

MEMORANDUM

TO: Joint Fiscal Committee
FROM: Adam Greshin, Commissioner of Finance & Management
DATE: February 4, 2020
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 second quarter of FY 2020 (10/1/2019 through 12/31/2019). 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 not, 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 the 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 - Q2 - Run 2/4/2020

Agency/Dept Name	Appropriation Name	Appropriation Deptid	Date	Fund	Fund Name	Amount	Comments
Military	Air Services Contracts	2150020000	10/18/2019	22005	Federal Revenue Fund	300,000	The Air National Guard approved 100% Federal funding for 4 new firefighter and 3 new security positions. Amount requested is based on the estimated annual salary increase of roughly 530k, with the new staff expected to begin by Dec19-Jan20.
Public Service Department	Regulation & Energy Efficiency	2240000000	12/12/2019	22005	Federal Revenue Fund	104,400	A time extension on the PSD HELIX grant was requested. It was believed that this gran would be ending at the close of last fiscal year so ti was not included in the budget request. The new end date of the grant is 12/31/19.
Department of Liquor & Lottery	Liquor Enforcement & Licensing	2320020000	10/28/2019	22005	Federal Revenue Fund	2,305	Because DLL investigators took part in a DEA operation, we were given a share of the monetized, confiscated property.
Subtotal Federal Funds (Including "Regular" ARRA) Excess Receipts						406,705	
Department of Liquor & Lottery	Liquor Enforcement & Licensing	2320020000	11/13/2019	21500	Inter-Unit Transfers Fund	65,917	VDH MOU 03420-07938
Mental Health	Mental Health	3150070000	11/25/2019	21500	Inter-Unit Transfers Fund	10,000	21500-\$10k-MOU# 03420-07911 with VDH supporting the payroll and exp costs associated with position pertaining to Material Depression.21500-\$45k-MOU# CDC-03150-A1729 with VDH supporting DMH organizing opioid trainings held via Behavioral Health Network.
Mental Health	Mental Health	3150070000	11/25/2019	21500	Inter-Unit Transfers Fund	45,000	21500-\$10k-MOU# 03420-07911 with VDH supporting the payroll and exp costs associated with position pertaining to Material Depression.21500-\$45k-MOU# CDC-03150-A1729 with VDH supporting DMH organizing opioid trainings held via Behavioral Health Network.
Vermont Health Access	DVHA-Medicaid-Long Term Care W	3410016000	10/16/2019	21500	Inter-Unit Transfers Fund	60,000,000	FY20 GC for Choices for Care amount in B.308 will be appropriated to DVHA & then a transfer will be processed on 7/1/19 under the authority of sec E.308. F&M instructed DVHA to pay Medicaid draws out of 21500/341001600 until DXC can change their system
Fish & Wildlife	FW Support & Field Services	6120000000	10/22/2019	21500	Inter-Unit Transfers Fund	812,029	FEMA reimbursement for Roxbury rebuild.

Commerce & Community Dev Agency	Administration Division	7100000000	10/3/2019	21500	Inter-Unit Transfers Fund	74,888	Act 83 (S.160 Sec 2) of 2019 tasked us & Agriculture to conduct a dairy marketing assessment. ACCD is managing the contract responsibility with the vendor, AGR is providing the dairy market expertise and funding.
Housing & Comm Development	Housing & Community Developmnt	7110010000	11/12/2019	21500	Inter-Unit Transfers Fund	1,935,384	Per MOU with DEC for Electric Vehicle Servicing Equipment (EVSE) VW Mitigation funds for Grant awards and administrative expenditures.
Subtotal Interdepartmental Transfers						122,943,218	
Finance & Management	Vt Council on the Arts	1110013000	10/28/2019	21445	Art Acquisition Fund	32,078	Funds are received into the Acquisition of Art in State Buildings special fund for Vermont Arts Council to acquire art on behalf of the state. The Vermont Arts Council must request distribution directly from the Dept of Finance and Management..
Buildings & Gen Serv-Capital	HS & Ed Facilities Grants(HS)	1708400615	10/4/2019	31600	Comm & Community Dev Proj Fund	8,150	Deposit received from a recipient that was not used and when it was deposited it was put into a prior year account (485000) and should have been deposited into the grant account (550000).
Buildings & Gen Serv-Capital	HS & Ed Facilities Grants(HS)	1708400615	10/28/2019	31600	Comm & Community Dev Proj Fund	8,000	Deposit received from a recipient that was not used and when it was deposited it was put into a prior year account (485000) and should have been deposited into the grant account (550000).
Mental Health	Mental Health	3150070000	11/25/2019	21525	Conference Fees & Donations	15,000	21500-\$10k-MOU# 03420-07911 with VDH supporting the payroll and exp costs associated with position pertaining to Material Depression.21500-\$45k-MOU# CDC-03150-A1729 with VDH supporting DMH organizing opioid trainings held via Behavioral Health Network.
Public Service Department	Regulation & Energy Efficiency	2240000000	11/27/2019	21899	Connectivity Fund	885,000	Transfer of GF into fund 21899. Act 79 Sec. 8(a) 955k was transferred, however current approp is 70k. This request is 955k less 70k.
Transportation Agency	Public Assistance Program	8100005500	11/25/2019	21555	Emergency Relief & Assist Fd	426,919	FEMA disaster declaration FEMA-4022-DR-VT. ERAF funds provide state match for the FEMA funds.
Environmental Conservation	Air & Waste Management Approp	6140030000	12/23/2019	21275	Environmental Contingency Fund	6,200,000	We rec'd a settlement from St. Gobain related to PFOA cleanup in Bennington. This is a 2nd settlement for this containment that was not known at the time of the FY20 budget. \$6.2MM from the Environmental Contingency Fund & 8.17M from St. Gobain Fund.
Judiciary	Judiciary Appropriation	2120000000	10/8/2019	21908	Misc Grants Fund	35,000	New grant from NCASA, JFO grant approval #2972
Sergeant at Arms' Office	Addl State House Security	1230002000	10/17/2019	21870	Misc Special Revenue	18,948	Carryforward

