

Finance

The proposed amendments for the Finance secretariat for FY 2010 include a net decrease of \$37.1 million in general fund dollars which is a 5.4 percent decrease compared to Chapter 781 of the 2009 Acts of Assembly. The majority of the savings proposed for FY 2010 comes from a \$27.8 million reduction in debt service funding at the Treasury Board based on updated estimates.

The Governor's proposed amendments for the Finance secretariat for the 2010-12 biennium include a net increase of \$171.4 million in general fund dollars and \$60.1 million nongeneral fund compared to the Chapter 781 base. This represents a 12.6 percent increase in general fund appropriation compared to Chapter 781. Significant general fund expenditure proposals for the 2010-12 biennium include a \$40.0 million reserve fund for an anticipated FY 2013 deposit into the revenue stabilization fund and \$165.7 million in additional debt service requirements. Significant general fund savings actions proposed include proposals to eliminate the \$20.1 million general fund support for the Line of Duty program and supplant the appropriation with revenues from a new E-911 surcharge as well as funding with the VRS administered retiree health credit and group life insurance programs.

HB/SB 29

- **Department of Accounts**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$1.5 million GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. The majority of the savings comes from a reversion of \$1.3 million in general fund balances. The budget reduction plan includes 3 potential layoffs within the Department of Accounts.
- **Department of Accounts Transfer Payments**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$1.7 million GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. The savings is realized from the supplanting of general fund support for the Line of Duty program with \$1.2 million from the state employee retiree health credit benefit and \$500,000 from the group life insurance program.
 - *Capture Nongeneral Fund Balances from the Line of Duty Program.* Proposes to supplant \$2.2 million in general fund support in FY 2010 for the Line of Duty program with \$2.2 million in nongeneral fund balances in the Line of Duty Trust Fund. This is a modification to this action which as approved in the September budget reduction plan would have authorized the reversion of the nongeneral fund balances.
 - *Adjust Department of Accounts Distribution Payments to Localities.* Includes an increase of \$995,349 GF in FY 2010 for distribution payments to localities to reflect

actual collections. The budget proposes an increase of \$530,000 in the distribution of rolling stock taxes and \$456,349 for the distribution of Tennessee Valley Authority payments in lieu of taxes.

- *Language Authorizing Additional Withdrawal from the Revenue Stabilization Fund.* Includes language authorizing an additional withdrawal from the revenue stabilization fund in FY 2010 of \$292.9 million. This withdrawal would leave the fund with an estimated balance of \$293.8 million at the end of FY 2010.

- **Department of Planning and Budget**

- *Governor's September 2009 Budget Reductions.* Includes savings of \$1.0 million GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. The majority of the savings comes from a reversion of \$682,966 in general fund balances. The budget reduction plan also includes savings of \$158,208 from eliminating funding for a vacant position and a \$75,993 reduction in funding for the School Efficiency Review program.
- *Capture Additional General Fund Balances.* Includes a reversion of an additional \$192,986 in general fund balances in FY 2010 at the Department of Planning and Budget. This is in addition to a reversion of \$682,966 in GF balances assumed in the September 2009 budget reduction plan.

- **Department of Taxation**

- *Governor's September 2009 Budget Reductions.* Includes savings of \$3.4 million GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. Half of the savings comes from a reversion of \$1.7 million in general fund balances. In addition to the \$3.4 million in general fund savings, the budget reduction plan assumed \$1.4 million in increased revenues as a result of the following actions; \$500,000 in additional court debt revenue transfers, \$500,000 in additional land preservation tax credit transfers and \$447,929 in transfers from other nongeneral fund sources.

- **Department of the Treasury**

- *Governor's September 2009 Budget Reductions.* Includes savings of \$248,921 GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. The majority of the savings comes from a reversion of \$186,000 in general fund balances.
- *Capture Additional General Fund Balances.* Includes a reversion of an additional \$39,000 in general fund balances in FY 2010 at the Department of the Treasury. This is in addition to a reversion of \$186,000 in GF balances assumed in the September budget reduction plan.

- **Treasury Board**

- *Adjust Debt Service Funding.* Decreases the general fund amounts required for debt service on outstanding obligations and issuances of currently authorized General Obligation, Virginia College Building Authority (VCBA), and Virginia Public Building Authority bond projects by \$27.8 million in FY 2010.

