

## Finance

| <b>Proposed Adjustments as Introduced</b><br>(\$ in millions) |                                                 |                |                                                 |                |
|---------------------------------------------------------------|-------------------------------------------------|----------------|-------------------------------------------------|----------------|
|                                                               | <b>FY 2015 Proposed</b><br><u>GF</u> <u>NGF</u> |                | <b>FY 2016 Proposed</b><br><u>GF</u> <u>NGF</u> |                |
| 2014-16 Base Budget, Ch. 806                                  | \$2,063.8                                       | \$615.6        | \$2,063.8                                       | \$615.6        |
| Proposed increases                                            | 326.8                                           | 37.1           | 190.8                                           | 40.0           |
| Proposed decreases                                            | (339.8)                                         | (0.0)          | (339.8)                                         | (0.0)          |
| \$ Net Change                                                 | (13.0)                                          | 37.1           | (149.0)                                         | 40.0           |
| <b>HB/SB 30, as Introduced</b>                                | <b>\$2,050.8</b>                                | <b>\$652.7</b> | <b>\$1,914.8</b>                                | <b>\$655.6</b> |
| % Change                                                      | (0.6%)                                          | 6.0%           | (7.2%)                                          | 6.5%           |
| FTEs                                                          | 1,103.50                                        | 194.50         | 1,109.50                                        | 188.50         |
| # Change                                                      | 9.00                                            | 10.00          | 15.00                                           | 4.00           |

- **Secretary of Finance**
  - *State Property Workgroup.* Includes language directing the Secretaries of Finance and Administration to convene a work-group for the purpose of identifying options for improving the Commonwealth's current method of collecting and maintaining state property data.
- **Department of Accounts**
  - *Funding and Staffing for Additional Financial Analysis and Reporting.* Proposes \$321,725 GF in FY 2015 with 3.0 FTEs, and \$534,009 in FY 2016 with 5.0 FTEs for additional financial reporting and analysis. The additional staffing is needed to support the new Cardinal reporting system which does not include some of the edits and checks included in the old system. As a result, additional staffing and financial oversight is required.
  - *Implement and Maintain Standard Vendor Database for Cardinal System.* Includes \$190,883 GF in FY 2015 with 2.0 FTEs, and \$630,650 GF in FY 2016 with 6.0 FTEs to implement and maintain a standard vendor database within the Cardinal system consistent with the recommendations of the Auditor of Public Accounts. This amendment is in addition to the \$845,805 GF and 4.0 FTEs that

were approved in Chapter 806 of the 2013 Acts of Assembly to support the database.

- *Adjust Positions Authorized for Operation of the Cardinal System in Chapter 806.* Proposes an adjustment to the 25.0 positions authorized in Chapter 806 for the implementation and maintenance of the Cardinal System. The amendment would provide an additional 5.0 FTEs in FY 2015, up to 30.0 positions, and then decreases the FTEs to 24.0 positions in FY 2016 as implementation issues will decrease.
- *Establish Specific NGF Appropriations Replacing Sum Sufficient Appropriations.* Includes three amendments which establish specific NGF internal service fund appropriations for programs which had sum sufficient appropriations in Chapter 806. The programs and proposed appropriations are shown in the table below:

| NGF Appropriation in Millions |                |                |
|-------------------------------|----------------|----------------|
| <u>Program</u>                | <u>FY 2015</u> | <u>FY 2016</u> |
| Cardinal System               | \$17.6         | \$18.0         |
| Performance Budgeting System  | 4.0            | 4.0            |
| Payroll Services Bureau       | <u>2.5</u>     | <u>2.5</u>     |
| <b>Total</b>                  | \$24.1         | \$24.5         |

Furthermore, the budget includes funding adjustments across all of the agencies to reflect the cost that will be incurred by agencies as a result of the rates established for the internal service funds for the Cardinal and Performance Budgeting systems, as shown below.

| Appropriation in Millions |                             |                              |                             |                              |
|---------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
| <u>Program</u>            | <u>FY 2015</u><br><u>GF</u> | <u>FY 2015</u><br><u>NGF</u> | <u>FY 2016</u><br><u>GF</u> | <u>FY 2016</u><br><u>NGF</u> |
| Cardinal System           | \$0.6                       | \$17.0                       | \$1.7                       | \$16.2                       |
| Performance               | <u>\$1.6</u>                | <u>\$2.4</u>                 | <u>\$1.6</u>                | <u>\$2.4</u>                 |
| Budgeting System          |                             |                              |                             |                              |
| <b>Total</b>              | \$2.2                       | \$19.4                       | \$3.3                       | \$18.6                       |

The majority of the NGF appropriation for the Cardinal System is within the Department of Transportation (\$16.8 million in FY 2015 and \$13.5 million in FY 2016).

