

Finance

Adopted Amendments (\$ in millions)				
	FY 2017 Adopted		FY 2018 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Chapter 780, 2016 Session)	\$2,467.1	\$667.7	\$1,890.4	\$670.1
Increases	0.5	0.0	1.7	0.0
Decreases	(15.3)	(0.0)	(4.6)	(7.9)
\$ Net Change	(14.8)	0.0	(2.9)	(7.9)
Chapter 836 (HB 1500, as Adopted)	\$2,452.3	\$667.7	\$1,887.5	\$662.3
% Change	(0.6%)	0.01%	(0.16%)	(1.17%)
FTEs	1,098.60	204.40	1,094.60	204.40
# Change	0.00	0.00	(4.00)	0.00

- **Office of the Secretary of Finance**

- *Funding to Support Local Distress Remediation.* Adds \$500,000 GF the first year, to be used at the discretion of the Secretary of Finance, to conduct intervention and remediation efforts for fiscally distressed localities that were documented by the Office of the Secretary of Finance prior to January 1, 2017.

- **Department of Accounts**

- *Working Capital Advance for Payroll System Replacement.* Provides up to a \$52.0 million working capital advance to the Department to reflect the estimated total cost of the replacement of the Commonwealth Integrated Payroll Personnel System (CIPPS). Language specifies that up to \$10.0 million may be used for unforeseen costs related to the roll-out of the Cardinal financial management system. In Chapter 780 of the 2016 Acts of Assembly, a \$25.0 million capital advance was included, \$10.0 million of which was allotted for unforeseen expenditures related to the roll-out of the Cardinal statewide financial management system.

- **Department of Accounts Transfer Payments**

- *Rainy Day Fund Withdrawal Authorization and Amounts.* Includes language authorizing the State Comptroller to withdraw funds from the Revenue Stabilization Fund (“Rainy Day Fund”) and deposit those funds in the general fund. The withdrawal amounts are estimated at \$294.7 million in FY 2017 and \$272.5 million in FY 2018. For both years, the estimated amounts represent one-half of the anticipated budget shortfall.
- *Transfer Administration of Line of Duty Act Program.* Transfers appropriation totaling \$9.5 million NGF the second year to the Department of Human Resource Management (DHRM) and the Virginia Retirement System (VRS) to reflect the transfer of administrative responsibility associated with the Line of Duty Act (LODA) program, pursuant to Chapter 677 of the 2016 Acts of Assembly. Corresponding amendments in DHRM and VRS recognize those agencies’ shares of the appropriations transfer.
- *Increase FY 2017 Rainy Day Fund Deposit to APA Certified Amount.* Adds \$19,286 GF the first year to increase the appropriation for the mandatory deposit to the Revenue Stabilization Fund (“Rainy Day Fund”) to reflect the amount certified by the Auditor of Public Accounts.

- **Department of Planning and Budget**

- *Continue Contractual Obligations of the Council on Virginia’s Future.* Provides \$110,000 GF the second year to continue the Council’s contracted services related to Virginia’s Performance Reporting Scorecard. The Council will sunset on July 1, 2017.

- **Department of Taxation**

- *October 2016 Savings.* Includes reductions totaling \$2.5 million GF the first year to reflect the budget reductions incorporated in the Governor’s October 2016 savings plan. Adjustments include:
 - Deferring the development of new mobile applications and technology refreshing, and reduces spending for software enhancements;
 - Reduces the scope of the Audit Case Management System;
 - Defers the hiring of one technology position and one tobacco compliance position until November 25, 2016, and eliminates funding for one technology position and two tobacco compliance positions;
 - Defers the hiring of IT contractors;

- Reduces employee technical and leadership training; and travel costs;
 - Reduces the number of laptops to be refreshed, as well as not hiring consultants to perform subsequent laptop refreshing, and a variety of costs related to equipment maintenance, security equipment upgrades, and professional services
- ***Tax Amnesty Program Language.*** Adds language authorizing the use of revenue generated by the tax amnesty program for costs incurred. Included is the authorization of a Treasury Loan of up to \$5.5 million for start-up costs to administer the program until it is generating revenue. Also provided is the use of revenue generated from the program for direct costs incurred to manage the program.
 - ***Audit Case Management System Timeline Adjustment.*** Reduces \$475,000 GF the second year through adjusting the development timeline of the Audit Case Management System by reducing the scope of the system.
 - ***Eliminate Funding for Positions.*** Eliminates \$283,126 GF the second year, which reflects funding for one technology position and two tobacco compliance positions that were added in the 2016 session.
 - ***Expand Electronic Filing Mandates.*** Reduces \$83,168 GF the second year by adhering to budget language mandating that forms be submitted electronically for the Use Tax and Consumer Tax, Litter Tax, and Fiduciary Tax. Savings is generated through reducing processing of paper filed returns.
 - ***Reduction in Discretionary Items.*** Eliminates \$479,669 GF the second year through a variety of cost reduction strategies, including:
 - Reducing discretionary operating costs (\$82,589); Reducing funding for temporary staff (\$30,000); removing a wage position through the elimination of annual update to Virginia Health Savings Account Plan (\$37,000); and achieving vacancy savings through eliminating funding for five non-compliance positions (\$330,080).
 - ***Organizational Restructuring for Operational Efficiencies.*** Reorganizes offices internally and increases the transfer from the Land Preservation Fund. Funding for three positions is being eliminated, one of which will be abolished, resulting in savings of \$195,762 GF and \$100,000 NGF the second year. There is also an increase in revenue use from the Land Preservation Fund totaling \$100,000 GF the second year, which will fund a position associated with the administration of the program.

- **Department of the Treasury**
 - *Relief for Keith Allen Harward.* Provides \$1.5 million GF the second year for the wrongful incarceration of Keith Allen Harward, pursuant to Chapters 617 and 658 of the 2017 Acts of Assembly (HB 1650/SB 1479).
- **Department of the Treasury**
 - *General Operating Cost Reduction Strategies.* Eliminates \$355,397 GF the second year by reducing funding for banking services (\$205,397), and lower check processing costs due to postage savings and a declining volume of check stock (\$150,000).
 - *Supplant General Funded Activities with Nongeneral Funds.* Eliminates \$49,285 GF the first year and \$53,118 GF the second year, and supplants with nongeneral funds for the following:
 - Supplants general fund support for Cash Management, Banking and Security Analyst position with nongeneral funds (\$49,285 the first year, \$126,365 the second year); reallocates support costs within the General Management Division (\$20,572 the first year); and recovers cost associated with administering the Virginia Public School Authority (\$32,546 the second year).
- **Treasury Board**
 - *Adjust Debt Service Funding.* Reduces debt service funding by \$12.8 million GF the first year and \$1.0 million GF the second year due to the refunding of general obligation bonds, Virginia Public Building Authority bonds, and Virginia College Building Authority bonds.
 - *Bond Authorizations for Jail Projects.* Provides Virginia Public Building Authority (VPBA) bonds for the Board of Corrections-approved Rockbridge Regional Jail project (\$103,693) and the Rappahannock Regional Jail project (\$1.1 million).
 - *Out-of-State Capital Outlay Fee.* Reduces \$1.5 million GF the second year and increases \$1.5 million NGF the second year to reflect the increase in the \$1 per credit hour fee paid by out-of-state students at Virginia public colleges and universities. The increase in the fee is related to additional general fund capital outlay investments authorized in 2016.