



# McAuliffe asks agencies to curtail spending now to help with next budget

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By MICHAEL MARTZ Richmond Times-Dispatch



Virginia Gov. Terry McAuliffe

Gov. Terry McAuliffe is asking state agencies to cut discretionary spending now to help with potential cuts in the budget that would take effect July 1.

Paul J. Reagan, the governor's chief of staff, advised the heads of executive branch agencies on Monday that the state is likely to transfer a smaller operational surplus than budgeted from this fiscal year to the next one, for fiscal 2017.

"Consequently, any reduction in those carryover balances may have to be addressed with reductions in FY 2017

general fund spending," Reagan said in the memorandum.

The memo asks agencies to voluntarily pledge their unspent balances from this year "toward any potential general fund budget reductions" in the next. "The governor's plan represents a unique opportunity for your agency and your staff to achieve savings through the end of this fiscal year that could benefit you in the future."

The call for agency savings makes clear the McAuliffe administration's concerns about lagging state revenue collections that could result in a shortfall in the pending 2016-18 budget and affect planned spending, including raises for state employees, college faculty and teachers to take effect Dec. 1.

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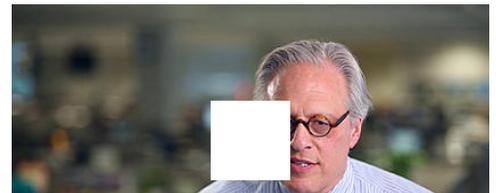


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"That's certainly a prudent approach to take," House Appropriations Chairman S. Chris Jones, R-Suffolk, said Wednesday.

Secretary of Finance Richard D. "Ric" Brown said Wednesday that he remains hopeful that revenue collections will recover this month after a disappointing April, but he acknowledged that any reduction in anticipated revenues in this fiscal year means the state will have to "make it up in the next."

"It's worked in the past," he said of agency efforts to curtail discretionary spending to cushion future cuts.

The two-year budget anticipates a surplus of more than \$265 million in the fiscal year that ends June 30 to carry forward into the first year of the next biennium. But by the end of April, general fund revenues had grown 1.3 percent, well behind the projected 3.2 percent projection for the full fiscal year.

"While we expect to be able to close a portion of the current gap before the end of the fiscal year, it is not likely that we will collect any surplus revenues," Reagan wrote.

The 1.9 percent lag in revenue growth at the end of April represented a shortfall of about \$347 million, but Brown expressed confidence that the gap has narrowed with improved collections of income taxes in the first weeks of May.

"The numbers have improved," he said Wednesday.

The concern now is whether revenues can rebound enough this month and next to meet the projection or, at least, result in a shortfall that is less than the 1 percent of budget that would trigger an automatic re-forecast of anticipated revenues and put the scheduled pay raises on hold. The threshold is a shortfall of no more than \$169 million.

Last year, the state produced a record surplus at the end of the fiscal year, buoyed by \$2 billion in collections in June, the first time revenues had reached that level for a month.

The previous year, the state ended up with a \$439 million shortfall that carried forward into the following two-year budget biennium for a projected gap of \$2.4 billion that ultimately did not materialize.

The state has ample cash on hand to fund operations fully through the end of fiscal 2016 on June 30, but the reduced carryover could mean trouble in the next year, Brown said.

"To the extent we have to cut agencies or programs, it will be in '17, not '16."

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**Charlotte Amory** · Varina High School

He didn't mind spending tax money to build a handicap ramp for a state building that was already accessible via elevator. In Sandston. the handicap get across Route 60 the best way they can as there is NO crossing for wheelchairs, children or anyone else trying to cross a VDOT road that connects major routes.

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**Martha Ann Brochard** · Dillwyn, Virginia

Governor -- you must have your head in the sand along with governors before you...I submitted a well-researched and sound suggestion on how the department for which I worked could save around 3 million dollars annually and it never moved forward from the agency to anyone who could have implemented this. You apparently have no idea how protective some departments are of their "pet projects" regardless of how ineffective they are. In fact, the person who petitioned the General Assembly for this particular initiative said he would be "damned" if he would go before the Assembly again and tell them the project was no longer viable. Therefore, it has stood for more than 20 years funded by taxpayers. So, we are now talking 60 million dollars that could have been saved. Department heads can dazzle governors with often-manipulated statistics to convince one of anything but when things are played out, it is simply one more example of waste!

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**Ray Steffens**

This isn't news, when was the last budget year that the governor DID NOT announce a moratorium on spending. Departments have gotten used to this, and front end load their spending in July and August so there is little left to save by May.

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**Ron Melancon** · President\Founder at [Http://www.dangeroustrailers.org/](http://www.dangeroustrailers.org/)

Governor why don't you enforce the car tax? Did you know that some of your friends register their cars in Montana? To avoid the car tax ? Do you think we are stupid not to see school teachers who register their cars out of state to avoid the car tax and you don't enforce it. Over 10% of cars are here everyday in violation of state law and you



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**Ray Steffens**

Blame Gov Gilmore, he won his election promising "NO CAR TAX", until he flim flammed us by going by a % of the vehicle value, over actual NADA value.

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**Timothy Watson** · Virginia Commonwealth University

Maybe because the personal property tax ("car tax") is a local tax that the Governor doesn't have anything to do with?

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