Housing & Comm Development	Housing & Community Developmnt	7110010000	10/18/2019	21330	Municipal & Regional Planning	5,123	Funds remaining at FYE19
Human Resources-Gov'tal	DHR - VTHR Operations	1120080000	12/23/2019	21585	Pers-Human Resourc Development	125,669	The DHR division known as Workforce Development charges fees to take classes at the Center for Achievement in Public Service (CAPS)
Public Safety	DPS-Criminal Justice Services	2140020000	12/24/2019	21970	Registration Fees Fund	386,000	There is unspent revenue from prior fiscal years. The FY19 closing balance was a surplus of \$390,844.
Environmental Conservation	Air & Waste Management Approp	6140030000	12/23/2019	21281	Saint-Gobain Waterline Fund	8,170,000	We rec'd a settlement from St. Gobain related to PFOA cleanup in Bennington. This is a 2nd settlement for this containment that was not known at the time of the FY20 budget. \$6.2MM from the Environmental Contingency Fund & 8.17M from St. Gobain Fund.
Fish & Wildlife	FW Support & Field Services	6120000000	12/19/2019	20340	Species & Habitat Conservation	222,703	These funds were acquired by the Department through donations.
Public Safety	DPS-Fire Safety	2140040000	10/8/2019	21584	Surplus Property	36,000	These funds are available from auction proceeds.
Military	MIL BLDG Maint&Armory Caretrk	2150040000	10/18/2019	21584	Surplus Property	8,406	Proceeds from sale of vehicles/equipment
Transportation Agency	TH State Aid Federal Disasters	8100001000	12/31/2019	20135	Transportation FHWA Fund	902,298	Funds are Federal Emergency Relief funds available for Disaster VT17-1 in the State of Vermont.
Transportation Agency	Maintenance & Ops Bureau	8100002000	11/27/2019	20135	Transportation FHWA Fund	1,000,000	Funds are Federal Emergency Relief funds available for Disaster VT20-1 Heavy Rain, High Winds, and Severe Flooding in the State of Vermont from 10/31/19-11/1/19.
Transportation Agency	TH State Aid Federal Disasters	8100001000	12/5/2019	20160	Transportation Local Fund	12,642	Funds are the Town of Rochester's local share (not federally eligible) of VT Federal Emergency Relief funds available for Disaster VT17-1 and 19-1 in the State of Vermont.
Transportation Agency	Program Development	8100001100	10/28/2019	20160	Transportation Local Fund	120,000	Local funds are available from various projects in the PDD appropriation - Bike & Ped and Programs.
Transportation Agency	Program Development	8100001100	11/12/2019	20160	Transportation Local Fund	143,121	Local funds are available from various projects in the PDD appropriation - State Bridge Program.
Transportation Agency	Town Highway Bridge	8100002800	10/28/2019	20160	Transportation Local Fund	368,148	Local funds are available from Town Highway Bridge project - West Haven-Whitehall, NY BO 1443(51)
Military	MIL Vet Affairs Office	2150050000	10/18/2019	21924	Vermont Veterans Fund	62,130	Proceeds from tax return donations
Subtotal Other Fund Excess Receipts						19,191,335	
TOTAL:						142,541,258	