FY 2017 Year-End Close
FY 2018 Start-Up
Budget Instructions

Virginia Department of
Planning and Budget

May 2017

Table of Content

Introduction **1**

Deficits **2**
Section 4-3.01 Requirements 2
Required Form 2

Final FY 2017 Appropriation and Allotment Actions **3**
Deadline for FY 2017 execution transactions 3

FY 2018 Operating Appropriations **3**
Establishing Appropriations 3
Special Appropriation Adjustments Required to be Available on July 1, 2017 4
Appropriation of Nongeneral Fund Balances to be Available on July 1, 2017 4
Reappropriation of FY 2018 Unexpended General Fund Appropriations 5
Appropriation of FY 2018 Nongeneral Fund Cash Balances 6
Additional Nongeneral Fund Revenue Appropriations 7
Clearing Out Convenience Subobject and Fund Codes 7
Central Appropriations Transfers 8
Part Three Transfers 9
FY 2017 Fringe Benefit Rates 9
Higher Education Equipment Trust Fund Lease Payments (Institutions of Higher Education Only) 9
Capital Fees for Out-of-State Students (Institutions of Higher Ed Only) 9

Capital Projects **10**
Review of Active Projects 10
Execution of New Capital Projects 11
Stand-Alone Projects Newly Authorized in the Budget 11
Central Capital Pool Projects 12
2016-2018 Maintenance Reserve Appropriations 12
Re-establishment of Closed Out Capital Outlay Projects and Restoring Reverted Appropriations 12
Maintenance Reserve Reporting 13

Appendices **14**
APPENDIX A: Deficit Provision Acknowledgment Form 14
APPENDIX B: Appropriations Not To Be Allotted July 1, 2017 15
APPENDIX C: Multi-Agency Transfers in Central Appropriations 16
APPENDIX D: Employer Fringe Benefit Rates 17
APPENDIX E: FY 2018 HEETF Lease Payments * 18
APPENDIX F: FY 2018 Capital Fee for Out-of-State Students * 19

Introduction

This package provides instructions to close out FY 2017 and procedures to start-up FY 2018 appropriations and budgeting for both operating and capital appropriations. The State Comptroller will send you detailed accounting procedures and payroll information.

The significant deadlines for year-end close and new year start-up actions are as follows:

Date	***Action***
June 15, 2017	Deadline for agencies to submit transactions for FY 2017
June 16, 2017	The Performance Budgeting (PB) system available for FY 2018 transactions
June 16, 2017	Deadline for agencies to submit review packages using the Capital Project Review module
June 23, 2017	Deadline to submit FY 2018 budget execution adjustments that must be in place when DOA's CARDINAL system opens for the new year
July 19, 2017	Deadline for cabinet secretaries and agency heads to return the "Deficit Provision Acknowledgement Form"
August 16, 2017	Deadline for agencies to submit budget execution adjustments to clear out convenience subobject codes other than the xx95 series
August 16, 2017	Deadline for institutions of higher education to clear out convenience subobject codes and update their operating plans in PB

The following are definitions of key terms used in these instructions:

- ✓ ***Chapter 836*** means the Act to amend and reenact Chapter 780 of the 2016 Acts of Assembly, and is now the Appropriation Act for the 2016-2018 biennium, as passed by the 2017 Session of the General Assembly.
- ✓ *FY 2017* means the fiscal year beginning July 1, 2016, and ending on June 30, 2017.
- ✓ *FY 2018* means the fiscal year beginning July 1, 2017, and ending on June 30, 2018.

If you encounter any problems or need specific advice or assistance, please contact your DPB budget analyst.

Deficits

Section 4-3.01 Requirements

Section 4-3.01 of Chapter 836 prohibits agencies from obligating or expending general fund amounts in excess of appropriations or obligating or expending at a rate that would result in expenditures in excess of nongeneral fund revenue collections and appropriations, without prior approval by the Governor. The prohibition from incurring a deficit applies to legislative, judicial, and executive branch, and independent agencies that are designated in the Appropriation Act by title and assigned a three digit agency code by DPB.

Agency analysis and monitoring of expenditures against cash, allotments, and appropriations are critical to avoid incurring a deficit at the close of the fiscal year. Agencies must alert DPB as soon as possible if a problem is detected and anticipated at year-end close Any agency currently aware of potential deficits **should** notify DPB immediately. **Do not** wait until year-end close is underway.

Agencies **should not** assume that expenditures in excess of appropriations will be met from unappropriated nongeneral funds, by transfers from other current appropriations, or from appropriation of a prior-year, unexpended balances. Each agency's request for an appropriation allotment or any other action which requires executive approval will be treated (in the absence of any specific statement to the contrary) as the representation that approval of the request will neither directly nor indirectly result in a deficit.

