/22/2019	21500	Inter-Unit Transfers Fund	245,472	Receiving additional VW mitigation funds for Grants and Administration Dept of Environmental Conservation (DEC) per MOA.
Transportation Agency	Finance & Administration Div	8100000100	7/23/2019	21500	Inter-Unit Transfers Fund	25,000	Expenditures are ongoing costs associated with fire event at National Life and will be reimbursed by insurance reserve funds.
<b>Subtotal Interdepartmental Transfers</b>						<b>62,946,008</b>	
Economic Development	Economic Development	7120010000	7/9/2019	21820	ACCD-Miscellaneous Receipts	200,000	Northern Borders Regional Development Commission has contracted with Vt Dept of Economic Development to establish an independent office of the NBRC. The NBRC will reimburse DED for the cost of a two year limited service position and associated costs.
Agriculture, Food&Mrkts Agency	VT Ag & Environmental Lab	2200150000	8/29/2019	21668	AF&M-Feed Seeds & Fertilizer	363,950	Agency met all required closeout deadlines. Requisitions were in place in FY19, however, PO's were not created by BGS in time to encumber FY19 funds.
Agriculture, Food&Mrkts Agency	VT Ag & Environmental Lab	2200150000	8/29/2019	21669	AF&M-Pesticide Monitoring	450,000	Agency met all required closeout deadlines. Requisitions were in place in FY19, however, PO's were not created by BGS in time to encumber FY19 funds.
Transportation Agency	Vehicle Incent & Emissions Rep	8100891901	7/16/2019	21638	AG-Fees & Reimburs-Court Order	1,700,000	Funds were appropriated in FY19 but due to a technical error in the authorizing language the funds did not carry forward for expenditure in FY20 as intended.
Military	MIL Vet Affairs Office	2150050000	7/9/2019	21975	Armed Services Scholarship Fnd	11,304	Appropriated from the Legislature into fund to support program.
Buildings & Gen Serv-Gov'tal	BGS- Recycling Efforts	1150060000	8/29/2019	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.
Housing & Comm Development	Housing & Community Developmnt	7110010000	7/23/2019	22060	DHCD-CDBG Program Income Fund	624,211	Fund 22060 was created after the FY2020 Budget Build for Federal CDBG Program Income (CFDA #14.228).
Housing & Comm Development	Housing & Community Developmnt	7110010000	7/23/2019	21575	Downtown Trans & Capital Impro	30,463	Funds remaining at FYE19.
Public Safety	DPS-Emergency Management	2140030000	9/20/2019	21555	Emergency Relief & Assist Fd	699,903	The Emergency Relief Assistance Fund (ERAF) provides State funding to match federal Public Assistance after federally declared disasters. Title 20: Internal Security and Public Safety 20 V.S.A. 45).

Forests, Parks & Recreation	Lands Administration	6130040000	7/30/2019	21779	FPR-Youth Conservation Corps	300,000	Funds are available through a cash assistance grant between FPR and the Vermont Youth Conservation Corps (VYCC). VYCC will reimburse FPR for all cash assistance before the end of FY20.
Public Safety	DPS-Fire Safety	2140040000	9/5/2019	21125	Haz Chem & Subst Emerg Resp	210,000	Revenue is from entities required to report the use or storage of hazardous chemicals or substances. They pay annual fees for each hazardous chemical or substance that is present at the facility.
Transportation Agency-Prop	Central Garage	8110000200	7/30/2019	57100	Highway Garage Fund	1,118,687	Funds are the unexpended balance in the equipment replacement account at the end of FY19. Funds will be used for equipment purchases per Title 19, Sec. 13(c).
State Ethics Commission	State Ethics Commission	1300001000	8/28/2019	59600	Human Resource Services	16,947	This Excess Receipt request is to re-establish the spending authority from FY2019 in FY2020, which will allow for the purchase of service and equipment necessary to the mission of the State Ethics Commission.
Department of Liquor & Lottery	Liquor Warehouse-Distribution	2320030000	7/9/2019	50300	Liquor Control Fund	109,482	FY2020 Liquor Sales
Department of Liquor & Lottery	Liquor - Administration	2320040000	7/9/2019	50300	Liquor Control Fund	1,031,173	FY2020 Liquor Sales
Housing & Comm Development	Housing & Community Developmnt	7110010000	7/16/2019	21054	Misc Fines & Penalties	10,125	Signed Assurance of Discontinuance regarding Act 250 Violation
Economic Development	Economic Development	7120010000	7/30/2019	21054	Misc Fines & Penalties	20,000	Stenger EB-5 Settlement Agreement. Cash balance of funds deposited into fund 21054 Misc Fines and Penalties to be used for Newport Economic Development, exceeds spending authority.