HB/SB 30

- **Secretary of Finance**

- *Distribute October 2008 Budget Reductions.* Reduces funding by \$176,765 GF each year of the 2010-12 biennium and 1.0 FTE position to distribute reductions to the Governor's Office in Item 54.04 of Chapter 781.
- *Consolidate Support Staff in the Cabinet.* Reduces funding by \$99,282 GF over the 2010-12 biennium from eliminating a support staff position.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$7,997 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.

- **Department of Accounts**

- *Governor's September 2009 Budget Reductions.* Includes savings of \$522,426 GF in FY 2011 and FY 2012 to reflect actions taken as part of the September 2009 budget reductions which are continued into the 2010-12 biennium. The majority of the savings, \$300,000 GF each year comes from the elimination of 3 positions, which will potentially result in 3 layoffs.
- *Allocate Nongeneral Fund Interest Earnings to Support Administrative Cost at DOA.* Allows the Department of Accounts to retain \$180,000 of nongeneral fund interest earnings in FY 2011 and FY 2012 and use these funds to supplant \$180,000 GF of administrative cost incurred in the calculation of interest earnings, charge card rebate distributions and exception processing tasks related to the administration of Tier Three higher education restructuring agreements.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$145,550 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.
- *Transfer Staff Person to Payroll Services Bureau.* Assumes GF savings of \$39,000 in both FY 2011 and FY 2012 from transferring the staff person who handles payroll processing for DOA, the Department of Planning and Budget and the Department of the Treasury to the payroll services bureau which is funded with internal service funds.

- *Nongeneral Fund Appropriation for VRS Distribution Payments.* Includes a \$1.0 million NGF appropriation in FY 2011 and FY 2012 to authorize DOA to disburse cash from the Commonwealth Health Research Fund which has been transferred from the Virginia Retirement System. DOA is authorized to act as the fiscal agent for the Commonwealth Health Research Board pursuant to §23-284, *Code of Virginia*.

- **Department of Accounts Transfer Payments**

- *Reserve Funding For Anticipated Mandatory Deposit into the Revenue Stabilization Fund in FY 2013.* Includes \$40.0 million GF in FY 2012 which is reserved in anticipation of a mandatory deposit into the revenue stabilization fund in FY 2013.
- *Adjust Department of Accounts Distribution Payments to Localities.* Includes an increase of \$1.5 million GF in FY 2011 and \$1.6 million in FY 2012 for distribution payments to localities to reflect current projections. The budget proposes an increase of \$530,000 each year in the distribution of rolling stock taxes and approximately \$1.0 million each year for the distribution of Tennessee Valley Authority payments in lieu of taxes.
- *Transfer General Fund Appropriation for Northern Virginia Transportation District from FY 2011 to FY 2012.* Transfers \$12.0 million GF funding from the Distribution of Recordation Taxes paid to the Northern Virginia Transportation District from FY 2011 to FY 2012. Under this proposal the transportation district would receive \$8.0 million from recordation taxes in FY 2011 and \$32.0 million in FY 2012.
- *Supplant GF support for the Line of Duty Act with Other Revenue Sources.* Proposes to supplant all of the \$10.1 million GF support for the Line of Duty Act in both FY 2011 and FY 2012 with nongeneral fund revenue sources. The proposal would supplant the GF support from three sources; \$300,000 each year from the VRS administered group life insurance, \$300,000 each year from the VRS administered group life insurance program, and \$9.5 million each year from an increase of 18 cents per month in the E-911 surcharge paid by cell phone users. This would increase the monthly surcharge from 75 cents to 93 cents. Language is also included in the budget to establish a line of credit for DOA of \$5.25 million to enable DOA to administer the Line of Duty program until sufficient revenues are received from the surcharge as well aide in the cash flow management of the state employees' flexible spending accounts.
- *Create a Nongeneral Fund Appropriation for State Employee Flexible Spending Accounts.* Establishes a new budget program with a NGF appropriation of \$21.6 million in FY 2011 and FY 2012 to better track and report reimbursements to state employees from their flexible spending accounts for health care and child care expenses.

- *Remove Appropriation for Sales Tax on Fuel Distribution.* Removes a \$71.1million NGF appropriation, in FY 2011 and FY 2012, within the Department of Accounts Transfer Payments for the distribution of sales tax on fuel to the Northern Virginia Transportation Commission and the Potomac Rappahannock Transportation Commission. The Department of Tax collects the sales tax and makes the transfer directly, therefore the appropriation is unnecessary. A companion amendment within the Department of Taxation reflects the disbursements are made by the Department of Taxation.

