

# Finance

Amendments, as adopted, for the Office of Finance result in a net increase of \$38.7 million GF and an increase of \$28.3 million NGF for the biennium. General fund spending initiatives provide an additional \$64.0 million for the Rainy Day Fund reserve, \$3.2 million in debt service for new and currently authorized projects, and \$1.2 million in relocation and additional rent cost for the Department of Taxation to relocate to a new processing facility. The majority of the GF savings are realized from a \$25.2 million reduction in debt service for recently issued bonds.

The significant increase in NGF appropriations is the result of a \$21.2 million appropriation for federal ARRA funds at the Treasury Board and a \$5.4 million increase for the State Employee Flexible Benefits program within the DOA Transfer Payments budget.

- **Secretary of Finance**

- ***Online Budget Summary.*** Requires the Secretary of Finance to convene a work group to outline the format and general content of an online budget summary that would be available after each reconvened Session.
- ***Implement Plan for the Office of the State Inspector General.*** Requires that the plan for the implementation of the Office of the State Inspector General, as required by the fifth enactment clause of Chapter 798 of the 2011 Acts of Assembly, include recommendations for funding the office's activities with respect to nongeneral fund agencies and nonstate entities.

- **Department of Accounts**

- ***Capture Turnover and Vacancy Savings.*** Includes turnover and vacancy savings of \$102,026 GF in FY 2011.
- ***Implement Service Charges for Mandated Services.*** Assumes savings of \$204,052 GF in FY 2012 from authorizing DOA to recover some of their administrative costs through NGF cost recoveries. The proposal would allow DOA to retain up to \$80,000 a year from the Small Card Rebate Fund to support the cost of entering expenditure information from the Tier 3 higher education institutions (UVA, Tech, W&M, and VCU) into CARS. The remaining savings will be realized by allowing the Department to retain a portion of the non-tax related debts that DOA collects on behalf of other agencies.
- ***Establish an Internal Service Fund for Enterprise Application Expenses.*** Includes a language amendment creating an internal service fund to manage the costs related to the Commonwealth's Enterprise Applications systems. The language estimates the cost for the fund at \$490,947 in FY 2012 and requires the Comptroller to submit to JLARC by September 1<sup>st</sup> each year an updated estimate of revenues and expenditures for the internal service fund.

- ***Clarify Language Relating to Circuit Court Commissions.*** Clarifies the intent of the 2010 General Assembly was to discontinue payment of circuit court clerks' commissions on revenues collected by the general district courts, but to continue such payments on revenues collected by the circuit courts. An adjustment has been made to the revenues assumed in the budget to reflect a decrease in state revenues of \$2.8 million each year from the continued payment of these commissions to the circuit court clerks.

- **Department of Accounts Transfer Payments**

- ***Reserve for Revenue Stabilization Fund Deposit.*** Provides an additional \$64.0 million GF in FY 2012 to increase the reserve for the Revenue Stabilization Fund from \$50.0 million to \$114.0 million, an amount equal to 50 percent of the \$228 million that is estimated to be required for deposit during the 2012-14 biennium.
- ***Increase Nongeneral Fund Appropriation for State Employee Flexible Benefit Programs.*** Provides an increase of \$5.4 million NGF in FY 2012 for State Employee Flexible Benefit Programs. The increase, from \$21.6 million to \$27.0 million, adjusts the appropriation to reflect actual expenditure levels.
- ***Remove Mandatory Re-appropriation Language.*** Strikes language requiring the mandatory carry forward of any June 30<sup>th</sup> unspent GF balances for the Personal Property Tax Relief Program. The mandatory carry forward language has been stricken from all executive branch agencies except for the higher education institutions.
- ***Allow for Collection of Line of Duty Administrative Expenses from Nonparticipating Localities.*** Includes language enabling the Comptroller to collect reasonable costs from localities that have not chosen to participate in the statewide Line of Duty program. Localities that do not participate in the program are required to establish stand-alone programs and are required to make the payments of their benefits through the Comptroller. In addition, this amendment adjusts the language to clarify that the VRS is authorized to continue to advance funds from the Group Life Insurance fund to the Line of Duty Act until the new funding model is implemented, and extends the deadline for localities to opt out of the statewide Line of Duty program from July 1, 2011, to July 1, 2012.
- ***Authorize Medical Eligibility Review of Line of Duty Claims.*** Includes language authorizing the Comptroller to request that a medical eligibility review be completed by the VRS Medical Board regarding eligibility for benefits under the Line of Duty Act.
- ***Include National Guard Firefighters under the Line of Duty Act.*** Includes language providing that individuals employed as fire company personnel for the Virginia Air National Guard or the Virginia National Guard's Fort Pickett Reserve are covered under the Line of Duty Act.

