

**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 Senate Finance Committee*

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# Recap of the revenue shortfall . . .

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	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>

\*Amounts shown in millions

# Addressing the shortfall . . .

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	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>

\*Amounts shown in millions

# Addressing the shortfall . . .

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	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>

\*Amounts shown in millions

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

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	FY 2015
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
<b>TOTAL</b>	<b>92.4</b>

\*Amounts shown in millions

# 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 . . .

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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>