

**Governor McAuliffe's Proposed Actions  
to Address the Revenue Shortfall in FY 2015  
Pursuant to Item 471.10 of HB 5010**

*A briefing for the House Appropriations Committee*

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# Recap of the revenue shortfall . . .

	FY 2015	FY 2016	Biennium
<b><u>Calculation of Shortfall</u></b>			
Official Forecast	\$17,721.90	\$18,448.60	\$36,170.50
JABE Pessimistic 7/14	16,927.40	17,418.30	34,345.70
Shortfall after JABE	(794.50)	(1,030.30)	(1,824.80)
Adjust for Post-GACRE revisions	(65.00)	(105.00)	(170.00)
Revised Shortfall	(859.50)	(1,135.30)	(1,994.80)
Add Revenue Shortfall from FY 2014	(437.80)	0.00	(437.80)
<b>FINAL Revised Shortfall</b>	<b>(\$1,297.30)</b>	<b>(\$1,135.30)</b>	<b>(\$2,432.60)</b>

# Addressing the shortfall . . .

	FY 2015	FY 2016	Biennium
<b>FINAL SHORTFALL as of August 15, 2014</b>	<b>(\$1,297.30)</b>	<b>(\$1,135.30)</b>	<b>(\$2,432.60)</b>
 <b><u>Previously Proposed Resources</u></b>			
Apply Chapter 2 Actions			
Appropriated Reserves (includes C.A. Higher Education)	\$481.80	\$364.30	\$846.10
Revenue Stabilization Fund Item 471.40 E.4.& 5.	470.00	235.00	705.00
Subtotal	951.80	599.30	1,551.10
 <b>Balance of Shortfall Remaining to be Addressed</b>	 <b>(\$345.50)</b>	 <b>(\$536.00)</b>	 <b>(\$881.50)</b>

# Addressing the shortfall . . .

	FY 2015	FY 2016	Biennium
<b>Remaining Shortfall to be Addressed</b>	<b>(\$345.50)</b>	<b>(\$536.00)</b>	<b>(\$881.50)</b>
<b>Proposed HB 5010 Actions</b>			
Item 471.10, State Agency Reversions	92.40	100.00	192.40
Item 471.20, Higher Education Reversions	45.00	45.00	90.00
Item 471.30, Aid to Local Government Reversions	30.00	30.00	60.00
Item 471.40, Miscellaneous Reversions & Other Resource Adjustments	189.72	349.98	539.70
Subtotal	\$357.12	\$524.98	\$882.10
<b>Balance</b>	<b>\$11.62</b>	<b>(\$11.02)</b>	<b>\$0.60</b>

# Summary of proposed actions to meet Item 471.10 . . .

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	<b>FY 2015</b>
Improved business practices and efficiencies	7.0
Reduce or eliminate current expenses	25.3
Reduce personnel costs	16.0
Revert GF Balances	9.2
Technology savings	1.6
GF revenue	1.7
Use NGF resources	31.6
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<b>TOTAL</b>	<b>92.4</b>

# Several agencies pledged balances in FY 2014 to meet their reduction targets . . .

Agency	FY 2015
Department of Elections	(\$31,714)
Compensation Board	(\$119,464)
Department of General Services	(\$321,425)
Department of Agriculture and Consumer Services	(\$200,000)
Department of Forestry	(\$39,998)
Department of Small Business and Supplier Diversity	(\$182,693)
Department of Mines, Minerals and Energy	(\$90,000)
Department of Education, Central Office Operations	(\$1,295,454)
State Council of Higher Education for Virginia	(\$83,782)
Department of Planning and Budget	(\$359,111)
Department of Accounts	(\$593,329)
Department of the Treasury	(\$250,000)
Department of Taxation	(\$506,626)
Department for Aging and Rehabilitative Services	(\$25,000)
Department of Health	(\$1,043,051)
Department for the Blind and Vision Impaired	(\$75,000)
Department of Behavioral Health and Developmental Services	(\$207,588)
Department for the Deaf and Hard-Of-Hearing	(\$17,000)
Department of Social Services	(\$2,250,000)
Marine Resources Commission	(\$64,700)
Department of Historic Resources	(\$16,536)
Department of Emergency Management	(\$282,982)
Department of Criminal Justice Services	(\$396,531)
Department of Forensic Science	(\$13,965)
Department of Veterans Services	(\$356,929)
<b>Total</b>	<b>(\$8,822,878)</b>