- ***Authorize Advanced Funeral Expenses under the Line of Duty Act.*** Includes language allowing payments to cover funeral costs for all persons who are believed to have been killed under circumstances that would qualify for payments under the Line of Duty Act, but whose death has not yet been officially certified as the direct result of the performance of his or her duty.

- **Department of Planning and Budget**

- ***Turnover and Vacancy Savings.*** Reflects savings of \$40,746 GF in FY 2011 from a recently vacant position, which will remain vacant through the end of the fiscal year.
- ***School Efficiency Reviews.*** Includes language increasing the percentage of cost paid by the localities for school efficiency reviews from 25 percent to 37.5 percent.

- **Department of Taxation**

- ***Fund Cost of Relocating Tax Processing Facility.*** Provides \$240,000 GF in FY 2012 to fund the cost of moving the Department of Taxation’s processing facility from the West Broad Street facility to a new facility in eastern Henrico. The move is necessary due to structural deficiencies in the current building. This is a one-time cost.
- ***Provide Funding to Reflect Higher Rent in New Tax Processing Facility.*** Provides \$975,728 GF in FY 2012 to fund the increased rental costs for the Department of Taxation as a result of moving the processing facility from the West Broad Street facility to a new facility in eastern Henrico.
- ***Decrease Reliance on Information Technology Consultants.*** Includes savings of \$327,633 GF in FY 2011 and \$1.0 million in FY 2012 from reducing expenditures for IT consultants. The strategy includes savings from converting 10 IT contractors to full time classified employees.
- ***Reduce Expenditures for Disaster Recovery Services.*** Provides savings of \$829,936 GF in FY 2012 from decreased expenditures for disaster recovery services. This change would remove some general administrative systems from the immediate disaster recovery plan and would have a minimal impact on the agency’s core functions in the event a disaster occurs.
- ***Eliminate the Automatic Mailing of Individual Tax Forms and Instructions.*** Provides savings of \$389,000 GF in FY 2012 from eliminating the annual mailing of individual tax forms. In recent years, the Department has automatically mailed out tax forms to approximately 200,000 taxpayers. All forms are available online and going forward taxpayers will have to call to request a tax form before it will be mailed. Budget language is included to override Code requirements pertaining to the mailing of forms.

- ***Increase Number of Electronic Transactions.*** Includes savings of \$100,000 GF in FY 2012 from requiring employers with an average monthly tax liability of at least \$1,000 and a monthly withholding requirement of at least \$500 to file their tax forms and withholding payments electronically. Budget language is included to override Code requirements related to these filings.
- ***Reduced Expenditures for Personnel Cost.*** Includes savings of \$169,621 GF in FY 2011 and \$330,556 in FY 2012 from reduced personnel costs for the Department of Taxation. The savings eliminates a vacant Deputy Commissioner position and three other filled positions.
- ***Reduce Expenditures for Private Security Guards.*** Assumes savings of \$75,103 GF in FY 2011 and \$94,208 GF in FY 2012 from reduced expenditures for private security guards at the three Richmond area offices.
- ***Reduce Office Space at Main Street Centre.*** Captures savings of \$190,324 GF in FY 2012 in reduced expenditures for rent from vacating the 4<sup>th</sup> floor of the Main Street Centre Building. This action is possible because some staff from the Main Street Centre building will relocate to the new processing facility in eastern Henrico.
- ***Reduce Wage Payroll.*** Includes savings of \$55,000 GF in FY 2012 from a reduction in expenditures for wage employees as a result of efficiencies that will be realized by consolidating warehouse and processing operations at the new facility.
- ***Reduce Expenditures for Communications Equipment.*** Realizes savings of \$1,000 GF in FY 2011 and \$5,000 GF in FY 2012 from reduced expenditures for Blackberries and wireless aircards.
- ***Modify Filing Requirement Language.*** Provides language to clarify that the Department is only required to report on public-private partnership contracts when such contracts are active.
- ***Virginia Free File Program.*** Includes language requiring the Department of Taxation to accept tax returns submitted via the Virginia Free File Program.

