



## Office of Finance

The Finance agencies handle the financial transactions of the Commonwealth, from collecting the taxes to paying the bills and distributing aid to localities. Responsibilities of Finance agencies include forecasting and collecting revenues, managing the Commonwealth's cash and investments, selling bonds, training agency internal auditors, and preparing and executing the Commonwealth's budget.

### Summary of recommended funding for Finance agencies

Agency	Fiscal year 2005			Fiscal year 2006		
	GF	NGF	All funds	GF	NGF	All funds
Secretary of Finance	0.4	0.0	0.4	0.4	0.0	0.4
Department of Accounts	10.5	<0.1	10.6	11.4	<0.1	11.4
Department of Accounts Transfer Payments	60.6	2.0	62.6	149.4	2.0	151.5
Department of Planning and Budget	5.6	0.0	5.6	5.6	0.0	5.6
Department of Taxation	84.9	18.0	102.9	82.8	17.1	99.9
Department of the Treasury	8.7	7.2	15.8	8.5	7.1	15.6
Treasury Board	303.4	7.0	310.3	349.7	7.0	356.7
<b>Total for Finance</b>	<b>474.1</b>	<b>34.3</b>	<b>508.4</b>	<b>607.8</b>	<b>33.3</b>	<b>641.1</b>

Dollars in millions. Figures may not add due to rounding. See "How to Read the Table" on page 9.

## Secretary of Finance

### Activities of the agency:

The Secretary of Finance is appointed by the Governor and assists the Governor in the management and direction of state government. This Secretary provides guidance to the six agencies within the finance secretariat.

### Recommended budget actions:

- ▶ **Adjust funding for rental charges.** Adjusts the agency's appropriation in response to the development of new rates for rental space at the seat of government. The new rates were developed to account for changes in the costs of contractual services, payments in lieu of taxes, utilities, vacant space, and personal services. For 2005, an increase of less than \$1,000 (GF). For 2006, an increase of \$1,385 (GF).
- ▶ **Restore funding for in-house information technology activities.** Restores funding previously removed for implementing the new statewide information technology reform initiative. This adjustment is necessary to account for legislated changes to the implementation schedule and scope of the

initiative. For medium or large agencies, consolidation into the new structure was delayed until as late as January 2005. In addition, computer applications considered specific to an agency's particular operations were excluded from the reform initiative. For each year, an increase of less than \$1,000 (GF).

- **Implement VITA savings strategy.** Captures savings from new telecommunications contracts negotiated by the Virginia Information Technologies Agency (VITA), including the new COVANET contract and, if applicable, any cell-phone usage. The COVANET contract includes long-distance voice services along with a comprehensive data network and Internet services. For each year, a reduction of less than \$1,000 (GF).

## Department of Accounts

### Activities of the agency:

**General Accounting.** To maintain the general ledger for the Commonwealth and produce required reports for cash accounting, budget monitoring, and compliance with the Appropriation Act in accordance with Code of Virginia requirements.

**Payroll Operations and Financial Analysis.** To calculate and disburse salaries and wages of state employees using the statewide automated payroll system. This activity is also responsible for the state's small purchase charge card program, federal tax reporting, benefits processing, and payroll accounting and auditing.

**Financial Reporting.** To prepare two annual financial reports: the cash-basis preliminary financial report issued on August 15, and the Comprehensive Annual Financial Report (CAFR) prepared on the basis of generally accepted accounting principals (GAAP) issued on December 15.

**Information Resources Management.** To support the operation of the statewide general ledger system (CARS), the statewide payroll system (CIPPS) and the statewide fixed asset system (FAACS). This activity includes database engineering, hardware engineering, and communication engineering.

**Division of Internal Audit.** To respond to calls to the State Employee Fraud, Waste, and Abuse Hotline (established by Executive Order in 1992) and to provide state-of-the-art, high-quality, and cost-effective training for the internal auditors of state agencies.

**Administrative Services.** To provide payroll, invoice processing, accounts payable, and accounting reconciliation services in support of the Departments of Accounts, Treasury, and Planning and Budget and to provide accounts payable services to several other entities.

**Payroll Service Bureau.** To operate a payroll service bureau that supports agency level payroll, leave, and certain human resource and benefit data entry activities for over 5,000 state employees in 38 agencies.

**Financial Assistance to Localities.** To distribute to localities several large shared tax sources, including the distribution of sales taxes, ABC profits and wine taxes, rolling stock taxes, state recordation taxes, and several smaller taxes.