Pursuant to § 4-3.01, if any agency violates any of the prohibitions stated above and incurs an unauthorized deficit, the Governor is directed to withhold approval of such excess obligation or expenditure. The section stipulates that there will be no reimbursement of said excess, nor shall there be any liability or obligation upon the state to appropriate funds to address the unauthorized deficit. Instead, those members of the governing board of any such agency who shall have voted therefore, or its head if there be no governing board, making any such excess obligation or expenditure shall be personally liable for the full amount of such unauthorized deficit and, at the discretion of the Governor, shall be deemed guilty of neglect of official duty and be subject to removal from his/her position.

Required Form

Section 4-3.01 also requires the Governor to bring the deficit provision to the attention of the members of the governing board of each state agency or the agency head if there is no governing board. Consistent with this provision, the agency head is directed to acknowledge the receipt of this notification by completing the form found in ***Appendix A***. The form is also available on DPB's Web site at the following link:
Link: DeficitProvisionAcknowledgementForm.docx

A signed form is required from each cabinet secretary and all agency heads in the legislative, judicial, and executive branches and the independent agencies. **Acknowledgement cannot be**

delegated and must contain the original signature of the cabinet secretary or agency head. The signed form must be returned to the following address by Monday, **July 19, 2017**:

Budget Operations, Debt Acknowledgment
Department of Planning and Budget
Patrick Henry Building, Room 5040
1111 East Broad Street
Richmond, Virginia 23219-1922

The heads of agencies with governing boards must also provide each board member with a copy of this notice and of §4-3.01. The governing boards are those specified as supervisory boards in §2.2-2100, Code of Virginia. Agency heads are also requested to provide the material to any board members and fiscal officers who may be appointed in the future.

Final FY 2017 Appropriation and Allotment Actions

Deadline for FY 2017 execution transactions

The deadline to submit budget execution adjustments in the Performance Budgeting system to DPB for FY 2017 appropriation and allotment actions, both operating and capital, is:

5:00 p.m., June 15, 2017

Upon receipt and approval, DPB will process the final FY 2017 actions and transmit them to the Department of Accounts (DOA). Agency pending budget execution adjustments that no longer need processing should be voided in the PB system before the closing date. After this date, agencies will no longer be able to submit FY 2017 budget execution adjustments in the PB system. You will, however, have access to Performance Budgeting system reports after the deadline to allow you to view voided or completed transactions.

FY 2018 Operating Appropriations

Establishing Appropriations

DPB will create initial appropriations and allotments for FY 2018 operating expenses and transmit them to CARDINAL so that they are available when DOA opens CARDINAL for FY 2018. **Agency action is not required.** DPB's initial actions will include:

- Establish FY 2018 legislative appropriations per Chapter 836.

- Transfer (rollover) of fund 0100 to fund 0300 in program 100 (Educational and General Programs) for institutions of higher education for the initial FY 2018 legislative appropriations in Chapter 836.
- Unallot FY 2018 appropriations based on language in Chapter 836 that directs certain appropriations to not be initially allotted and available for expenditure on July 1, 2017, for the following reasons:
  - ✓ Some type of prior approval by the Governor or other designated person is required;
  - ✓ There is a match requirement; or
  - ✓ The appropriation is not expended in the agency to which it is made, but is transferred to other agencies for expenditure.

A listing of the unallotted appropriations can be found in ***Appendix B***. If expenditure is conditional upon a prior approval action or a match requirement, these criteria must be satisfied before the appropriation can be allotted. Once the condition is met, an agency can submit a budget execution adjustment in the PB system to request the allotment of the appropriation.

Special Appropriation Adjustments Required to be Available on July 1, 2017

In some cases, appropriations beyond an agency's legislative appropriation must be in place on July 1 to ensure that services continue without interruption. This includes the appropriation of unexpended federal grants or other nongeneral funds. In certain situations, an agency may require FY 2017 NGF cash balances brought forward to FY 2018 by July 1, particularly when no NGF appropriation is established in Chapter 836. If this need occurs, see the section below titled "Appropriation of FY 2018 Nongeneral Fund Cash Balances" for submission requirements.

For any such appropriations to be available when CARDINAL is opened for the new fiscal year, budget execution adjustments must be submitted **by June 23, 2017.** The PB system execution module will be available on **June 16, 2017** for these and other FY 2018 budget execution adjustments.

