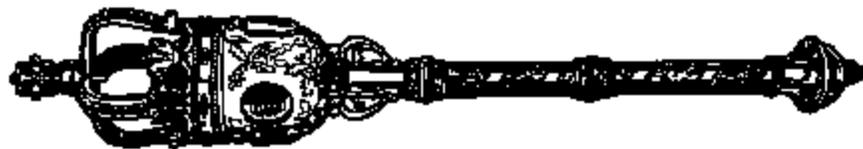


*Report of the
House Appropriations
Subcommittee*

on

Special Budget Review



House Bill 1400

February 2, 2003

**Respectfully Submitted by the House Appropriations Subcommittee
on Special Budget Review:**

**Vincent F. Callahan, Jr.,
Chairman**

Lacey E. Putney

John A. (Jack) Rollison, III

Leo C. Wardrup, Jr.

R. Steven Landes

J. Paul Councill, Jr.

Clarence E. Phillips

REPORT OF THE SUBCOMMITTEE

on

SPECIAL BUDGET REVIEW

Members of the Committee:

Much of our work this year has dealt with budget reform. As you have heard, it continues to be the underlying theme in our budget recommendations as a Committee. The recommendation for a revenue reserve, a larger unappropriated balance, the use of one-time revenues for one-time spending -- all of these recommendations are short-term ways to avoid the disruption of additional cuts on state services important to our citizens. But it is the long-term need for budget reform that has been the work of the Special Budget Review Subcommittee.

Much of what we have done is in the form of legislation. Requiring an official reforecast when revenues drop by one percent; making expedited payments to the Rainy Day Fund; passing a Constitutional amendment to set aside a portion of extraordinary revenue growth for one-time needs -- all of these reforms are solid accomplishments. I would like to thank the Governor for putting forward some of these ideas, and my fellow members of the House for proposing others.

But there is another reform which is necessary. The Governor proposes a budget, but it is the General Assembly that is ultimately responsible for appropriating funds. The General Assembly has a very short time to review the Governor's budget proposals and it does not help when information is withheld from the legislative branch.

Therefore, this Subcommittee is recommending changes in the fine print of the budget which would require the Governor to disclose all agency reduction proposals to the legislature. Further, the

language requires that reduction plans be disclosed before appropriations are withheld, and that reductions are limited to no more than 15 percent not just for agencies, but for any directly named grantee of an agency.

On behalf of the members of the Special Budget Review Subcommittee, I ask the Committee to adopt our recommendations.

Budget Amendment Recommendations

Part 4: General Provisions Amendment	2002-04 BIENNIAL TOTAL General Fund Nongeneral Fund
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4-1.04 Appropriation Reductions	
Withholding of Appropriations	Language
4-5.01 Employee Compensation	
Accountability for Reporting Deadlines	Language
4-5.06 Goods and Services	
Restore Mileage Reimbursement Rate	Language
4-5.07 Nonstate Agencies	
Disbursement of Payments	Language

Appropriations

Appropriation Reductions

Language

Language:

Page 576, strike lines 6 through 15, and insert:

"4.a. During the period when the General Assembly is not in regular or special session and in the event that general fund revenues are estimated by the Governor to be insufficient to pay in full all general fund appropriations authorized by the General Assembly, including the currently estimated expenditures from sum sufficient appropriations, the Governor shall, subject to the qualifications herein contained, withhold general fund spending authority, by withholding allotments of appropriations to the extent necessary to prevent any expenditure in excess of the estimated general fund revenues. However, the Governor shall take no action to reduce general fund allotments of appropriations on account of reduced revenues until such time as a formal written re-estimate of general fund revenues for the current and next biennia, prepared within the previous 90 days, in accordance with the process specified in § 2.2-1503, Code of Virginia, has been reported to the Chairmen of the House Appropriations, House Finance, and Senate Finance Committees.

b. The Governor shall take no action to withhold allotments until a written plan detailing specific reduction actions approved by the Governor, identified by program and appropriation item, has been presented to the Chairmen of the House Appropriations and Senate Finance Committees. Subsequent modifications to the approved reduction plan also must be submitted to the Chairmen of the House Appropriations and Senate Finance Committees, prior to withholding allotments of appropriations. This reduction plan, with modifications thereto, shall be the sole basis for withholding spending authority due to reduced revenues.

c. In addition to the budget reduction plan approved by the Governor, all budget reduction proposals submitted by state agencies to the Governor or the Governor's staff, including but not limited to the Department of Planning and Budget, the Governor's Cabinet Secretaries, or the Chief of Staff, whether submitted electronically or otherwise, shall be forwarded within five calendar days of submission to the Chairmen of the Senate Finance and House Appropriations Committees."

Page 576, line 16, strike "b." and insert "d."