### Activity resources:

Activity	2005 Base Budget		2006 Base Budget	
	All Funds	Positions	All Funds	Positions
General Accounting	1,128,338	15.00	1,128,338	15.00
Payroll Operations and Financial Analysis	1,108,190	16.00	1,108,190	16.00
Financial Reporting	962,083	15.00	962,083	15.00
Information Resources Management	3,380,076	29.00	3,380,076	29.00
Division of Internal Audit	120,316	2.00	120,316	2.00
Administrative Services	2,878,641	12.00	2,878,641	12.00
Payroll Service Bureau	381,148	10.00	381,148	10.00
Financial Assistance to Localities	55,732,664	2.00	55,732,664	2.00
<b>Total</b>	<b>65,691,456</b>	<b>101.00</b>	<b>65,691,456</b>	<b>101.00</b>

### Recommended budget actions:

- **Provide funding for risk management premiums.** Adds funding for an increase in automobile and property insurance premiums, which are based on increased costs in the state's self-insurance programs. For 2006, an increase of less than \$1,000 (GF). [*Affected Activity: Administrative Services*]

- ▶ **Adjust funding for rental charges.** Adjusts the agency's appropriation in response to the development of new rates for rental space at the seat of government. The new rates were developed to account for changes in the costs of contractual services, payments in lieu of taxes, utilities, vacant space, and personal services. For each year, an increase of \$28,076 (GF). For 2006, an increase of \$39,661 (GF). *[Affected Activity: Administrative Services]*
- ▶ **Adjust funding for state employee workers' compensation premiums.** Adjusts funding to reflect changes in the premiums paid by the agency on behalf of its employees for workers' compensation. Changes in workers' compensation premiums are the result of changes in the covered payroll or claims experience. For each year, a reduction of less than \$1,000 (GF). *[Affected Activity: Administrative Services]*
- ▶ **Restore funding for in-house information technology activities.** Restores funding previously removed for implementing the new statewide information technology reform initiative. This adjustment is necessary to account for legislated changes to the implementation schedule and scope of the initiative. For medium or large agencies, consolidation into the new structure was delayed until as late as January 2005. In addition, computer applications considered specific to an agency's particular operations were excluded from the reform initiative. For each year, an increase of \$226,211 (GF) *[Affected Activity: Information Resources Management]*
- ▶ **Provide funding for school system efficiency reviews.** An increase in funds for agency staff and consultants to perform 15 school system efficiency reviews in 2005 and 20 in 2006. For 2005, \$2.5 million (GF) and 13 positions. For 2006, \$3.3 million (GF) and five additional positions. *[Affected Activity: Division of Internal Audit]*
- ▶ **Adjust schedule for Financial Information Downloading System (FINDS) updates.** A reduction in funds associated with adjusting the schedule for FINDS updates from daily to weekly. For each year, a reduction of \$25,000 (GF). *[Affected Activity: Information Resources Management]*
- ▶ **Eliminate Department of Accounts printed reports.** A reduction in funds associated with the elimination of Department of Accounts printed reports. Agencies will still be able to receive files directly for printing on local agency printers and will still be able to view and print reports through the Internet. For each year, a reduction of \$40,000 (GF). *[Affected Activity: Information Resources Management]*
- ▶ **Implement VITA savings strategy.** Captures savings from new telecommunications contracts negotiated by the Virginia Information Technologies Agency (VITA), including the new COVANET contract and, if applicable, any cell-phone usage. The COVANET contract includes long distance voice services along with a comprehensive data network and Internet services. For each year, a reduction of \$1,356 (GF). *[Affected Activity: Information Resources Management]*
- ▶ **Create a new sub-agency for transfer payments.** This action transfers funding to a new sub-agency, Department of Accounts Transfer Payments, established for transfer payments made by DOA. Such payments include aid to locality payments, Virginia Education Loan Authority Reserve Fund payments, Line of Duty Act payments, and Revenue Stabilization Fund deposits. This change will provide a clear delineation of the agency's operating and non-operating activities. For each year, a decrease of \$55.7 million (GF) and \$2.0 million (NGF). *[Affected Activity: Financial Assistance to Localities]*

## Department of Accounts Transfer Payments

### Activities of the agency:

This is a new sub-agency of the Department of Accounts established to handle transfer payments.