Appropriation of Nongeneral Fund Balances to be Available on July 1, 2017

The general policy is that requests to appropriate unexpended nongeneral fund cash balances are limited to circumstances where there is no nongeneral fund appropriation in FY 2018 or the FY 2018 appropriation is insufficient to meet the provisions of §4-1.04 a, **Unappropriated Nongeneral Funds,** of Chapter 836.

For unexpended nongeneral funds that meet the criteria as specified in the paragraph above and must be in place on July 1, use adjustment type "E" (Nongeneral fund cash balance) and **round down** the requested amount to the nearest whole dollar. The amount requested should

not exceed the agency's estimate of the cash balance in that fund detail that will be unexpended on June 30, 2017. Some of the June 30, 2017, cash balance may have been anticipated during budget development and included in the FY 2018 nongeneral fund appropriations in the act. If so, such amounts should be netted out of your adjustment request.

The transaction brief should clearly describe how the funds will be used, the need for the appropriation, and note that it is an estimated amount. The PB system 'Help' documentation lists the questions that must be addressed in the budget execution adjustment transaction brief.

Reappropriation of FY 2018 Unexpended General Fund Appropriations

As part of the year-end close process, the State Comptroller will revert all unexpended general fund operating expense appropriations to the fund balance of the general fund. Language in §4-1.05 a. of Chapter 836 provides that:

> "General fund appropriations which remain unexpended on (i) the last day of the previous biennium or (ii) the last day of the first year of the current biennium, shall be reappropriated and allotted for expenditure where required by the Code of Virginia, where necessary for the payment of preexisting obligations for the purchase of goods or services, or where desirable, in the determination of the Governor, to address any of the six conditions listed in §4-1.03 c.5 of this act or to provide financial incentives to reduce spending to effect current or future cost savings. With the exception of the unexpended general fund appropriations of agencies in the Legislative Department, the Judicial Department, the Independent Agencies, or institutions of higher education, all other such unexpended general fund appropriations unexpended on the last day of the previous biennium or the last day of the first year of the current biennium shall revert to the general fund.
>
> General fund appropriations for agencies in the Legislative Department, the Judicial Department, and the Independent Agencies shall be reappropriated, except as may be specifically provided otherwise by the General Assembly. General fund appropriations shall also be reappropriated for institutions of higher education, subject to §2.2-5005, Code of Virginia."

For institutions of higher education, the cash balance in Educational and General program (fund 0300) will be considered general fund at the end of the fiscal year. The reappropriation amount will equal the unexpended cash balance that has been appropriated in FY 2017 and will be reappropriated in accordance with the provisions of §2.2-5005, Code of Virginia.

The amount available for reappropriation for each agency and institution of higher education will be based on the State Comptroller's report of unexpended general fund balances (CARS ACTR 1408 or CARDINAL Report ID RGL006) for FY 2017 final close and will include any adjustments required by the Governor's office. DPB may request additional information from agencies on whether the unexpended balances are needed to meet pre-existing obligations, to meet any of the criteria set out in §4-1.03 c.5 of the Appropriation Act, or to meet incentives proposed by the Governor to reduce spending to effect current or future cost savings.

Any Governor-approved carryforward amounts for reappropriation must be reappropriated to the respective programs in which the balance occurred. DPB will centrally load the GF reappropriation amounts in the PB system and will notify agencies with the approved amounts by program. These actions generally occur in late fall.

After the reappropriation process is complete, agencies may submit additional budget execution adjustments to distribute the amounts to the correct service areas and subobject codes within the designated program or to transfer the reappropriation to a different program. Any such program transfers must be accompanied by a thorough transaction brief providing the basis for the request. (See the PB system 'Help' documentation for items that must be included in the brief.)

Appropriation of FY 2018 Nongeneral Fund Cash Balances

Appropriations for unexpended nongeneral fund cash balances **are not** automatically brought forward in the PB system and CARDINAL. Unexpended nongeneral fund cash balances on June 30, 2017, must be reappropriated in the PB system to be available for expenditure in FY 2018. The appropriation is subject to DOA's cash controls. DOA will not approve expenditures that exceed the available cash.

The general policy is that requests to appropriate unexpended nongeneral fund cash balances are limited to circumstances where there is no nongeneral fund appropriation in FY 2018 or the FY 2018 appropriation is insufficient to meet the provisions of §4-1.04 a, **Unappropriated Nongeneral Funds,** of Chapter 836.

To seek authorization to carry forward unexpended nongeneral fund balances, agencies should:

- Verify on DOA's final close report (CARDINAL Report ID RGL001) the actual unexpended cash balance.

