



### ***Cost and FTE***

- The Department's base budget includes an adjustment of \$300,000 to refinance a portion of the Division of Accounts and Control's Procurement and Contracts program from cash funds to General Fund based on updated revenue projections for procurement card rebates for FY 2016-17.
- This summary is intended to provide background information and explanation for base adjustment TA-18 in the Department's base budget request.

### ***Current Program***

- The Procurement and Contracts program administers the State's procurement card (P-Card) program. The P-Card program generates a rebate based upon the statewide total spend processed through the P-Card; much of this rebate revenue is then used to offset General Fund via cash funds appropriations in the DPA's Long Bill.
- For FY 2014-15 and FY 2015-16, the Department's Long Bill included approximately \$2.26 million in offsets to General Fund appropriations.
- These offsets include the P-Card rebate, the higher education backfill for exiting the P-Card program in FY 2010-11, reimbursements from National Association of State Procurement Officials (NASPO, formerly WSCA), and car rental and travel agency rebates.
- Historically, the Department has adjusted the offset amount through a base adjustment informed by projections it receives from P-Card program staff.

### ***Problem or Opportunity***

- In FY 2010-11, Institutions of Higher Education opted out of the P-Card program. To address this, the higher education backfill was established to provide funding for the rebate reduction due to higher education institutions leaving the P-Card program. The time period for the backfill was FY 2010-11 to FY 2014-15, and this included a ramp up and ramp down in the first and last years.
- In FY 2016-17, the Department anticipates receiving \$1,596,914 in P-Card revenue, \$136,912 in travel agency and car rental rebates, and \$10,000 in rebates from NASPO.
- With the conclusion of the higher education backfill in FY 2014-15, the Department is projecting a total rebate of \$1,743,826; therefore, the Department is seeking to refinance \$300,000 from cash funds to General Fund for FY 2016-17.
- The Department will attempt to make up any remaining shortfall by working with participating entities to maximize the P-card rebate through higher spending and quicker payments.
- For future budget requests, the Department will continue to monitor rebate amounts and request base adjustments when trends indicate they are necessary.

### ***Proposed Solution***

- The Department included a base adjustment which refinances cash fund spending authority of \$300,000 to General Fund. This adjustment is zero-sum.
- The adjustment will align the Department's FY 2016-17 cash fund appropriations with the anticipated FY 2016-17 revenue received from the P-Card rebate, car rental and travel agency rebates, and the reimbursement from NASPO.
- The Department also proposes updating the letternote to the following: "These amounts shall be from rebates received from the Procurement Card Program, car rental and travel agency programs and other rebate programs, and reimbursements from the National Association of State Procurement Officials."