
VIRGINIA STATE BUDGET

2003 Session

Budget Bill - HB1400 (Chapter 1042)

Bill Order » Part 4: General Provisions » Item 4-1.04

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§ 4-1.04 APPROPRIATION REDUCTIONS

a. APPROPRIATION REDUCTIONS DUE TO REDUCED REVENUES:

1. Each appropriating act of the General Assembly shall be construed as subject to the provisions and conditions contained in this section. The term "revenues," as applied in this section, includes revenues collected and paid into the state treasury during the current biennium and all unexpended balances brought forward from the previous biennium.
2. All appropriations are hereby declared to be maximum and conditional appropriations. The general fund appropriations shall be payable in full in the amounts named only in the event the general fund revenues are estimated by the Governor to be sufficient to pay in full all appropriations payable from the general fund revenues. Also, each nongeneral fund appropriation shall be payable in full only to the extent the nongeneral fund revenues from which the appropriation is payable are estimated to be sufficient.
3. The Governor is hereby given the power, authority and responsibility to examine and survey periodically the progress of the collection of general fund revenues applicable to each appropriating act, and to reestimate the total general fund revenues to be available during the current or next biennium. In making such examination and survey, the Governor may require estimates of the prospective collection of revenues from any and all state officers and agencies, and other advisors, who may have information which, in the opinion of the Governor, may be pertinent.
4. ~~During the period in which the General Assembly is not in regular or special session and in the event the estimated general fund revenues are exceeded by the total of general fund appropriations, including the currently estimated expenditures from sum sufficient appropriations, the Governor shall, subject to the qualifications herein contained, reduce the general fund allotments of appropriations to the extent necessary to prevent any expenditure in excess of the estimated general fund revenues. Provided, 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 reestimate of general fund revenues for the current and next biennia prepared in accordance with the process specified in § 2.2-1503, Code of Virginia, has been reported to the Chairmen of the Senate Finance, House Finance, and House Appropriations Committees. The Governor shall take no action to withhold allotments or reduce appropriations until a written plan for the allocation of appropriation reductions to each agency has been reported to the Chairmen of the Senate Finance and House Appropriations Committees.~~*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 and nongeneral 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 or nongeneral 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.

d. Within five business days after the preliminary close of the state accounts at the end of the fiscal year, the State Comptroller shall provide the Governor with the actual total of (1) individual income taxes (2) corporate income taxes and (3) sales taxes for the just completed fiscal year, with a comparison of such actual totals with the total of such taxes in the official budget estimate for that fiscal year. If that comparison indicates that the total of (1) individual income taxes (2) corporate income taxes and (3) sales taxes, as shown on the preliminary close, was one percent or more below the amount of such taxes in the official budget estimate for the just completed fiscal year, the Governor shall prepare a written reestimate of general fund revenues for the current biennium and the next biennium in accordance with § 2.2-1503, Code of Virginia, to be reported to the Chairmen of the Senate Finance, House Finance and House Appropriations Committees, not later than September 1 following the close of the fiscal year.

5. In effecting the reduction of expenditures for the above-stated purpose, the Governor shall not withhold allotments 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. Without regard to § 4-5.07 b 4 of this act, the remaining appropriation to the grantee which is not subject to the cut, equal to at least 85 percent of the annual appropriation, shall be made by July 31, or in two equal installments, one payable by July 31 and the other payable by December 31, if the remaining appropriation is less than or equal to \$500,000, except in cases where the normal conditions of the grant dictate a different payment schedule.*

b) The payment of interest or sinking fund installments on the bonded debt or other bonded obligations of the Commonwealth, its agencies and its authorities, or for payment of a legally authorized deficit.

c) The pension payments to widows and daughters of Confederate veterans, or assistance for care of graves of Confederate dead.

d) The employer payments for supplemental retirement, social security or group life and health insurance for state employees, local special employees and teachers.

e) The payments in fulfillment of any contract awarded for the design, construction and furnishing of any state building.

- f) The salary of any state officer for whom the Constitution of Virginia prohibits a change in salary.
- g) The salary of any officer or employee in the Executive Department by more than five percent (irrespective of the fund source for payment of salaries and wages). In effecting the reduction of salaries, the Governor may consider the varying factors, including different comparator groups, on which salary increases are based, and apply a salary reduction which is different for different classes of employees. Provided, however, that all employee groups shall be treated equitably in relation to each other.
- h) The appropriation supported by the State Bar Fund, as authorized by § 54.1-3913, Code of Virginia, unless the supporting revenues for such appropriation are estimated to be insufficient to pay the appropriation.
6. Except as enumerated in subdivision 5 of this subsection, in effecting the reduction of expenditures the Governor is authorized to withhold specific allotments of appropriations by a uniform percentage, a graduated reduction or on an individual basis, or apply a combination of these actions.
7. The Governor is authorized to reduce allotments of nongeneral fund appropriations by the amount necessary to ensure that expenditures do not exceed the supporting revenues for such appropriations.
8. Notwithstanding any contrary provisions of law, the Governor is authorized to transfer to the general fund on June 30 of each year of the biennium or within ~~fifteen~~ twenty days from that date, any available unexpended balances in other funds in the state treasury, subject to the following:
- a) No such transfer may be made from retirement or other trust accounts, the State Bar Fund as authorized by § 54.1-3913, Code of Virginia, debt service funds, or federal funds.
- b) The Governor shall provide for informative purposes, in the first biennial budget he submits subsequent to the transfer, the amount transferred from each account or fund and recommendations for restoring such amounts.
- c) The Governor shall report such transfer within thirty days to the Chairmen of the House Appropriations and Senate Finance Committees.

b. APPROPRIATION REDUCTIONS DUE TO ADDITIONAL REVENUES:

1. Reductions Due to Revenues Earned and Collected: Every appropriation set forth in an appropriating act for operating expenses of any state agency and made payable from the general fund of the state treasury is to supplement revenues earned and collected by the agency, exclusive of revenues paid into the general fund of the state treasury. The revenues so earned and collected and contained in an appropriation item to the agency shall be first expended during the fiscal year, prior to the expenditure of any general fund appropriation within that appropriation item, unless prohibited by statute or by the terms and conditions of any gift, grant or donation. The Director, Department of Planning and Budget, may withhold allotments of appropriations from the general fund equivalent to that provided from additional revenues earned and collected. However, this limitation shall not apply to: (a) restricted excess tuition and fees for educational and general programs in the institutions of higher education, as defined in § 4-2.01 c of this act; (b) appropriations to institutions of higher education designated for fellowships, scholarships and loans; (c) gifts or grants which are made to any state agency for the direct costs of a stipulated project; (d) appropriations to the University of Virginia, University of Virginia Medical Center; and (e) appropriations to institutions for the mentally ill or mentally retarded payable from the Mental Health and Mental Retardation Revenue Fund.
2. Reductions Due to New or Additional Grants: This subsection applies to appropriations from the general fund of the state treasury made in the current biennium for programs for which new or additional grant funds become available following the appropriation action of the General Assembly. Unless prohibited by the basic provider of

the grant funds, the Director may withhold from expenditure a portion of appropriations from the general fund equivalent to that provided from grant funds; the withholding shall not include appropriations from the general fund which may be required to match grant funds.