

## Department of Planning and Budget 2011 Fiscal Impact Statement

**1. Bill Number:** SB1173

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Marsden

**3. Committee:** Finance

**4. Title:** Department of Planning and Budget; reestimate of agency needs.

**5. Summary:** SB 1173 provides that within five business days after the preliminary close of the Commonwealth's accounts at the end of each fiscal year, each of the several state agencies and other agencies and undertakings receiving financial aid from the Commonwealth shall report to the Department of Planning and Budget, in a format prescribed for such purpose, an estimate of cost reductions that may be accomplished by the agency without diminution of the services or programs provided by the agency. Of the reductions so identified, 50 percent shall be retained by the agency for its use; the remaining 50 percent shall be returned to the general fund to be directed first (i) to the revenue stabilization fund created in accordance with Article X, § 8 of the Constitution of Virginia and thereafter (ii) to debt relief. Any moneys retained by an agency which have not been spent at the end of three quarters of the next fiscal year shall revert to the general fund.

**6. Budget Amendment Necessary:** Yes

**7. Fiscal Impact Estimates:** Indeterminate

**8. Fiscal Implications:** This bill would create a new process for finance staff in agencies and the Department of Planning and Budget (DPB). The bill authorizes DPB to change agency appropriations outside of the normal budget development process. This new process would require agencies to develop cost reduction strategies, which would then be reviewed by DPB.

The strategies would create savings that need to be divided between the agencies, revenue stabilization and debt relief. It is not clear from the bill's drafting if the savings are to be identified from appropriations in the new fiscal year that is just beginning or if they are from the unspent balances of the prior year. It is not possible to estimate the potential savings that would be generated by these strategies.

**9. Specific Agency or Political Subdivisions Affected:** All state agencies

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None

**Date:** 1/17/11

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