- Submit a budget execution adjustment (adjustment type "E" Nongeneral fund cash balance) to DPB requesting appropriation and allotment of the amount estimated to be needed in FY 2018. If the entire balance is needed, it should be **rounded up** to the nearest dollar.

For special situations where nongeneral fund cash balances must be in place by July 1 of the new fiscal year:

- Use adjustment type "E" (Nongeneral fund cash balance) and **round up** the requested amount to the nearest whole dollar. The amount requested should not exceed the

agency's estimate of the cash balance in that fund detail that will be unexpended on June 30, 2017.

- Some of the June 30, 2017, cash balance may have been anticipated during budget development and included in the FY 2017 nongeneral fund appropriations in the act. If so, such amounts should be netted out of your adjustment request.
- The transaction brief should clearly describe how the funds will be used, the need for the appropriation, and note that it is an estimated amount. The PB system 'Help' documentation lists the questions that must be addressed in the budget execution adjustment transaction brief.

Additional Nongeneral Fund Revenue Appropriations

If the agency wishes to create a nongeneral fund operating appropriation on or after July 1 in anticipation of new or supplemental revenues to be received in FY 2018, a budget execution adjustment (adjustment type "G" Nongeneral fund revenue adjustment) must be submitted. The request must be consistent with the provisions of §4-1.04 of the Appropriation Act and include a transaction brief clearly explaining and justifying how the additional nongeneral funds will be expended and why the additional appropriation is needed. The brief should also describe the additional funding source and include the revenue source code(s) for the additional nongeneral fund revenue. The PB system 'Help' documentation lists the questions that must be addressed in the budget execution adjustment transaction brief. It is the agency's responsibility to provide cash to support the appropriation thus created.

Clearing Out Convenience Subobject and Fund Codes

An agency's initial appropriations for FY 2018 may contain "convenience" subobject and fund detail codes (see Table 1 below). Because of the need to know what agencies plan to purchase and because expense vouchers to be processed through CARDINAL must be coded using valid expenditure subobject codes, these convenience codes must be replaced with valid objects of expenditures and fund details.

If any convenience codes exist in an agency's budget, it is suggested that agencies submit a budget execution adjustment (adjustment type "M Adjustment to service areas and subobject codes") by **August 16, 2017**, to convert any remaining convenience subobject and fund detail codes, other than the xx95 subobject codes, to regular subobject and fund codes. It is optional to clear out the xx95 convenience codes (see Table 2 below) for undistributed nonpersonal services. Institutions of higher education must also clear out convenience codes by the August 16th deadline to ensure the most current financial information is available for the calculation of base adequacy.

Agencies are instructed not to use convenience codes (including the xx95 convenience codes) to appropriate or adjust funds during the fiscal year in the PB system.

Table 1: Convenience codes that should be removed by August 16, 2017, by distributing the amounts to valid expenditure subobject codes:

Subobject Codes	
1184	FTE Undistributed Amended Legislative Appropriation
1185	FTE, Undistributed: Legislative Appropriation
4100	Undistributed Budget Amounts
5100	Undistributed Savings Amount
6100	Undistributed Biennial Budget Amounts
6200	Undistributed Nonpersonal Services Across-the-Board Reductions
7100	Undistributed Amended Budget Amounts
8600	Undistributed Legislative Appropriation
8900	PB system Redistribution Code
9000	Undistributed Amended Appropriations
Fund Detail Codes	
1200	FTE, Undistributed Legislative Amount
1300	FTE, Undistributed Amended Legislative Amount

Table 2: Convenience codes that do not need to be cleared out:

1295	Undistributed Contractual Services
1395	Undistributed Supplies and Materials
1495	Undistributed Transfer Payments
1595	Undistributed Continuous Charges
2195	Undistributed Property and Improvements
2295	Undistributed Equipment
2395	Undistributed Obligations

For descriptions of these convenience codes, refer to the complete list of subobject and fund codes available in PB "chart of accounts" reports, available from the in PB system reports subsystem and at the Chart of Accounts tab on the "Virginia's Budget" section of DPB's Web site (http://dpb.virginia.gov/budget/budget.cfm) or https://solutions.virginia.gov/pbreports/rdPage.aspx?rdReport=COA_SubObject&ShowWebLink=True.

Central Appropriations Transfers

Transfers included in Central Appropriations of Chapter 836 may affect your agency's budget. ***Appendix C*** includes a summary of the Central Appropriations transfers for FY 2018 impacting multiple agencies and for which dollar amounts by agencies are not identified. DPB plans to notify agencies of central appropriation adjustment details during the first quarter of the fiscal year.