Page 576, strike lines 25 through 29 and insert:

"5. In effecting the reduction of expenditures for the above-stated purpose, the Governor shall not withhold allotment of appropriations for:

a) More than 15 percent of the annual general fund appropriation and 15 percent of the annual nongeneral fund appropriation for operating expenses of any one state or nonstate agency or institution designated in this act by title and a three-digit agency code, subject to § 4-1.02 c. of this act. The exact amount withheld, by state or nonstate agency or institution, shall be reported within five calendar days to the Chairmen of the House Appropriations and Senate Finance Committees. State agencies providing funds directly to grantees named in this Act shall not apportion a larger cut to the grantee than the proportional cut apportioned to the agency. The remaining appropriation to the grantee which is not subject to the cut, equal to at least 85 percent of the annual appropriation, shall then be paid in accordance with the normal conditions of the grant."

Explanation:

(This amendment clarifies the Governor's authority to withhold appropriations when estimated revenues are insufficient to cover appropriations.)

Special Budget Review Subcommittee

Item 4-5.06 #5h

Special Conditions and Restrictions on Expenditures

Goods and Services

Language

Language:

Page 596, strike lines 12 through 21, and insert:

"2. The first 15,000 miles of use during each fiscal year of personal automobiles in the discharge of official duties within the continental limits of the United States shall be reimbursed at the rate of 32.5 cents per mile, or in the instance of a state employee, at the lesser of (a) 32.5 cents per mile or (b) the lowest rate charged by the Department of General Services, Office of Fleet Management Services, for the use of state-owned automobiles. If the head of the state agency concerned certifies that a state-owned vehicle was not available, or if, according to regulations issued by the State Comptroller, the use of a personal automobile in lieu of a state-owned automobile is considered to be an advantage to the state, the reimbursement shall be at the rate of 32.5 cents per mile. For such use in excess of 15,000 miles in each fiscal year, the reimbursement shall be at a rate of 13.0 cents per mile, unless a state-owned vehicle is not available; then the rate shall be 32.5 cents per mile;"

Explanation:

(This amendment restates the current policy of the state regarding the mileage reimbursement rate for state employees that must use personal vehicles in the discharge of their official duties when a state car is unavailable. The introduced budget had proposed lowering the reimbursement rate from 32.5 cents per mile to 19 cents per mile, with the Secretary of Administration authorized to allow the higher rate on a case-by-case basis. No savings were assumed from the action in the introduced budget, so there is no fiscal impact of restating the current policy and removing the additional duty for the Secretary of Administration.)

Special Budget Review Subcommittee

Item 4-5.07 #1h

Special Conditions and Restrictions on Expenditures

Nonstate Agencies, Interstate Compacts and Organizational Memberships

Language

Language:

Page 596, line 43, strike "Secretary of".

Page 596, line 44, strike "Finance" and insert:

"Director, Department of Historic Resources,".

Page 596, strike line 48, and insert:

"4. Operating appropriations for nonstate agencies (nonhistorical) equal to or in excess of \$150,000 shall be disbursed to".

Page 596, line 50, after "year.", insert:

"Operating appropriations for nonstate agencies (nonhistorical) of less than \$150,000 shall be disbursed in one payment once the nonstate agency has successfully met the application and match requirements of the Department of Historic Resources."

Explanation:

(This amendment would streamline the current application process for nonstate agencies. Currently, these agencies have to submit paperwork certifying that they have met the match requirements through the Department of Historic Resources for certification by the Secretary of Finance. The new language would have the match certified directly by the Director of the Department of Historic Resources, reducing paperwork and expediting the process. In addition, the language clarifies the intent of the General Assembly regarding payments to these agencies.)

Special Budget Review Subcommittee

Item 4-6.01 #1h

Positions and Employment

Employee Compensation

Language

Language:

Page 606, after line 42, insert:

"p.1. The payment of these salary amounts to positions listed in paragraphs b., c. 6. and c. 7. shall be contingent upon the adherence to reporting deadlines for fiscal analyses, plans, evaluations, or reports required by language contained in this act.

2. The Clerk of the House shall note the deadlines for the submission of such analyses, plans, evaluations, or reports required by language contained in this act and notify the Comptroller of the name and position of the responsible individual when such reporting deadline is not met. The Comptroller may withhold the payroll check for the individual until the Comptroller is notified by the Clerk that such report has been received.

3. If any required fiscal analysis, plan, evaluation, or report required by the language contained in this Act cannot be completed by the required deadline, a request for an extension of the deadline must be made in writing to the Chairman of the House Appropriations Committee and the Clerk of the House. The provisions of paragraph 2 above shall apply unless the Chairman of the Appropriations Committee and the Clerk of the House provide a written acceptance of the delay."

Explanation:

(This amendment requires the Clerk of the House to notify the Comptroller when reporting requirements required in the Appropriation Act are not met and allows the Comptroller to withhold the salary of the person responsible for the submission of the report until it is received.)