

2019 BUDGET ISSUES FOR VIRGINIA'S TREASURERS

House Appropriations
Compensation & Retirement
Subcommittee

January 17, 2019

TREASURERS: SNAPSHOT

- 127 principal officers, elected pursuant to Constitution
- 726 Compensation Board-authorized deputies
- Collect state & local taxes/revenues, invest & disburse public funds
- State functions include income tax, DMV satellite offices, administering car tax relief, collection of delinquent fines, fees and costs owed to state.
- By statute, deputy costs are split 50-50 with locality; in fact, state's share has not been fully funded since 2002, and the **shortfall is now more than \$4.2 million per year.**

THE ISSUE: ADDRESSING THE SHORTFALL IN FUNDING OF THE STATE SHARE

- In 2002, as many of you will recall, the Commonwealth was forced to make deep budget cuts to address substantial revenue shortfalls.
- Among these were tens of millions of dollars in cuts to funding for the five constitutional offices.
- Further cuts have been made to deal with subsequent revenue shortfalls, including in 2009 and 2010.
- These cuts affected all five constitutional offices, causing significant dislocation. Where localities could not pick up the state's share that had been lost, deputies were furloughed, and vacant positions could not be filled.

RESTORING THE STATE SHARE, *continued*

- While some restorations have been made – particularly to address public safety concerns in sheriffs' and Commonwealths' Attorneys' offices – tens of millions of dollars have never been restored.
- For treasurers, the annual shortfall is now more than \$4.2 million.
- As a result of this, the state share for a **majority** of all positions in treasurers' offices (to be precise, 53.4% of all positions) is either completely **unfunded** – or **underfunded**.

RESTORING THE STATE SHARE, *continued*

- To be precise, when it comes to the state share of funding the 726 deputy positions in treasurers' offices:
 - **250** of those positions are ***completely*** unfunded, and
 - **138 more** of those positions are ***underfunded***.
- As I said a moment ago, fixing this will require **\$4.2 million per year**. We understand that this is a huge number to address, all in one year.
- So what we ask you to consider is this:
 - Fund 20% of this shortfall in FY20, which will require an additional appropriation of \$784,406.
 - Seek to do an additional 20% restoration in each of the next four fiscal years, so that – in FY25 – we will have finally reached the point at which the state is paying its statutory share.