- **Department of Accounts Transfer Payments**

- *Revenue Stabilization Fund Deposits.* Proposes \$243.2 million GF for the FY 2015 required revenue stabilization deposit and \$59.9 million GF in FY 2016 which is the current estimated deposit requirement. The FY 2016 deposit requirement will be finalized by the Auditor of Public Accounts based on FY 2014 revenue collections. Chapter 806 included \$339.6 million funding in FY 2014 for Revenue Stabilization Fund payments, \$244.6 million for the FY 2014 payment and \$95.0 million which was held in reserve in anticipation of the FY 2015 deposit. Therefore, the funding included in the budget results in a decrease in appropriations for Revenue Stabilization Fund deposits, compared to the base budget, of \$96.4 million in FY 2015 and \$279.7 million in FY 2016.
- *E-911 Wireless Revenue Distribution Payments to Localities.* Increases the appropriation for the distribution of payments to localities for E-911 wireless revenue by \$11.8 million NGF each year.
- *Adjust Funding for the Tennessee Valley Authority Payments in Lieu of Taxes.* Includes an additional \$200,000 GF each year for distribution to the Tennessee Valley Authority for payments in lieu of taxes to reflect current revenue projections.

- **Department of Planning and Budget**
  - *Additional Funding for the Council for Virginia's Future.* Proposes \$75,000 GF each year in additional funding for the Council for Virginia's Future for the development of interactive agency report cards and a measurement system for state economic competitiveness.
- **Department of Taxation**
  - *Funding for Additional Compliance Collection Staff.* Assumes an increase in revenues of \$10.0 million GF in both FY 2015 and FY 2016 from hiring 10 additional tax compliance audit staff. The amendment includes \$740,262 GF in FY 2015 and \$731,348 GF in FY 2016 to fund the salary and other administrative cost for the new staff.
  - *Funding for Computer Tablets and Mobile Technology for Field Staff.* Includes \$406,180 GF in the first year and \$880,720 GF in the second year to provide field audit staff with computer tablets and mobile applications to expedite the audit process and increase revenues. As a result, the budget assumes \$500,000 in increased revenues in the first year and \$1.5 million in additional revenues the second year from this action.
  - *Funding for Information Technology Security Analysts and Software.* Includes \$745,600 GF in FY 2015 with 4.0 FTEs, and \$520,600 GF in FY 2016 and 4.0 FTEs to provide additional security of computer databases that include taxpayer information.
  - *Additional NGF Positions to Support Non General Fund Tax Programs.* Includes several amendments which provide 5.0 additional FTEs, and \$260,632 NGF each year to support the administration of tax programs administered by the Department. The proposals include 3.0 FTE and \$210,632 NGF each year to administer the Insurance Premiums License Tax program, 1.0 FTE and \$50,000 each year to administer the E-911 Wireless tax and 1.0 FTE to support the administration of the Motor Vehicle Rental Tax.
  - *Move Due Date for Employers to Submit Withholding Records from February 28 to January 31.* The budget assumes additional revenue of \$234,000 in FY 2015 and \$468,000 in FY 2016 as a result of language moving the due date for employers to submit withholding records to the Department from February 28 to January 31. This deadline will coincide with the deadline employers have to send the records to their employees. This action is expected to reduce fraudulent tax returns.

- **Department of the Treasury**

- *NGF Appropriation to Support Reclassification of 35 Positions in Unclaimed Property Division.* Includes \$200,000 NGF in both years to fund the impact of reclassifying 35 positions within the Unclaimed Property Division from clerical positions to financial positions which will result in salary adjustments for the staff.
- *Contract with Project Manager to Oversee Web Migration of Unclaimed Property System.* Provides \$167,760 NGF the first year in one time funding to contract with a project manager to oversee the systems upgrade of the Unclaimed Property Computer System.
- *Provide Funding to Agencies to Reflect 100% Increase in Automobile Insurance Liability Program.* Includes amendments across agencies which total \$643,442 GF each year and \$1.7 million NGF each year to reflect a 100% increase in the Automobile Insurance Liability Program administered by the Department of the Treasury. The revenues for the program have been significantly lower than the expenses, and the Department of Risk Management has used balances from other programs to cover any deficit.

- **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 \$75.6 million in FY 2015 and \$121.1 million in FY 2016. In addition, the budget reduces the NGF appropriation by \$477,921 in FY 2015 and \$247,385 in FY 2016.