

Finance

Proposed Adjustments as Introduced (\$ in millions)				
	FY 2013 Proposed		FY 2014 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2012-14 Base Budget, Ch. 890	\$1,811.4	\$179.9	\$1,811.4	\$179.9
Proposed increases	179.0	597.0	246.5	598.2
Proposed decreases	<u>(128.2)</u>	<u>(106.4)</u>	<u>(128.3)</u>	<u>(106.8)</u>
\$ Net Change	50.9	490.6	118.2	491.4
HB/SB 30, as Introduced	\$1,862.3	\$670.5	\$1,929.6	\$671.3
% Change	2.8%	272.7%	6.5%	273.2%
FTEs	1,097.50	156.50	1,097.50	156.50
# Change	(69.50)	13.00	(69.50)	13.00

- **Department of Accounts**

- *Increased General Fund Revenue from Charge Card Rebates.* Assumes additional general fund revenues of \$1.5 million in FY 2013 and \$2.0 million in FY 2014 from increased credit card rebates as a result of a new payment processing service, E-payables, being implemented by the Department.
- *Implement New Statewide Financial Management System - “Cardinal”.* Includes language authorizing a \$60.0 million treasury loan to the Department of Accounts for the cost of finalizing the development and the implementation of the new financial management system, Cardinal. Cardinal will replace the CARS system which was first implemented in 1978. The Secretaries of Finance and Technology must approve any expenditures prior to the agency accessing any of the \$60.0 million treasury loan. In addition, the budget provides a sum sufficient appropriation to authorize the expenditure of internal service fund revenue, which will be realized from charging agencies and institutions that use the new Cardinal system. The sum sufficient appropriation is estimated to be \$14.9 million the first year and \$16.8 million the second year. Actual revenues during the biennium will be significantly impacted by the timing of the implementation.
- *Increase the Sum Sufficient Appropriation for the New Performance Budgeting System.* Proposes to increase the sum sufficient appropriation, from \$490,947 in

FY 2012 to \$4.0 million each year, for the internal service fund revenue which will be realized from charging agencies and institutions that use the new Performance Budgeting system.

- *Staffing for the Payroll Services Bureau.* Recommends eight additional staff positions for the payroll services bureau, increasing total employment to 27 positions. The budget also increases the sum sufficient appropriation for the bureau by \$737,110 each year of the biennium.

- **Department of Accounts Transfer Payments**

- *Revenue Stabilization Fund Deposits.* Proposes \$132.7 million for the FY 2013 required revenue stabilization deposit and \$166.4 million in FY 2014 which is the current estimated deposit requirement for FY 2014. The FY 2014 deposit requirement will be finalized by the Auditor of Public Accounts based on FY 2012 revenue collections. The \$132.7 million FY 2013 deposit is funded completely from FY 2011 year-end surplus funds that were set aside for the required deposit. In addition, \$114.0 million of the proposed \$166.4 million FY 2014 appropriation is available from the revenue reserve appropriated in FY 2012 in anticipation of the 2012-14 biennium deposits.
- *Distribution Payments to Localities.* Reduces the appropriation for the distribution of payments to localities by \$364,000 GF each year to reflect current projections. The amendment decreases the appropriation for the distribution of rolling stock taxes by \$300,000, and decreases the distribution to the Tennessee Valley Authority for payments in lieu of taxes by \$64,000 each year.
- *Establish an Appropriation for Distribution of Payments which were Previously the Responsibility of the Tax Department.* Includes \$554.6 million NGF in FY 2013 and \$555.8 million NGF in FY 2014 for the distribution payments which were administered by the Department of Tax during the 2010-12 biennium. The appropriation includes \$440 million each year in distribution payments from the communication and sales tax, and \$36.0 million each year in distribution payments from the rental vehicle tax. In addition, the budget includes \$78.6 million in FY 2013 and \$79.8 million in FY 2014 from the sales tax on fuel which is limited to the Northern Virginia Transportation Commission and the Potomac Rappahannock Transportation Commission.
- *State Employee Flexible Spending Accounts.* Increases the NGF appropriation by \$5.7 million each year for increases in the flexible spending accounts for health care and child care expenses for participating state employees.

- **Department of Planning and Budget**

- *Additional Budget Staff.* Includes \$105,284 GF in FY 2013 and \$140,376 GF in FY 2014 to hire two additional budget analysts.

- *Reduce Funding for Programs.* Saves \$38,657 GF each year by reducing funding for the Council on Virginia’s Future by 4 percent each year (\$22,867 GF), and funding for the School Efficiency Review Program by 10 percent each year, (\$15,790 GF).

- **Department of Taxation**

- *Eliminate Paper Checks for Income Tax Refunds.* Proposes \$200,000 GF in FY 2013 and \$50,000 GF in FY 2014 to replace paper checks for income tax refunds with debit cards. Taxpayers will continue to have the option to receive their refund through direct deposit to their bank account or may request a check under special circumstances. The majority of the cost is a one-time transition cost. A companion amendment within the Department of Treasury assumes \$200,000 GF savings each year from the elimination of the paper checks.
- *Across the Board Reductions.* Includes savings of \$1.2 million GF in FY 2013 and \$1.4 million GF in FY 2014 from a number of savings actions, including: reducing by one the number of computer servers used by the Department; eliminating the service which allows business to pay their taxes over the phone; eliminating the requirement of the Department to print and mail certain tax forms; mandating electronic filing of sales tax payments and returns; and reducing Tax Department staffing by 11 positions, including eliminating the mapping unit with three staff that develops property tax maps for localities on request.
- *Transfer Appropriation Responsibility for Distribution Payments to the Department of Accounts Transfer Payments.* The budget transfers responsibility for distribution payments from the communication and sales tax, the rental vehicle tax, and the sales tax on fuel which is limited to the Northern Virginia Transportation Commission and the Potomac Rappahannock Transportation Commission to the Department of Accounts Transfer Payments.

- **Department of the Treasury**

- *Eliminating Paper Checks for Income Tax Refunds.* Realizes \$200,000 GF savings each year from the proposal in the Tax Department to eliminate paper checks for tax refunds. Under the proposal, tax payers could elect to receive their refunds either through direct deposit or a debit card. This action will reduce expenditures for check stock and postage.

- **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 \$40.8 million in FY 2013 and \$74.6 million in FY 2014. In addition, the budget reduces the NGF appropriation by \$3.3 million in FY 2013 and \$3.7 million in FY 2014.