Part Three Transfers

Various paragraphs within §3-1.01 of Chapter 836 instruct the State Comptroller to transfer specified cash balances from nongeneral fund accounts to the general fund. It is highly recommended that you read the entirety of §3-1.01 and scan the remainder of Part 3 to ascertain any potential impact to your agency.

FY 2017 Fringe Benefit Rates

Employer fringe benefit rates, to be effective July 1, 2017, will be available soon, if not already, from the Department of Accounts (DOA) via their fiscal year-end payroll bulletin. Payroll bulletins can be found at the following DOA Web link: http://www.doa.virginia.gov/Payroll/Payroll_Main.cfm.

For your assistance, a copy of the FY 2018 employer benefit rates can be found in ***Appendix D***.

Higher Education Equipment Trust Fund Lease Payments (Institutions of Higher Education Only)

Chapter 836 provides funding to support debt service on equipment purchased through the Virginia College Building Authority's (VCBA's) Higher Education Equipment Trust Fund. As has been the case since FY 2000, the general fund and nongeneral fund appropriations are included within the Treasury Board budget instead of within the budgets of each institution of higher education. This allows the Commonwealth to consolidate debt service on tax-supported debt (i.e., debt supported primarily by the general fund) in one central location within the Treasury Board.

Since the general fund appropriation is now included as part of the Treasury Board budget, the Treasury Board makes the debt service payment to the VCBA directly. However, the nongeneral fund portion of the payment cannot be made to the VCBA until funds are transferred from each institution to support the nongeneral fund appropriation authority provided in Chapter 836. Therefore, DOA will take action on or about July 1 to transfer the appropriate cash amount listed in Item 281, paragraph E. 5. for all institutions from balances in fund code 0300 (higher education operating). See ***Appendix E***.

No action will be necessary on the part of the institutions for payment of debt service associated with the Higher Education Equipment Trust Fund.

Capital Fees for Out-of-State Students (Institutions of Higher Ed Only)

The 2017 General Assembly approved an additional fee to be charged to out-of-state students beginning in FY 2017. The funds will be used to pay a portion of the debt service on bonds issued under the 21st Century Program**.** Item 281, paragraph E. 4. of Chapter 836 sets out the amounts designated for each institution. No action is necessary at this time. See ***Appendix F***.

Capital Projects

Review of Active Projects

All active capital outlay projects, including projects authorized in prior biennia or under §4-4.01.m of the General Provisions of the Appropriation Act, must be reviewed to identify projects that have been completed and can be closed out and their appropriation balances reverted, as well as any unobligated appropriation balances in active projects that can be reverted. As a result of this review, agencies are required to submit a report through the PB System **only on those projects that are ready to be closed out or for which some unobligated balances can be reverted**.

After identifying which projects can be closed or have some unobligated balances reverted, enter each of those projects using the Capital Project Review module. To find the module in the PB System, place your cursor on the "Capital Budget" tab. From the list of tasks displayed, place the cursor on "Capital Project Review". From the list of tasks displayed, click on "Capital Project Review". For each project, follow these steps:

1. Enter agency code.
2. Select project from drop down list.
3. Project title field should automatically fill.
4. Year field should be defaulted to 2017.
5. Carryforward type field—Select "B" if the project is to remain active, but some balances can be reverted. Select "C" if the project is to be closed and all balances reverted. (If "A" (remain active and no balances reverted) is applicable, no action is needed. You do not need to complete a capital project review work item for carryforward type "A" projects.)
6. "Total Amount to be Reverted" Section.
7. There will be a line for each fund detail applicable to the project. The "Current Project Budget" for each fund detail is <u>not</u> necessarily the current appropriation balance for that fund detail; rather, it is the project's appropriation for the fund detail at the beginning of FY 2017. You will need to identify the current fund detail appropriation in either Cardinal or the project's operating plan in order to complete this form. For the "Amount" field:
   a. If you selected "B" (active, partial reversion) in the Carryforward type field, enter the amount to be reverted for each fund detail;
   b. If you selected "C" (closed, complete reversion) in the Carryforward type field, enter the amount of the balance anticipated to be available on June 30, 2017 for

each fund detail. (For projects designated to be closed, the Department of Accounts will revert the entire June 30 balance.)