### Recommended budget actions:

- ▶ **Provide funding for Line of Duty Act payments.** An increase in funds for payments under the Line of Duty Act, which provides for death benefit payments and health insurance benefits for certain deceased or disabled public safety officers. For 2005, \$2.5 million (GF). For 2006, \$3.1 million (GF).
- ▶ **Provide funding for the Revenue Stabilization Fund deposit.** Additional funds for the Revenue Stabilization Fund as required to meet the mandatory deposit called for in Article X, Section 8 of the Constitution of Virginia. For 2006, \$87.0 million (GF).
- ▶ **Adjust appropriation for aid to localities program.** An adjustment in the agency's aid to localities program based on new revenue projections from the Department of Alcoholic Beverage Control and the Department of Taxation. The agency is responsible for making distributions to localities from alcoholic beverage control profits, wine taxes, rolling stock taxes, recordation taxes, and Tennessee Valley Authority payments. In addition, the agency is responsible for remitting to municipalities any sales tax revenues generated in qualifying public facilities. For 2005, \$2.4 million (GF). For 2006, \$3.6 million (GF).
- ▶ **Create a new sub-agency for transfer payments.** This action transfers funding from the Department of Accounts to this new sub-agency established for transfer payments, including aid to locality payments, Virginia Education Loan Authority Reserve Fund payments, Line of Duty Act payments, and Revenue Stabilization Fund deposits. This change will provide a clear delineation of the Department of Accounts' operating and non-operating activities. For each year, \$55.7 million (GF) and \$2.0 million (NGF).

## Department of Planning and Budget

### Activities of the agency:

**Budget Development and Budget Execution Service.** To prepare a balanced budget bill for the Governor to present to the General Assembly, and to oversee the implementation of the enacted budget.

**Legislative Review Service.** To assess policy issues and costs associated with proposed legislation for decision makers, including the Governor and the General Assembly.

**Performance Management Service.** To make Virginia state government more efficient and effective by coordinating the development and implementation of strategic plans and performance measures by state agencies.

**Regulatory Review Service.** To evaluate the economic impact of regulations proposed by state agencies and assess whether proposed regulations are clear, necessary, and enforceable.

**Program Evaluation Service.** To evaluate programs and services of state agencies in terms of their stated purpose and organization to ensure a more efficient and cost effective Virginia state government.

**Federal Budget Service.** To conduct in-depth analyses of proposed federal budget actions and legislation to determine how they may impact the citizens of Virginia.

**Executive Orders Service.** To oversee and coordinate the issuance and distribution of executive orders by the Governor.

**Support Service.** To provide supervisory, personnel, fiscal, and technology services to staff in support of the agency's responsibilities and mission.

**Activity resources:**

Activity	2005 Base Budget		2006 Base Budget	
	All Funds	Positions	All Funds	Positions
Budget Development and Budget Execution Service	3,296,618	41.09	3,296,618	41.09
Legislative Review Service	223,738	2.79	223,738	2.79
Performance Management Service	80,316	1.00	80,316	1.00
Regulatory Review Service	526,750	6.57	526,750	6.57
Program Evaluation Service	503,802	6.27	503,802	6.27
Federal Budget Service	4,694	.06	4,694	.06
Executive Orders Service	10,952	.14	10,952	.14
Support Service	568,473	7.08	568,473	7.08
<b>Total</b>	<b>5,215,343</b>	<b>65.00</b>	<b>5,215,343</b>	<b>65.00</b>

**Recommended budget actions:**

- ▶ **Provide funding for risk management premiums.** Adds funding for an increase in automobile and property insurance premiums, which are based on increased costs in the state’s self-insurance programs. For 2006, an increase of less than \$1,000 (GF). *[Affected Activity: Support Service]*
- ▶ **Adjust funding for rental charges.** Adjusts the agency’s appropriation in response to the development of new rates for rental space at the seat of government. The new rates were developed to account for changes in the costs of contractual services, payments in lieu of taxes, utilities, vacant space, and personal services. For 2005, \$19,261 (GF). For 2006, \$27,498 (GF). *[Affected Activity: Support Service]*
- ▶ **Adjust funding for state employee workers’ compensation premiums.** Adjusts funding to reflect changes in the premiums paid by the agency on behalf of its employees for workers’ compensation. Changes in workers’ compensation premiums are the result of changes in the covered payroll or claims experience. For each year, a reduction of less than \$1,000 (GF). *[Affected Activity: Support Service]*
- ▶ **Restore funding for in-house information technology activities.** Restores funding previously removed for implementing the new statewide information technology reform initiative. This adjustment is necessary to account for legislated changes to the implementation schedule and scope of the initiative. For medium or large agencies, consolidation into the new structure was delayed until as late as January 2005. In addition, computer applications considered specific to an agency’s particular operations were excluded from the reform initiative. For each year, \$21,912 (GF). *[Affected Activity: Support Service]*
- ▶ **Provide funding for staffing needs.** An increase in funds for four positions to help address increased workload requirements dealing with the Council on Virginia’s Future, assessment and evaluation of agency performance measures, and efforts associated with the Taxpayer’s Budget Bill of Rights, as adopted by the 2003 General Assembly. For 2005, \$295,916 (GF). For 2006, \$322,824 (GF). *[Affected Activity: Budget Development and Budget Execution Service, and Performance Management Service]*
- ▶ **Implement VITA savings strategy.** Captures savings from new telecommunications contracts negotiated by the Virginia Information Technologies Agency (VITA), including the new COVANET contract, and if applicable, any cell-phone usage. The COVANET contract includes long distance voice services along with a comprehensive data network and Internet services. For each year, a reduction of less than \$1,000 (GF). *[Affected Activity: Support Service]*