- **Department of Planning and Budget**

- *Governor's September 2009 Budget Reductions.* Includes savings of \$439,935 GF in FY 2011 and \$550,338 in FY 2012 to reflect actions taken as part of the September 2009 budget reductions which are continued into the 2010-12 biennium. The budget reduction plan includes savings over the 2010-12 biennium of \$316,416 from eliminating funding for a vacant position, \$330,994 from reductions in funding for the School Efficiency Review program, and \$170,182 in reduced funding to support the Council on Virginia's Future.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$129,602 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.

- **Department of Taxation**

- *Governor's September 2009 Budget Reductions.* Includes savings of \$3.4 million GF in FY 2011 and FY 2012 to reflect actions taken as part of the September 2009 budget reductions which are continued into the 2010-12 biennium. The budget reduction plan includes \$2.0 million in turnover and vacancy savings each year and \$695,900 in savings each year from a reduction in discretionary expenditures. In addition, the plan assumes \$500,000 in additional court debt revenue transfers and \$100,000 in additional land preservation tax credit transfers in both FY 2011 and FY 2012.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$1.8 million in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.
- *Savings from Eliminating Norfolk District Office.* Assumes savings of \$64,163 GF in both FY 2011 and FY 2012 from eliminating the Norfolk district office beginning January 1, 2010. The employees in this office would be allowed to telework.
- *Enact Legislation to Require Electronic Filing Under Certain Circumstances.* Assumes savings of \$95,000 GF in FY 2012 associated with legislation which will be proposed during the 2010 Session requiring income tax preparers with a large volume and certain large retailers who file consolidated tax returns to file electronically.

- ***Transfer Appropriation for Sales Tax on Fuel Distribution in the Department of Taxation.*** Establishes an NGF appropriation of \$61.0 million in FY 2011 and \$60.0 million FY 2012 within the Department of Taxation for the distribution of sales tax on fuel to the Northern Virginia Transportation Commission and the Potomac Rappahannock Transportation Commission. The appropriation was previously included in the Department of Accounts Transfer Payments, however, the Department of Tax collects the sales tax and makes the transfer directly. In addition to transferring the appropriation to the correct agency the budget decreases the appropriation from \$71.1 million annually to \$61.0 million in FY 2011 and \$60.0 million in FY 2012 to reflect the revised collection estimates.
- ***Charge Localities for the Cost Associated with the Value Use Taxation Program.*** Assumes revenues of \$105,000 each year from charging localities for the cost incurred in the value use taxation program. Under this program, the Department of Taxation works with Virginia Tech on value use estimates for local Commissioners of Revenue to be used in the calculation of the assessed value of agricultural property.

- **Department of the Treasury**

- ***Transfer Balances from State Insurance Reserve Trust Fund.*** Proposes in FY 2011 a one-time transfer to the general fund of \$4.3 million in cash balances from the Commonwealth’s State Insurance Reserve Trust Fund. The proposed transfer includes \$1.74 million from property insurance and \$2.61 million from medical professional insurance.
- ***Distribute Central Appropriations Reductions to Agency.*** Reflects a technical adjustment transferring GF savings of \$146,052 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.
- ***Increase Fee Charged for Non-Arbitrage Program.*** Supplants \$50,000 GF support in FY 2011 and FY 2012 with increased NGF revenues from an increase in the fees charged to government entities that participate in the State Non-Arbitrage Program.
- ***Provide NGF Funding for 3 Additional Positions.*** Proposes NGF appropriation of \$146,231 in FY 2011 and \$159,112 in FY 2012 for three additional positions within the Unclaimed Property Division.
- ***Charge a Fee of 10 Basis Points for 9(C) Debt Financings.*** Assumes revenues of \$75,000 in both FY 2011 and FY 2012 from charging institutions that participate in 9(C) debt financing a charge of 10 basis points. This proposal is similar to the current process used for the Virginia College Building Authority debt financings.
- ***Reduce Advertising Cost for Unclaimed Property.*** Proposes savings from increasing the income threshold which determines if the Treasury is required to print the name of the individual in the newspapers. It is estimated that this

proposal would reduce advertising costs and increase deposits into the Literary Fund by \$105,000 each year.

- **Treasury Board**

- *Adjust Debt Service Funding.* Increases the general fund amounts required for debt service on outstanding obligations and issuances of currently authorized General Obligation, Virginia College Building Authority (VCBA), and Virginia Public Building Authority bond projects by \$59.0 million in FY 2011 and \$106.8 million in FY 2012.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$4,562 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.