8. Submission to DPB.
   Follow the instructions in the Help feature in the PB System to submit to DPB.

Agencies must complete their entries **no later than June 16, 2017.**

Sometime in early August, DOA and DPB will bring forward into FY 2018 the June 30, 2017, capital project appropriation balances for those amounts not identified for reversion in the Capital Project Review process described above. Prior to this reappropriation, DOA will calculate 75 percent of the current appropriation/allotment balance in mid-June, and will process an entry in FY 2017 to grant the calculated amount of appropriation/allotment to each applicable capital project. This will enable project expenditures to continue until the carryforward of capital balances has been completed. DOA will true-up the amounts later in Cardinal to be consistent with the recommendations made in the Capital Project Review process. For questions or more detail, contact DOA error correction personnel.

Execution of New Capital Projects

The process for executing new capital projects will vary, depending on whether the new project is included in a central capital pool or is a "stand-alone" project.

Stand-Alone Projects Newly Authorized in the Budget

Initial Appropriations. DPB has entered the appropriations for all state-owned projects into the PB System and transmitted them to CARDINAL. **Do not submit budget execution adjustments to enter new project appropriations into the PB System and CARDINAL for stand-alone projects in Chapter 836.**

Project Initiation or Change. Each affected agency must submit an E&B Form CO-2 (CO-2) or a related HECO (Higher Education) form, if applicable, to the Department of General Services (DGS) to initiate a new project or increase the project's appropriation. If a project is partially funded in each year of the biennium and a CO-2 or HECO has been approved for the first year, a separate CO-2 or HECO must be submitted in FY 2018 for the second year's appropriation. CO-2s or HECOs for FY 2018 submitted before the start of the fiscal year will be held at DPB until the start of the fiscal year. CO-2s or HECOs for FY 2017 funding of projects approved by Chapter 836 may be processed at any time after that act has become law.

***Allotment of Project Appropriation*.** After receipt of an approved CO-2 or HECO, a budget execution adjustment can be submitted to DPB to allot enough funds to complete working drawings (usually 75 percent of the amount budgeted for architectural and engineering fees in the approved CO-2 or HECO). Use adjustment type "L" and distribute the allotment to valid expenditure subobject codes.

After the construction bid has been received, and an E&B Form CO-8 has been submitted to DGS, an agency must submit a budget execution adjustment to DPB to allot construction funds.

DPB will allot up to the bid amount for construction and equipment, an amount for project contingencies (until further notice, this is no more than two percent of the construction contract for new construction or renovations over $1 million or five percent for renovations under $1 million), estimated amounts for testing, inspecting, or project management services, and the balance of the architectural and engineering contract.

If project construction and equipment costs are anticipated to exceed the allotted amounts, the agency must submit a revised CO-2 or HECO to DGS and a budget execution adjustment to DPB to access the remaining appropriated funds. The transaction brief must provide sufficient information to describe and justify the need for additional dollars to be allotted.

Central Capital Pool Projects

For those new projects included in the new central capital pools authorized in Chapter 836 and 769 of the 2016 Session of the General Assembly, DPB will assign project codes, as needed. DPB will transfer funding for detailed planning, construction, and equipment from the central capital pool projects to individual projects only after the Bureau of Capital Outlay Management (BCOM) has reviewed and recommended the amounts requested. Agencies should contact BCOM for instructions on what submissions are required for detailed planning, equipment, or full construction funding. For those projects authorized for detailed planning only, no funding will be provided until after July 1, 2017, in accordance with the provisions of the legislation.

2016-2018 Maintenance Reserve Appropriations

Agencies' FY 2018 allocations for maintenance reserve will be transferred from the Central Accounts maintenance reserve project to individual agency maintenance reserve project codes as soon after July 1, 2017 as is feasible. **Agencies do not need to submit CO-2 or HECO forms for maintenance reserve projects.**

Re-establishment of Closed Out Capital Outlay Projects and Restoring Reverted Appropriations

Occasionally, after a project is closed out or an unexpended balance is reverted, an agency may discover that an unpaid obligation or requirement for the project exists. Because of these situations, there is language in §4-1.05.c.3 of the General Provisions of Chapter 836 authorizing the DPB Director to restore reverted capital project balances and re-establish closed-out projects. ***Restoration authorization is limited to reversions that occurred in the current biennium.***

In some instances, there are no unexpended balances in the closed out project to be restored, and funds must come from another source to meet the unpaid obligation. In these situations, the project would be re-established under the authority of §4-1.05.c.3. However, because the project's fund source would be obtained through a transfer of appropriations or through additional nongeneral fund revenue, other sections of the General Provisions must be satisfied as well. Section 4-1.03 authorizes the transfer of appropriations and §4-1.04 authorizes the appropriation of unappropriated nongeneral funds.