# Department of Taxation

## Activities of the agency:

**Channel Operations.** To receive and process all tax returns including extracting, batching, processing, and depositing all cash and electronic receipts; reviewing attached returns and, where appropriate, correcting errors; and scanning or keying all returns.

**Customer Service.** To interact with taxpayers by responding to correspondence and calls. Participating in this effort are staff in the customer services, tire and fuel tax, nonprofit sales, property tax administration, tobacco enforcement, and mapping and railroad units.

**Compliance Collections.** To collect taxes due to the Commonwealth, through in-house staff, contract collectors, court debt, and set-off debt.

**Compliance Audit.** To conduct appropriate audit activities to ensure the identification of all taxes due to the Commonwealth. Staff working in this area include office, field, and the compliance planning unit.

**Application Development.** To develop, maintain, and test computer applications not related to the public-private partnership for all agency-based software, including VA TAX On-line. This area also programs changes in existing software to comply with changes in tax legislation.

**Appeals and Rulings.** To research and resolve all appeals and taxpayer protests (both state and local), by providing ruling letters, litigation support, and legislative impact analyses.

**Revenue Forecasting.** To forecast all general fund, transportation, car tax, and Department of Motor Vehicles special revenues. Policy development is included in this activity because of the impact on revenues of state and federal legislation and regulations.

**Public-Private Partnership.** To develop and implement the technology necessary to maximize the effectiveness and efficiency of all department operations. The partnership is a multi-year project between Taxation and American Management Systems, Inc., to better enable Taxation to deliver the best service possible to its customers by introducing new customer services, organizational improvements, and operational efficiencies.

**Operations Support.** To provide all mail room services, maintain and control access to all retained tax returns, and provide operational support related to supplies and paper.

**Technology Support.** To support all technology based activities, including configuration management, IT security, quality control, IT disaster recovery, database and Unix administration, Asset management, Lotus Notes administration, network and telecommunications support, help desk, and computer operations.

**Commissioner's Office.** To provide agency-wide administrative support in the areas of executive management, fiscal operations, human resource operations, internal audit, public relations, purchasing, and facilities.

## Activity resources:

Activity	2005 Base Budget		2006 Base Budget	
	All Funds	Positions	All Funds	Positions
Channel Operations	9,270,111	83.00	9,270,111	83.00
Customer Service	7,479,871	178.00	7,479,871	178.00
Compliance Collections	13,026,108	155.00	13,026,108	155.00
Compliance Audit	15,563,998	253.50	15,563,998	253.50
Application Development	4,797,084	63.00	4,797,084	63.00
Appeals and Rulings	757,750	14.00	757,750	14.00
Revenue Forecasting	1,908,580	25.00	1,908,580	25.00
Public-Private Partnership	36,656,629	0.00	36,656,629	0.00
Operations Support	2,787,787	21.00	2,787,787	21.00
Technology Support	7,970,299	67.00	7,970,299	67.00
Commissioner's Office	8,962,927	59.00	8,962,927	59.00
<b>Total</b>	<b>109,181,144</b>	<b>918.50</b>	<b>109,181,144</b>	<b>918.50</b>

## Recommended budget actions:

- ▶ **Provide funding for risk management premiums.** Adds funding for an increase in automobile and property insurance premiums, which are based on increased costs in the state's self-insurance programs. For 2006, an increase of less than \$1,000 (GF). *[Affected Activity: Commissioner's Office]*
- ▶ **Adjust funding for state employee workers' compensation premiums.** Adjusts funding to reflect changes in the premiums paid by the agency on behalf of its employees for workers' compensation. Changes in workers' compensation premiums are the result of changes in the covered payroll or

claims experience. For 2005, an increase of \$6,773 (GF). For 2006, an increase of \$13,024 (GF). *[Affected Activity: Commissioner's Office]*

