

Finance

Adopted Adjustments (\$ in millions)				
	FY 2013		FY 2014	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2012-14 Current Budget (Ch. 3, 2012 Special Session I)	\$1,856.2	\$673.3	\$1,921.3	\$674.1
Approved Increases	1.3	0.0	179.0	0.3
Approved Decreases	<u>(8.9)</u>	<u>(0.0)</u>	<u>(36.6)</u>	<u>(58.7)</u>
\$ Net Change	(7.6)	0.0	142.5	(58.4)
Chapter 806 (HB 1500, as Adopted)	\$1,848.5	\$673.3	\$2,063.8	\$615.6
% Change	(0.4%)	0.0%	7.4%	(8.7%)
FTEs	1,096.50	163.50	1,094.50	184.50
# Change	(0.00)	6.00	(2.00)	27.00

- **Secretary of Finance**

- ***Review of Employee Compensation.*** Includes language directing the Secretaries of Finance and Administration to convene a work-group of executive, legislative and judicial department representatives, as well as state employee group stakeholders, to review employee compensation, compression, recruitment, retention and hiring practices. The first priority of the workgroup is public safety and district court employees. Initial recommendations of the workgroup are due by November 1, 2013 with the study completed by the end of FY 2014.
- ***Updates to the Six-Year Financial Plan.*** Directs the Secretary of Finance to ensure that annual updates to the Commonwealth's Six-Year Financial Plan are conducted after the conclusion of the annual General Assembly session and posted to the website of the Department of Planning and Budget no later than September 1st.

- **Department of Accounts**

- *Funding and Staffing to Support the Standard Vendor Database in Cardinal.* Provides \$847,805 GF and 4.0 FTEs 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 the first year and \$322,926 GF 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.* Authorizes the transfer of \$345,618 GF and 3.0 FTEs 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.

- **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 final 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 reserved for the required deposit.
- *Reservation of Funds in Advance of Required 2014-16 Biennium Revenue Stabilization Deposits.* Reserves \$95.0 million GF the second year on the books of the Comptroller in anticipation of 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 \$130.0 million in FY 2015 and \$240.0 million in FY 2016.
- *Distribution Payments to Localities.* Provides an additional \$1.0 million GF the first year and \$1.0 million the second 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.* Transfers \$79.8 million NGF the second year from the Department of Accounts Transfer Payments to the Department of Motor Vehicles Transfer Payments to reflect the transfer of responsibility for collection of the Northern Virginia regional motor fuel sales tax 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.* Transfers \$21.2 million NGF 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.* Includes \$125,000 GF in additional second year funding for the School Efficiency Review Program, increasing the funding from \$200,000 to \$325,000 GF. The Department is directed to conduct a follow-up review of the implementation status of recommendations from the 2007 efficiency review of Petersburg Schools. Additionally, the budget includes language allowing localities the option of contracting for a school efficiency review immediately if they are willing to pay for 100 percent of the cost of the review. There is a waiting list for the current program under which the locality reimburses for 50 percent of the cost of the review. An appropriation of \$300,000 NGF is also included to reflect the new option.
- *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 through internal service fund revenues. Additionally, two vacant FTEs are transferred, without funding, from DPB to the Department of Accounts. These positions will be dedicated to the maintenance of the performance budgeting system.
- *Eliminate NGF Funding and Staffing for the Competition Council.* Eliminates an appropriation of \$250,000 NGF the second year that was earmarked within the Department of Planning and Budget to support the Commonwealth 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 the first year and \$2.8 million GF 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 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.*** Captures savings of \$180,000 GF 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.
- ***Capture Savings from Efficiency Actions.*** Recovers savings totaling \$245,818 the second year from a series of savings actions within the Department including reducing wage employee hours in the customer service resources hours, reducing live chat hours and reorganization of 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.
- ***Transfer of Responsibility for Motor Fuels Tax Collection.*** Reduces by \$255,000 NGF the second year the appropriation to TAX for the costs associated with the administration of the motor fuel sales tax. Beginning in FY 2014, responsibility for the implementation and collection of motor fuels sales taxes is transferred to the Department of Motor Vehicles.
- ***Implementation of Regional Transportation Taxes.*** Modifies existing language within the Department of Taxation to allow for a Treasury Loan to ensure that necessary software changes can be undertaken to implement general sales tax increases and regional funding mechanisms as authorized by Chapter 766 of the 2013 Acts of Assembly (HB 2313). The Department is authorized to retain revenues from the amounts collected statewide and in each region to repay the Treasury Loan using standard cost recoveries that apply to all local and other non-general fund tax collection services.

- **Department of Treasury**

- *Payment of Claims.* Includes \$162,527 GF the second year for the payment to the estate of Bennett Barbour as provided for in Chapter 153 of the 2013 Acts of Assembly (SB 1132).

- **Treasury Board**

- *Adjustment to Debt Service.* Assumes savings of \$8.9 million GF the first year and \$35.2 million GF the second year as the result of several actions related to estimated debt service payments. This includes 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. Additional savings are achieved by reducing an assumed increase in general funds to offset a reduction in federal Build America Bond subsidies.
- *Adjust Out of State Capital Fee.* Supplants \$380,160 GF the second year with a like amount in NGF fee revenues from adjusting out-of-state capital fee revenues to accurately reflect the latest enrollment data for out-of-state students at Virginia's public colleges and universities.