# Top ten strategies account for 42 percent of the total reductions needed . . .

Agency	Strategy	FY 2015	
Department of Corrections	Transfer Out-of-State Inmate Revenue to GF	(\$6,894,971)	
Department of State Police	Sweep Certain FY14 Non General Fund Cash Balances	(\$5,190,778)	
Department of State Police	Capture General Fund Savings from Operational Efficiencies	(\$4,483,193)	
Department of Corrections	Eliminate FY 2015 Equipment Funding	(\$4,100,000)	
Department of Health	Capture balance from the Emergency Medical Services Fund	(\$4,000,000)	
Department of Corrections	Increase Turnover/Vacancy Savings	(\$3,272,601)	
Department of Juvenile Justice	Revert Workforce Transition Act Funding from the repurposing of Culpeper Juvenile Correctional Center.	(\$3,100,000)	
Department of Social Services	Utilize one-time child care nongeneral fund balance	(\$2,700,000)	
Department of State Police	Fill 27 out of 68 Vacant Trooper Positions in FY 2015	(\$2,669,354)	
Department of Alcoholic Beverage Control	Additional revenue from distilled spirits mark-up	(\$2,500,000)	
	Subtotal of Top Ten Strategies	(\$38,910,897)	42.1%
	Subtotal of All Other Strategies (273)	(\$53,516,299)	57.9%
	Total of All Strategies (283)	<u>(\$92,427,196)</u>	

# The top ten agencies make up 74 percent of the total required reductions . . .

Agency	FY 2015 General Fund Legislative Appropriation	FY 2015 Adjusted General Fund Savings Base	FY 2015 5% Target	FY 2015 Approved Savings	Percent of Legislative Appropriation	Percent of Adjusted Base
Department of Corrections	\$1,062,271,396	\$859,992,294	(\$42,999,615)	(\$20,288,801)	-1.91%	-2.36%
Department of State Police	\$249,410,233	\$247,866,500	(\$12,393,325)	(\$12,393,325)	-4.97%	-5.00%
Department of Social Services	\$389,559,617	\$92,702,273	(\$4,635,115)	(\$8,693,281)	-2.23%	-9.38%
Department of Health	\$160,729,959	\$157,472,759	(\$7,873,637)	(\$7,873,637)	-4.90%	-5.00%
Department of Juvenile Justice	\$196,447,317	\$104,468,428	(\$5,223,421)	(\$5,223,421)	-2.66%	-5.00%
Department of Taxation	\$91,784,551	\$91,699,551	(\$4,584,978)	(\$4,576,167)	-4.99%	-4.99%
Department of Alcoholic Beverage Control	\$0	\$0	\$0	(\$2,851,400)	0.00%	0.00%
Department of Medical Assistance Services	\$4,042,529,444	\$49,500,215	(\$2,475,011)	(\$2,475,011)	-0.06%	-5.00%
Department of Behavioral Health and Developmental Services – central office	\$43,620,856	\$43,188,000	(\$2,159,400)	(\$2,038,422)	-4.67%	-4.72%
Department of Environmental Quality	\$45,535,093	\$37,952,593	(\$1,897,630)	(\$1,897,630)	-4.17%	-5.00%
	<b>\$6,281,888,466</b>	<b>\$1,684,842,613</b>	<b>(\$84,242,132)</b>	<b>(\$68,311,095)</b>		

Subtotal of Top Ten Agencies	(\$68,311,095)	73.9%
Subtotal of All Other Agencies	(\$24,116,101)	26.1%
Total of All Agencies	(\$92,427,196)	

# Layoffs primarily impact agencies in the public safety secretariat . . .

Agency	FY 2015
Department of Corrections	506
Mental Health Treatment Centers	15
Department of Forensic Science	10
The Library of Virginia	6
Department of Behavioral Health and Developmental Services – central office	5
Department of Taxation	5
Department of Forestry	4
The Science Museum of Virginia	3
Department of Elections	3
Southwest Virginia Higher Education Center	2
Compensation Board	2
New College Institute	1
Department of Health	1
Jamestown-Yorktown Foundation	1
Department of General Services	1
<b>Total</b>	<b>565</b>