To request the re-establishment of a closed capital outlay project and the restoration of project funding, the agency must submit a written request to the DPB Director. The request must describe circumstances that led to the need to restore the project and identify the source of money to be restored to the project. The funding sources may include reverted balances, transfers, and additional revenue.

Maintenance Reserve Reporting

Separate instructions will be issued later regarding the reporting of maintenance reserve expenditures. Each agency and institution will be required to submit a detailed report on its expenditure of maintenance reserve funds in FY 2017.

In addition, the agency head, chief fiscal officer, or administrative officer of each agency will be required to certify that all maintenance reserve expenditures had been made in compliance with these instructions and that any exceptions were appropriately authorized. The certification shall also include assurance that all needed roof repair and replacement projects had been completed or were underway, consistent with Appropriation Act requirements.

Appendices

APPENDIX A: Deficit Provision Acknowledgment Form

[Actual form is available at the following web address:
Link: DeficitProvisionAcknowledgementForm.docx ***]***

To: Director, Department of Planning and Budget

Section A (for all agencies)

Agency Acknowledgement

I have received, read, and understand your instructions regarding indebtedness of state agencies as they relate to the requirements of § 4-3.01 of the current Appropriation Act.

Agency Name _____ Agency Code _____

Other agencies in the Act (if any) for which your agency is responsible: _____

_____

_____

Agency/Cabinet Head Name _____

Agency/Cabinet Head Signature _____

(Personal signature is required above and cannot be delegated)

Date_____ _____

Section B (if applicable to your agency)

Supervisory Board (see § 2.2-2100 of the Code of Virginia)

I have provided each member of the supervisory board of this agency with a copy of the notice in this memorandum and I will provide the same material to those appointed to the board in the future.

_____

(Personal Signature of Agency Head)

Date: _____

Originals only!
Copies, e-mails, or faxes of this form will not be accepted.

Mail this form to:
Budget Operations, Deficit Acknowledgment
Department of Planning and Budget
Patrick Henry Building, Room 5040
1111 East Broad Street
Richmond, Virginia 23219-1922

APPENDIX B: Appropriations Not To Be Allotted July 1, 2017

Chapter 836 contains certain appropriations that are initially withheld from expenditure on July 1, 2017, and therefore unallotted. Funds are generally unallotted for the following reasons:

- Some type of prior approval by the Governor or other designated person/group is required;
- There is a match requirement; or
- The appropriation is not expended in the agency to which it is made, but is transferred to other agencies for expenditure.

DPB will post these unallotments on its Web site now that Chapter 836 has been signed into law. These appropriations will be established as unallotted in the PB System and Cardinal on July 1, 2017, and will not be available for expenditure. If expenditure is conditional upon a prior approval action or a match requirement, these criteria must be satisfied before the appropriation can be allotted.

Item	Agency Code	Agency	Amount	Fund	Program/Service Area	Description
70.D.	157	Compensation Board	$377,010	0100	35601	Reserve for unbudgeted medical costs.
109.P	165	Housing and Community Development	$600,000	0100	53305	Contingent upon the appropriation of federal funds.
125.R.3	310	Virginia Economic Development Partnership	$1,500,000	0100	53412	Contingent upon receiving plans for the new Incentives Division, the new Office of the Auditor, and the International Trade Division.
216.G	260	Virginia Community College System	$470,880	0100	53427	Match for four work force training centers
216.C.2	260	Virginia Community College System	$927,700	0100	53427	Match for A.L. Philpott manufacturer's assistance program.
310.Q	602	Department of Medical Assistance Services	$400,000	0100	49901	Provided to fund cost increases associated with contracts for actuarial and audit services.
319.C	792	Mental Health Treatment Centers	$450,000	0100	43014	Costs to hire a contractor related to geropsychiatric system of care in Virginia.
349.E	765	Department of Social Services	$8,853,833	1000	56101	Contingent upon workload increases requiring additional staff.
430.A.1	136	Virginia Information Technologies Agency	$1,000,000	0900	71201	Approval of expenditures by the Wireless E-911 Services Board required for allotment.

