**

*CAC Budget Review*

*Tuesday, November 14, 2017*

**SUMMARY BY FUND AND APPROPRIATION**

This document is submitted as part of each fiscal year’s budget submission to the Governor’s Budget Office. *(The example provided is part of DEP’s 2018-19 fiscal year budget submission)* ***(Attachment #1)***

A portion of this document will appear in the Governor’s Executive Budget when it is presented in February 2018. The document lists DEP ***planned spending*** in the current and following fiscal years:

* By type of funding and fund name
* Three prior fiscal years
* Current fiscal year available funding
* Next fiscal year’s budget request
* Four planning years – starting with fiscal year 2019-20

**DEP FUNDING SOURCES**

* **General Fund** – 21% of Overall DEP Funding ***(Attachment #2)***
  + General revenues of the State, appropriated by the Legislature to pay for general expenses of the Department
    - Examples of DEP General Funds:
      * General Government Operations
      * Environmental Program Management
      * Environmental Protection Operations
      * Black Fly Control
      * West Nile / Zika Virus
  + Budget is prepared
    - Cost-to-carry
      * Any reductions or increases in anticipated costs based on program needs
      * Based on previous year’s actual expenditures
  + Any unused funds in a fiscal year are lapsed back into the Commonwealth’s General Fund
* **Augmentations** – 5% of Overall DEP Funding ***(Attachment #3)***
  + Monies received and credited to a specific State appropriation, usually received as a result of a billing or a fee
  + Examples of augmentations within DEP:
    - Bureau of Laboratories and IT chargebacks – for services provided to areas in the Department
    - Black Fly / West Nile/Zika Virus – reimbursement from counties for spraying services provided by the Department
    - Special Fund support to general fund for administrative and program costs
      * Programs charged for share of the total cost of program staff occupying each of DEP’s six leased regional office buildings
      * Programs charged to provide financial support to the General Fund for indirect cost charges including the Department’s executive offices, the Office of Administration and Management, the Chief Counsel’s Office and the regional directors’ offices.
      * These augmentations are only charged to a special fund if needed to provide enough funding for a general fund in a specific fiscal year
        + Decision on usage is made close to the end of each fiscal year
* **Restricted Revenues** – 12% of Overall DEP Funding ***(Attachment #4)***
  + Revenues that are designated by law or administrative decision for a specific purpose
    - They fund a regular operation of the Department
    - In simplest of terms, continue from one year to the next – like a checking account
  + Revenues are generated by fees (permit, registration, etc.), fines, penalties
  + Examples of DEP Restricted Revenue Funds:
    - Clean Water ***(Financial Statement - Attachment #5)***
    - Safe Drinking Water ***(Financial Statement - Attachment #6)***
    - Well Plugging (Oil & Gas) ***(Financial Statement - Attachment #7)***
  + Interest is credited to the Commonwealth’s General Fund; not to DEP
* **Special Funds** – 32% of Overall DEP Funding ***(Attachment #8)***
  + Revenues raised from special sources named by law – earmarked revenue
    - Revenues can be spent only for purposes prescribed by the law and for which the revenues were collected
      * Examples of DEP Special Funds:
        + Clean Air ***(Financial Statement - Attachment #9)***
        + Hazardous Sites Cleanup Fund ***(Financial Statement - Attachment #10)***
        + Recycling Fund ***(Financial Statement - Attachment #11)***
    - Revenues are generated by fees (permit, registration, etc.), fines, penalties
  + Funding requests by the Department that are authorized in the name of the Governor – previously were appropriated through blanket action of the General Assembly
    - Any unused funds in a fiscal year are lapsed back into the fund/returned to the fund
  + Act 44 (HB674) of October 30, 2017 (Section 1726-G) – May impact DEP special funds and restricted accounts – impact to the Department not yet known.
    - As stated in the Act, the Secretary of the Budget is required to provide a list of funds and related amounts to the State Treasurer.
    - Refer to ***Attachments 12 & 13***, letters from Secretary McDonnell to the Environment Resources and Energy Committee Chairs in the Legislature stressing the importance of special funds to the Department.
* **Federal Funds** – 30% of Overall DEP Funding ***(Attachment #14)***
  + Monies appropriated to the Department for a specific time period
    - Represents the spending authority estimated to be needed by the Department for the estimated active federal grants for that fiscal year and grants that may become available during that fiscal year
* Personnel Costs and the Cross Application Time System (CATS)
  + DEP uses the Cross Application Time System, commonly known as CATS to capture employee work hours and distribute personnel costs to appropriate funding source
    - This is part of the Commonwealth’s Accounting System
  + Employees input timesheets using work codes (5 digits) created at the request of a program area (such as Water, Oil & Gas, Air Quality)
    - The work codes charge the funding sources related to the type of work employee is performing based on the defined parameters when the work code is created. For example:
      * If work is related to a federal grant that has a match requirement, work code will charge 60% to grant, 40% to match
        + Examples: Air Quality Management, Water Pollution Control Management, Deep Mine Safety, Emergency Response, etc.
    - Activity code – input in conjunction with the work code
      * Has no relationship to funding
      * Helps define the work performed to a more specific level
        + Assists programs in the monitoring and reporting of activities within their program area

Can help create spend plans

Assists with federal grant reporting

* + - * + Examples: Permitting, monitoring, enforcement, project development, etc.