

Finance

Governor's Proposed Amendments (\$ in millions)				
	FY 2013 Proposed		FY 2014 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2012-14 Current Budget (Ch. 3, Special Session I)	\$1,856.2	\$673.3	\$1,921.3	\$674.1
Proposed Increases	1.3	0.0	133.8	0.3
Proposed Decreases	(6.5)	(0.0)	(24.5)	(58.9)
\$ Net Change	(5.2)	0.0	109.3	(58.6)
HB 1500/SB 800, as Introduced	\$1,851.0	\$673.3	\$2,030.6	\$615.5
% Change	-0.3%	0.0%	3.8%	-8.7%
FTEs	1,096.50	157.50	1,096.50	157.50
# Change	(0.00)	6.00	(2.00)	27.00

- **Department of Accounts**

- *Funding and Staffing to Support the Standard Vendor Database in Cardinal.* Proposes \$847,805 GF and 4.0 FTEs in the second year for the Department to implement requirements included in the 2012 Appropriation Act for the development of a standardized vendor database to ensure consistent information is captured and reported across state government.
- *Provide Funding and Staff to Support the Ongoing Implementation and Maintenance of the Cardinal System.* Includes an authorization to support the implementation and maintenance of the new Cardinal financial system of 6.0 NGF FTEs in the first year and \$322,926 GF in the second year with 3.0 GF FTEs and 22.0 NGF FTEs. The NGF FTEs will be funded through the internal service fund that is being created for Cardinal which has a sum sufficient appropriation.
- *Transfer Funding and Positions to the New Office of the Inspector General.* Proposes the transfer of \$345,618 GF and 3.0 FTEs in the second year from the Department to the new Office of Inspector General which was created pursuant to Chapter 798 of the 2011 Acts of Assembly.

- *Create a Sum Sufficient Appropriation for the New Automated "Time, Attendance and Leave System".* Provides a sum sufficient appropriation, estimated at \$606,439 NGF in FY 2014, to support the cost for implementing and operating the Department of Human Resource Management's new Time, Attendance and Leave System. Participation in the new system will be optional to state agencies and those agencies choosing to use the system will be charged a fee to support the operation of the system.

- **Department of Accounts Transfer Payments**

- *Fund FY 2014 Revenue Stabilization Fund Deposit.* Provides an additional \$78.3 million GF for the FY 2014 required revenue stabilization deposit. This action would increase funding for the FY 2014 deposit from \$166.4 million GF, as included in Chapter 3 of the 2012 Acts of Assembly, Special Session I, to \$244.7 million GF based on the finalized calculation of the FY 2012 revenue collections by the Auditor of Public Accounts. The additional \$78.3 million GF is funded completely from FY 2012 year-end surplus funds that were set aside for the required deposit.
- *Fund Advance Payment in Anticipation of 2014-16 Biennium Revenue Stabilization Required Deposits.* Proposes \$50.0 million GF in the second year to make an advance payment towards the expected deposits into the Revenue Stabilization Fund that will be required during the 2014-16 biennium. Based on current revenue projections, required deposits for the next biennium will be in excess of \$130 million in FY 2015 and \$240 million in FY 2016.
- *Distribution Payments to Localities.* Provides an additional \$1.0 million GF each year to reflect current projections of the distribution payments to localities of rolling stock taxes. In addition, this amendment would provide an additional \$220,000 GF in FY 2013 to the Tennessee Valley Authority for payments in lieu of taxes.
- *Transfer NGF Appropriation from DOA Transfer Payments to DMV Transfer Payments.* Proposes the transfer of \$79.8 million NGF in the second year from the Department of Accounts Transfer Payments to the Department of Motor Vehicles Transfer Payments to reflect the transfer of the Northern Virginia regional motor fuel sales tax collection responsibility from the Department of Taxation to the Department of Motor Vehicles. This action was approved by Chapters 803 and 835 of the 2012 Acts of Assembly.
- *Transfer NGF Appropriation from VITA to DOA Transfer Payments.* Proposes the transfer of \$21.2 million NGF in the second year from VITA to the Department of Accounts Transfer Payments to reflect the transfer of responsibility for calculating and distributing to localities payments related to the E-911 fee. This action was approved by Chapters 803 and 835 of the 2012 Acts of Assembly.

- **Department of Planning and Budget**

- *School Efficiency Review Program.* Proposes a \$100,000 GF reduction in the second year in funding for the School Efficiency Review Program. In addition, the budget includes language which would allow localities the option of contracting for a school efficiency review immediately if they are willing to pay for 100% of the cost of the review. There is a waiting list for the current program under which the locality reimburses for 50% of the cost of the review. The amendment includes a \$300,000 NGF appropriation to reflect the new option.
- *Transfer Two Vacant Positions to the Department of Accounts.* Transfers two vacant FTEs, without funding, from DPB to the Department of Accounts. These positions will be dedicated to the maintenance of the performance budgeting system.
- *Reallocate Positions for Performance Budgeting System from GF to NGF Positions.* Reallocates 2.0 positions within DPB from GF supported positions to NGF supported positions. These positions are assigned to the performance budgeting system and their salaries will be supported from the internal service fund revenue.
- *Eliminate NGF Funding and Staffing for the Competition Council.* Proposes the elimination of the \$250,000 NGF appropriation in the second year within the Department of Planning and Budget earmarked to support the Competition Council which was abolished pursuant to Chapters 803 and 835 of the 2012 Acts of Assembly.

- **Department of Taxation**

- *Funding for IRS Mandated Systems Modifications.* Includes \$50,613 GF in the first year and \$2.8 million GF in the second year to modify the Tax Department's computer infrastructure to comply with a recent IRS audit of the Department and comply with IRS guidelines.
- *Funding to Establish an e-File Program for Returns by Pass-thru Entities.* Provides \$389,440 GF in the second year to implement an electronic filing program for pass-thru entities. While this program is a cost in FY 2014, it is expected to result in substantial savings in future years.
- *Mandate Electronic Filing for all Withholding Tax and W-2 Forms.* Assumes savings of \$180,000 GF in the second year from mandating electronic filing for all withholding tax and W-2 forms effective July 1, 2013. The language would allow the Tax Commissioner to waive this mandate if it creates an unreasonable burden.
- *Realign Customer Service Resources to Reflect Increased Electronic Filing.* Assumes savings of \$95,270 GF in the second year from a reduction in the use of wage employees in the customer service department which is possible as a result

of increased electronic filing. The Department will continue to use wage employees January through May.

- *Align Live Chat Hours with Other Customer Service Operating Hours.* Proposes \$30,033 GF in savings in the second year from adjusting the hours the live chat service is available to correspond with other services for the months of June through December.
- *Realize Savings Through the Reorganization of the Office of Compliance.* Captures savings of \$120,515 GF in the second year from the elimination and lay-off of two staff within the Office of Compliance.
- *Increase Staffing for Court Debt Collections Division.* Provides 5.0 additional FTEs within the Department’s Court Debt Collections Division. It is estimated that the Division will transfer an additional \$1.1 million in general fund revenue as a result of these positions.

- **Treasury Board**

- *Adjust Debt Service.* Assumes savings of \$6.5 million GF the first year and \$23.5 million GF the second year as the result of lower than previously assumed interest rates on Virginia College Building Authority and Virginia Public Building Authority bonds as well as savings from delaying the sale of Virginia College Building Authority’s higher education equipment program bonds in FY 2013.