APPENDIX C: Multi-Agency Transfers in Central Appropriations

CENTRAL APPROPRIATIONS TRANSFERS:

Item	Transfer Description
475 G.	GF cost of state employee health insurance premium changes
475 H.	GF savings of state employee retirement contribution changes
475 K.	GF cost of state employee group life; sickness and disability; and retiree health care credit contribution changes
475 L.	GF cost of state supported local employee retiree health care credit contribution changes
475 T.	GF cost of per diems for judges and justices temporarily recalled to service
475 U.	GF cost of Line of Duty Act premiums based on enrollment update
475 V.	GF savings of workers' compensation premium changes
475 X.	GF cost of across the board salary increases for state employees, excluding faculty at institutions of higher education
475 Y.	GF cost of across the board salary increases for state-supported local employees
475 Z.	GF cost of salary increase for faculty at institutions of higher education
475 BB.	GF cost of targeted salary increase for state employees in high turnover job roles
476 G.	Net GF cost of estimated changes in technology services usage
476 J.	GF cost of support for agency information technology security activities
476 L.	GF savings due to reduced billings for Cardinal financial system
476 O.	GF cost of support for agency costs of new Personnel Management Information System (PMIS) internal service fund

APPENDIX D: Employer Fringe Benefit Rates

Employer fringe benefit rates, Provided by the Department of Accounts (DOA). The official rates documentation can be found in DOA's fiscal year-end payroll bulletin. Payroll bulletins can be found at the following DOA Web link: http://www.doa.virginia.gov/Payroll/Payroll_Main.cfm.

Sub Object	Benefit		*FY 2018 Rates/Factors*[1]
1111	**VRS Retirement Contributions**		
	State Employees		13.49%
	Virginia Law Officers Retirement (VaLORS)		21.05%
	State Police (SPORS)		28.54%
	Judges (JRS)		41.97%
1112	**Social Security** [2]		6.20% **capped** at $127,200
1112	**Medicare**		1.45%
1114	**Group Life**		1.31%
1115	**Annual Employer Health Insurance Premiums**		
	COVA Care	Single	$7,764
		Employee + One	$13,908
		Family	$20,388
	COVA High Deductible	Single	$6,612
		Employee + One	$12,288
		Family	$17,952
	HealthAware	Single	$7,776
		Employee + One	$14,184
		Family	$20,796
	Kaiser Permanente	Single	$6,648
		Employee + One	$11,796
		Family	$17,232
1116	**Retiree Health Insurance Credit Premium**		1.18%
1117	**VSDP & Long-Term Disability Insurance**		0.66%
1118	**Teachers Insurance and Annuity**[3] **Plan 1**		10.40%
1118	**Teachers Insurance and Annuity**[3] **Plan 2**		8.50%
1119	**Defined Contribution Plan**[4]		10.40%
1138	**Deferred Compensation Match Payments**		One-half of employee's contribution per pay period, up to a max of $20 per pay period or $480 annually

[1] Percentages refer to percent of salaries. Health insurance premiums are the annual employer dollar cost for an individual.

[2] The $127,200 Social Security cap applies to calendar year 2017. Future year caps are unknown at this time.

[3] For institutions of higher education: This includes alternative retirement options, such as TIAA-CREF, for those employees as defined in § 51.1-126 of the Code of Virginia. Plan 1 employees are those employees hired before July 1, 2010. Plan 2 employees were hired after June 30, 2010.

[4] Used for employees eligible for a defined contribution plan established pursuant to § 51.1-126.5 of the Code of Virginia.

APPENDIX E: FY 2018 HEETF Lease Payments

Institution	FY 2018 Amount (NGF 0300)
College of William and Mary	$259,307
University of Virginia	$1,088,024
Virginia Polytechnic Institute and State University	$992,321
Virginia Military Institute	$88,844
Virginia State University	$108,886
Norfolk State University	$108,554
Longwood University	$54,746
University of Mary Washington	$97,063
James Madison University	$254,504
Radford University	$135,235
Old Dominion University	$374,473
Virginia Commonwealth University	$401,647
Richard Bland College	$2,027
Christopher Newport University	$17,899
University of Virginia's College at Wise	$19,750
George Mason University	$205,665
Virginia Community College System	$633,657
Total	**$4,842,602**

Note: Table reflects amounts in Item 281, Paragraph E.5.

APPENDIX F: FY 2018 Capital Fee for Out-of-State Students

Institution	FY2018 Amount
George Mason University	$2,804,490
Old Dominion University	$1,108,899
University of Virginia	$5,006,754
Virginia Polytechnic Institute and State University	$5,192,295
Virginia Commonwealth University	$2,359,266
College of William and Mary	$1,639,845
Christopher Newport University	$131,508
University of Virginia's College at Wise	$48,330
James Madison University	$2,843,787
Norfolk State University	$420,789
Longwood University	$106,149
University of Mary Washington	$234,834
Radford University	$300,486
Virginia Military Institute	$400,470
Virginia State University	$773,577
Richard Bland College	$10,830
Virginia Community College System	$3,301,665
Total	**$26,683,974**

Note: Table reflects amounts in Item 281, Paragraph E.4.