- ▶ **Restore funding for in-house information technology activities.** Restores funding previously removed for implementing the new statewide information technology reform initiative. This adjustment is necessary to account for legislated changes to the implementation schedule and scope of the initiative. For medium or large agencies, consolidation into the new structure was delayed until as late as January 2005. In addition, computer applications considered specific to an agency's particular operations were excluded from the reform initiative. For each year, an increase of \$5.0 million (GF). *[Affected Activity: Technology Support]*
- ▶ **Fund partnership project continuation costs.** Allows the department to assume the on-going costs of acquiring, maintaining, and refreshing hardware, software, and annual maintenance contracts initially funded under the Public-Private Partnership contract between American Management Systems, Inc. and the department. For 2005, an increase of \$11.4 million (GF). For 2006, an increase of \$10.9 million (GF). *[Affected Activities: Technology Support, and Public-Private Partnership]*
- ▶ **Establish nongeneral fund appropriation for voluntary contributions.** Allows the department to expend a portion of all voluntary contributions made for the taxable year for its costs in administering the voluntary contributions program. For each year, \$50,000 (NGF). *[Affected Activity: Channel Operations]*
- ▶ **Implement tax reform.** Provides funds to the department for implementation costs of the tax reform initiative. Funds will be used to pay costs associated with systems changes and other nonpersonal services costs, and personal services costs necessary to implement the Governor's tax reform package. For 2005, an increase of \$3.4 million (GF) and 22 positions. For 2006, an increase of \$1.8 million (GF). *[Affected Activities: Channel Operations, Compliance Audit, Customer Service, Application Development, and Commissioner's Office]*
- ▶ **Reduce warehouse space.** A reduction in funds for lease payments for rented space. The agency will reduce the square footage of rented warehouse space. For each year, a reduction of \$100,000 (GF). *[Affected Activity: Commissioner's Office]*
- ▶ **Adjust funding for the federal debt setoff program.** An adjustment to capture savings in the federal debt setoff program resulting from increased efficiencies. For each year, a reduction of \$614,887 (GF). *[Affected Activity: Compliance Collections]*
- ▶ **Capture savings from renegotiated contract for data line services.** Reduces funds to account for renegotiated rates for data-telecommunication lines. For each year, a decrease of \$3,125 (GF). *[Affected Activity: Technology Support]*
- ▶ **Implement VITA savings strategy.** Captures savings from new telecommunications contracts negotiated by the Virginia Information Technologies Agency (VITA), including the new COVANET contract and, if applicable, any cell-phone usage. The COVANET contract includes long distance voice services along with a comprehensive data network and Internet services. For each year, a reduction of \$25,901 (GF). *[Affected Activity: Operations Support]*
- ▶ **Align nongeneral fund appropriation with expenditures.** Reduces the nongeneral fund appropriation to reflect estimated final payments in 2005 and 2006 to the private partner in the existing Public-Private Partnership with American Management Systems, Inc. The fund source is balances in the Technology Partnership Fund. For 2005, a reduction of \$25.3 million (NGF). For 2006, a reduction of \$26.3 million (NGF). *[Affected Activity: Public-Private Partnership]*

# Department of the Treasury

## Activities of the agency:

**Receipt and Disbursement Services.** To print and distribute more than 10.8 million Commonwealth checks and earnings notices annually and to reconcile the Commonwealth's 79 bank accounts.

**Portfolio Management and Investments.** To invest all state funds under the control of the Treasurer, including the state's general investment account and the Local Government Investment Pool, which had balances of \$3.3 billion and \$2.1 billion respectively as of September 2003.

**Debt Issuance and Management Services.** To issue and manage debt of the Commonwealth and several of its boards and authorities, including the Treasury Board, the Virginia College Building Authority, the Virginia Public Building Authority, and the Virginia Public School Authority.

**Cash Management and Banking Services.** To procure and monitor delivery of both routine and specialized banking services for the Commonwealth, to manage the Commonwealth's banking network and related cash management services, and to forecast the Commonwealth's cash flows.

**Risk Management.** To provide liability, property, and fidelity bond insurance services for all state agencies, institutions, boards, their officials, employees, agents, and volunteers, as well as all constitutional officers of the state and their employees.