- **Department of the Treasury**

- ***Reduce Purchase of Check Stock.*** Includes savings of \$80,134 GF in each year from a reduction in the amount of paper stock purchased for issuing paper checks. As a result of efforts to increase the use of electronic payments, the number of paper checks processed by the Treasury has decreased from 7.6 million in 2005 to 3.2 million in 2010.
- ***Reduce Expenditures for Banking Service Fees.*** Captures savings of \$112,492 GF in FY 2012 from renegotiation of the banking services contract. Expenditures for the banking services contract are expected to decrease from \$3.5 million to \$3.4 million per year.

- ***Reduce Expenditures for Information Systems Hardware.*** Assumes savings of \$23,888 GF in FY 2012 from replacing the agency’s current ISDN phone system with a Voice Over IP system provided by VITA.
- ***Additional Staffing to Address Workload for Unclaimed Property Division.*** Includes an additional \$57,071 NGF in FY 2011 and \$214,984 NGF in FY 2012 to hire three additional FTE employees to address the increased workload for the unclaimed property division.
- ***Increase Nongeneral Fund Appropriation for Insurance Collateral Safekeeping.*** Provides an additional \$95,749 NGF in FY 2011 and \$101,334 NGF in FY 2012 to fund increased expenditures for the safekeeping of insurance company collateral deposit securities held by the Treasury. The funds needed to support these costs are generated from fees charged to the insurance companies.
- ***Increase Nongeneral Fund Appropriation for IT Contractors.*** Includes an additional \$52,800 NGF in FY 2011 and \$211,200 NGF in FY 2012 to hire two temporary IT contractors to make systems enhancements to improve claims processing and customer service for the risk management division.
- ***Provide Nongeneral Fund Appropriation to Support VITA Cost Increases.*** Provides an additional \$118,000 NGF in FY 2011 and \$118,000 NGF in FY 2012 to fund increases in VITA rates.

- **Treasury Board**

- ***Adjust Debt Service Funding.*** Includes a decrease in debt service of \$11.6 million GF in FY 2011 and \$20.2 million GF in FY 2012 to reflect lower interest rates and revised debt issuance assumptions for bonds recently issued through the Virginia College Building Authority and the Virginia Public Building Authority.
- ***Adjust Out-of-State Student Fee Estimate.*** Includes a decrease in debt service of \$666,657 GF and an increase of \$666,657 NGF in FY 2012 to reflect technical changes to the nongeneral funds generated by out-of-state students for projects under the 21st Century Program to reflect actual credit hours generated.
- ***Fund Debt Service Requirements for Previously Authorized Projects.*** Includes \$10.5 million GF in FY 2012 for debt service on bonds to be issued by Virginia College Building Authority and the Virginia Public Building Authority for previously approved capital projects including maintenance reserve and capital equipment.
- ***Regional Jails.*** Provides a \$3.1 million supplement for the Eastern Shore Regional Jail by adding it to the current list of projects approved for jail reimbursement.
- ***Provide Nongeneral Fund Appropriation for Build America Bonds.*** Provides a \$21.1 million NGF appropriation in FY 2012 to reflect federal funding for three bond issues that will be partially subsidized through the American Recovery and Reinvestment Act (ARRA) Build America Bonds program.