

Department of Planning and Budget

2014 Fiscal Impact Statement

1. Bill Number: HB510

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

2. Patron: Morris

3. Committee: Appropriations

4. Title: Use of federal funds; appropriation required.

5. Summary: The bill prohibits state agencies and state officials, officers, and employees from disbursing, allotting, collateralizing, encumbering, committing, or otherwise using federal moneys or funds unless there is in effect an appropriation enacted by the General Assembly that specifically describes or defines the federal moneys or funds and how they are to be used.

6. Budget Amendment Necessary: See Item 8.

7. Fiscal Impact Estimates: Indeterminate. See Item 8.

8. Fiscal Implications: The bill could have significant fiscal impact on state government operations. Because of the variable and unpredictable availability of federal funding, it would be very difficult to project the bill's monetary impact on future fiscal budgets. Many agencies rely on federal funds to fulfill their agency missions and to carry out legislative mandates. Delayed or lost federal funding may result in the need to divert other state appropriations to vital services. The most at-risk areas of concern involve federal funding the state's emergency, medical services, citizen support, transportation, and higher education agencies. The bill could jeopardize the agency's ability to meet federally established timetables and deadlines, thus losing out on eligible funding. Federal aid related to disasters can be released by the federal government at any time throughout a fiscal year and can obviously not be planned. In addition to threatening the receipt of disaster funding, the bill could potentially delay reimbursements to localities and state agencies for many months.

The bill states that appropriations must be specifically described or defined and it must be addressed as to how the funds will be used. This presents an issue such that without significant expansion of the budget bill being developed, federal funding that is already identified may not meet the terms laid out by this bill. The bill is not clear as to whether revenue documentation used by the Governor or the General Assembly in approving appropriation act funding would be acceptable for moving forward with the use of federal funds. The bill also does not address the process of seeking and receiving approval for new federal grants and supplemental federal funding that becomes available once the appropriation act is signed into law and before the next year's budget is developed.

9. Specific Agency or Political Subdivisions Affected: Any state entity who is eligible for federal funding.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

1/22/2014