**Trust Services.** To account for and report on the Commonwealth's debt and investments, make Commonwealth debt payments, and account for the Commonwealth's bond and trust funds.

**Unclaimed Property Administration.** To administer the Commonwealth's Unclaimed Property Act by serving as the custodian of certain personal properties (both intangible and tangible) until the owners of the properties can be located.

**Agency Accounting and Special Programs.** To administer the Security for Public Deposits Act to protect public deposits held in banking institutions, and the State Non-Arbitrage Program to assist Virginia governments with compliance with federal arbitrage regulations and safekeep collateral of Virginia insurers.

**Agency Administration.** To manage the day-to-day activities of the department, including human resources, procurement, internal auditing, strategic planning and financial policy, budgeting, general management, and agency-wide information services functions.

## Activity resources:

Activity	2005 Base Budget		2006 Base Budget	
	All Funds	Positions	All Funds	Positions
Receipt and Disbursement Services	3,281,834	22.00	3,281,834	22.00
Portfolio Management and Investments	508,842	5.60	508,842	5.60
Debt Issuance and Management Services	845,008	12.00	845,008	12.00
Cash Management and Banking Services	3,857,345	3.40	3,857,345	3.40
Risk Management	3,177,488	19.00	3,177,488	19.00
Trust Services	333,714	5.10	333,714	5.10
Unclaimed Property Administration	3,354,566	37.00	3,354,566	37.00
Agency Accounting and Special Programs	214,276	2.90	214,276	2.90
Agency Administration	1,031,549	10.00	1,031,549	10.00
<b>Total</b>	<b>16,604,622</b>	<b>117.00</b>	<b>16,604,622</b>	<b>117.00</b>

## Recommended budget actions:

- ▶ **Adjust funding for rental charges.** Adjusts the agency's appropriation in response to the development of new rates for rental space at the seat of government. The new rates were developed to account for changes in the costs of contractual services, payments in lieu of taxes, utilities, vacant space, and personal services. For 2005, \$11,366 (GF). For 2006, \$16,336 (GF). [*Affected Activity: Agency Administration*]
- ▶ **Restore funding for in-house information technology activities.** Restores funding previously removed for implementing the new statewide information technology reform initiative. This adjustment is necessary to account for legislated changes to the implementation schedule and scope of the initiative. For medium or large agencies, consolidation into the new structure was delayed until as late as January 2005. In addition, computer applications considered specific to an agency's particular operations were excluded from the reform initiative. For each year, \$42,793 (GF). [*Affected Activity: Agency Administration*]



- ▶ **Provide funding for the administration of the Security for Public Deposits Act.** Adds a fee charged to financial institutions holding public deposits for the administration of the Security for Public Deposits Act. The fee will defray the costs of agency administration of that law. The law regulates financial institutions that hold public deposits by requiring a certain level of collateral. For each year, \$97,500 (NGF) and one position. *[Affected Activity: Agency Accounting and Special Programs]*
- ▶ **Study the development of a state-owner controlled insurance program for state construction projects.** Adds funds to study the development of a new self-insurance program for state construction projects that would centralize insurance and loss control for the project owner, contractors, and subcontractors. Such a program may reduce costs for all parties involved and reduce litigation, reducing the costs of state construction projects. For 2005, \$100,000 (NGF). *[Affected Activity: Risk Management]*
- ▶ **Enhance unclaimed property system.** Adds funds for an upgrade of the unclaimed property system to increase its usefulness and flexibility, especially to reflect detailed mutual fund transactions allowing the state to sell mutual fund accounts for the first time. Other minor enhancements to the system will also be made to improve functionality. For each year, \$100,000 (NGF). *[Affected Activity: Unclaimed Property Administration]*
- ▶ **Increase staff for unclaimed property.** An increase in staffing for the unclaimed property division for two additional claims representatives. The positions are necessary to reduce the current backlog of inquiries and the resulting claims. The backlog is a result of the increased publicity generated by the division, which has increased inquiries and claims that must be processed. Currently, it takes as long as eight weeks to process an inquiry. For 2005, \$76,542 (NGF) and two positions. For 2006, \$78,956 (NGF). *[Affected Activity: Unclaimed Property Administration]*
- ▶ **Reduce printing of earnings notices for state employees.** Reduces funds for the costs of earnings notices as such notices begin to be phased out. State employees can use the Department of Accounts web-based Payline system to get the same information printed on earnings notices. State employees will be encouraged to use the web-based system but will still be able to receive printed notices if they choose. For 2006, a reduction of \$45,000 (GF). *[Affected Activity: Receipt and Disbursement Services]*
- ▶ **Reduce printing of payroll checks by increasing direct deposit participation.** Reduces funds for the costs of printing payroll checks for state employees. Beginning in 2005, state employees receiving actual payroll checks will be strongly encouraged to use direct deposit for their earnings. However, those employees without bank accounts or who prefer a check will still be able to receive a printed check if they choose. For 2006, a reduction of \$17,500 (GF). *[Affected Activity: Receipt and Disbursement Services]*
- ▶ **Increase use of electronic funds transfer for payments.** Reduces funds for the costs of printing and mailing checks for vendors of goods and services purchased by the Commonwealth. The agency continues to work with the Department of Accounts to encourage agencies to use electronic funds transfers for payments as opposed to printed checks. For each year, a reduction of \$64,404 (GF). *[Affected Activity: Receipt and Disbursement Services]*
- ▶ **Implement VITA savings strategy.** Captures savings from new telecommunications contracts negotiated by the Virginia Information Technologies Agency (VITA), including the new COVANET contract, and if applicable, any cell-phone usage. The COVANET contract includes long-distance voice services along with a comprehensive data network and Internet services. For each year, a reduction of less than \$1,000 (GF). *[Affected Activity: Agency Administration]*