Libraries	Department of Libraries	1130030000	9/12/2019	21870	Misc Special Revenue	50,000	The Vendor Recorded Books offers product OneClick Digital to Dept of Libraries, who negotiated a contract and made the service available to public libraries around the state using a fee structure we set up. Participating libraries pay 100% of the cost.
Sergeant at Arms' Office	Sergeant at Arms	1230001000	8/20/2019	21870	Misc Special Revenue	10,000	Room Rental
Auditor of Accounts' Office	Auditor of Accounts	1250010000	9/19/2019	21870	Misc Special Revenue	30,614	Per Statute - Town's Financial Responsibility of TIF Audit Performed by State Auditor's Office.
Auditor of Accounts' Office	Auditor of Accounts	1250010000	9/19/2019	21870	Misc Special Revenue	41,707	Per Statute - Town's Financial Responsibility of TIF Audit Performed by State Auditor's Office.
Auditor of Accounts' Office	Auditor of Accounts	1250010000	9/19/2019	21870	Misc Special Revenue	40,841	Per Statute - Town's Financial Responsibility of TIF Audit Performed by State Auditor's Office.
Auditor of Accounts' Office	Auditor of Accounts	1250010000	9/19/2019	21870	Misc Special Revenue	75,000	Per Statute - Town's Financial Responsibility of TIF Audit Performed by State Auditor's Office.

Department of Liquor & Lottery	Liquor Enforcement & Licensing	2320020000	9/3/2019	21870	Misc Special Revenue	50,000	NABCA grant rec'd in FY2019 and approved for spending by all stakeholders
Public Safety	DPS-Criminal Justice Services	2140020000	9/5/2019	21857	PS-VIBRS	380,000	There is unspent revenue for prior FY's. ERR's are used to fund one time projects such as this.
Secretary of State's Office	Secretary of State	2230010000	7/25/2019	21928	Secretary of State Services	146,016	Per Act 72 of 2019 sec C.102.2
Secretary of State's Office	BizPortal	2230891901	7/25/2019	21928	Secretary of State Services	200,000	Per Act 72 of 2019 sec C.102.2
Public Safety	DPS-Emergency Management	2140030000	9/12/2019	21584	Surplus Property	4,296	Proceeds from SFY18 Spring Auction
Military	MIL BLDG Maint&Armory Caretkr	2150040000	9/3/2019	21584	Surplus Property	16,412	Proceeds from sale of vehicles
Tax	Tax Operation Costs	1140010000	8/14/2019	21594	Tax-Current Use Admin	163,420	Funds were approp'd in FY19, this would re-establish the spending authority in FY20, which will be used against FY19 payables not approp'd for prmt until FY20. They are for ADS products and svcs, which need add'l review for accuracy prior to approval.
Tax	Tax Operation Costs	1140010000	8/14/2019	21591	Tax-Local Option Process Fees	531,622	Funds were approp'd in FY19, this would re-establish the spending authority in FY20, which will be used against FY19 payables not approp'd for prmt until FY20. They are for ADS products and svcs, which need add'l review for accuracy prior to approval.
Forests, Parks & Recreation	VT Youth Conservation Corps	6130891801	8/2/2019	21370	Tobacco Litigation Settlement	100,000	Funds are available through a one-time appropriation per H.16 of special session 2018 section C.105.1(a)(8)
Transportation Agency	Department of Motor Vehicles	8100002100	7/30/2019	20190	Transp Fund - Other Dedicated	123,040	Funds are available through a grant from the American Association of Motor Vehicle Administrators (AAMVA) to the Vt Dept of Motor Vehicles (DMV) Grant #NMVTIS SFP 2019003 - see attached JFO #2956 approval memo.
Transportation Agency	TH State Aid Federal Disasters	8100001000	8/22/2019	20135	Transportation FHWA Fund	3,300,000	Funds are Federal Emergency Relief funds available for Disaster VT17-1 and 19-1 in the State of Vermont
Transportation Agency	Rest Areas	8100001700	9/24/2019	20135	Transportation FHWA Fund	700,000	Funds are for safety related Rest Area projects that recently emerged and were required for safety of the traveling public.
Transportation Agency	Program Development	8100001100	8/7/2019	20160	Transportation Local Fund	142,257	Local funds are available from - Norwich STP SRIN(14) in the PDD Bicycle & Pedestrian Program and Richford VT - Sutton QC BHF 0814(1) in the State Highway Bridge Program.
Treasurer's Office	Bond Refunding Cost	1260126000	8/14/2019	21886	Treas-Refunding Bond Issue	322,571	Sale of 2019 Series B Refunding Bonds
<b>Subtotal Other Fund Excess Receipts</b>						<b>13,344,041</b>	
<b>TOTAL:</b>						<b>84,935,007</b>	