- ▶ **Eliminate funding for systems design and development.** A technical adjustment to remove non-general fund appropriation for development of a new risk management system. The system has been developed and the appropriation is no longer necessary. For each year, a decrease of \$1.2 million (NGF). *[Affected Activity: Risk Management]*
- ▶ **Provide funding for rent for additional office space.** A technical adjustment to provide funding for additional space rented by the agency in the Monroe Building. The agency took over the space vacated by the Department of State Internal Auditor after its merger with the Department of Accounts. For each year, \$23,789 (NGF). *[Affected Activity: Agency Administration]*
- ▶ **Realign positions to reflect funding sources.** A technical adjustment to properly align positions with their funding source. The agency recovers costs for certain administrative positions and over time the number of positions supported from nongeneral fund sources has increased. For 2005, an increase of four positions (NGF) and a reduction of four positions (GF). *[Affected Activities: Risk Management, Unclaimed Property Administration, and Agency Accounting and Special Programs]*

## Treasury Board

### Activities of the agency:

**Assistance for Public Broadcasting.** To account for the quarterly payments on the obligations issued to finance grants to local public television stations for the state's share of the cost of converting to the digital standard, pursuant to a payment agreement between the Virginia Public Broadcasting Board and the Treasury Board.

**Regional Jail Reimbursement Payments.** To account for the Commonwealth's share of the cost of Regional Jail Reimbursement Agreements, where such have been signed.

**Assistance for Industrial Development.** To account for the Commonwealth's share of the cost of the Virginia Advanced Shipbuilding and Carrier Integration Center in Newport News, pursuant to a contractual agreement entered into by the Treasury Board.

**General Obligation Bond - Debt Service.** To account for the amounts appropriated from the general fund for debt service on general obligation bonds issued pursuant to Article X, Section 9(b) of the Constitution of Virginia.

**Public Building Authority - Debt Service.** To account for the amounts appropriated for the payment of debt service on bonds issued by the Virginia Public Building Authority.

**College Building Authority - Debt Service.** To account for the amounts appropriated to be paid to the Virginia College Building Authority for the debt service on bond issues financing capital construction under the 21st Century College Program and other authorized projects.

**College Building Authority - Debt Service for Equipment.** To account for the amounts appropriated to be paid to the Virginia College Building Authority for the payment of debt service on VCBA bonds issued to finance equipment.

**Capital Leases.** To account for the amounts appropriated from the General Fund to pay capital lease payments.

**Operational Support.** Accounts for the appropriation to pay the various financial service expenses related to the issuance and maintenance of Commonwealth debt.

### Activity resources:

Activity	2005 Base Budget		2006 Base Budget	
	All Funds	Positions	All Funds	Positions
Assistance for Public Broadcasting	3,100,000	0.00	3,100,000	0.00
Regional Jail Reimbursement Payments	2,669,376	0.00	2,669,376	0.00
Assistance for Industrial Development	5,292,809	0.00	5,292,809	0.00
General Obligation Bond - Debt Service	62,278,707	0.00	62,278,707	0.00
Public Building Authority - Debt Service	115,444,642	0.00	115,444,642	0.00
College Building Authority - Debt Service	30,335,968	0.00	30,335,968	0.00
College Building Authority - Debt Service for Equipment	51,987,795	0.00	51,987,795	0.00
Capital Leases	24,182,836	0.00	24,182,836	0.00
Operational Support	215,000	0.00	215,000	0.00
<b>Total</b>	<b>295,507,133</b>	<b>0.00</b>	<b>295,507,133</b>	<b>0.00</b>

**Recommended budget actions:**

- ▶ **Adjust funding for debt service.** A net increase in debt service funding to reflect the latest schedule for the issuance of bonds, changes to the projected size of future debt issues, and to reflect older bonds being paid off or refinanced at lower interest rates. For 2005, \$15.9 million (GF). For 2006, \$34.6 million (GF) and a reduction of less than \$1,000 (NGF). *[Affected Activities: all activities except Assistance for Public Broadcasting]*
- ▶ **Provide debt service funding for new projects.** An increase in funding to provide debt service on bonds to be issued by the Virginia Public Building Authority and the Virginia College Building Authority for new capital projects authorized for bond funding. For 2005, \$2.2 million (GF). For 2006, \$18.5 million (GF). *[Affected Activities: Public Building Authority – Debt Service and College Building Authority-Debt Service]*
- ▶ **Provide debt service funding for higher education equipment.** Adds funding for debt service required to support the purchase of additional instructional and information technology equipment at institutions of higher education on short-term debt to be issued in 2005 and 2006. For 2006, \$11.4 million (GF). *[Affected Activity: College Building Authority - Debt Service for Equipment]*
- ▶ **Adjust funding for nongeneral fund debt service.** A technical adjustment to reduce the nongeneral fund appropriation for debt service, which is no longer necessary due to the retirement of two Virginia Public Building Authority bonds. A portion of the debt service was paid from nongeneral fund sources. For each year, a decrease of \$3.3 million (NGF). *[Affected Activity: Public Building Authority – Debt Service]*

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Strategic planning and performance measurement information for all executive branch agencies can be accessed centrally through *Virginia Results*, the Commonwealth's automated performance management information system, at:  
[www.dpb.state.va.us/VAResults/VRHome.html](http://www.dpb.state.va.us/VAResults/VRHome.html)

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# Office of Finance

## Detail Tables

	Fiscal Year 2005			Fiscal Year 2006		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
<b>SECRETARY OF FINANCE</b>						
<b>2004 legislative appropriation</b>	424,749	0	424,749	424,749	0	424,749
Adjustments to legislative appropriation	18,108	0	18,108	18,108	0	18,108
<b>2004-2006 base budget</b>	442,857	0	442,857	442,857	0	442,857
<b>Recommended budget actions:</b>						
▶ Adjust funding for rental charges	970	0	970	1,385	0	1,385
▶ Restore funding for in-house information technology activities	221	0	221	221	0	221
▶ Implement VITA savings strategy	(94)	0	(94)	(94)	0	(94)
<b>Total recommended budget actions</b>	1,097	0	1,097	1,512	0	1,512
<b>Total recommended funding</b>	443,954	0	443,954	444,369	0	444,369
Percent change over base budget	.25%	N/A	.25%	.34%	N/A	.34%
<b>Position level:</b>						
<b>2004 legislative appropriation</b>	5.00	0.00	5.00	5.00	0.00	5.00
Recommended position level changes	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total recommended positions</b>	5.00	0.00	5.00	5.00	0.00	5.00
<b>DEPARTMENT OF ACCOUNTS</b>						
<b>2004 legislative appropriation</b>	63,384,407	4,236,778	67,621,185	63,384,407	4,236,778	67,621,185
Adjustments to legislative appropriation	220,271	(2,150,000)	(1,929,729)	220,271	(2,150,000)	(1,929,729)
<b>2004-2006 base budget</b>	63,604,678	2,086,778	65,691,456	63,604,678	2,086,778	65,691,456
<b>Recommended budget actions:</b>						
▶ Provide funding for risk management premiums	0	0	0	175	0	175
▶ Adjust funding for rental charges	28,076	0	28,076	39,661	0	39,661
▶ Adjust funding for state employee workers' compensation premiums	(196)	0	(196)	(407)	0	(407)
▶ Restore funding for in-house information technology activities	226,211	0	226,211	226,211	0	226,211
▶ Provide funding for school system efficiency reviews	2,460,000	0	2,460,000	3,280,000	0	3,280,000
▶ Adjust schedule for Financial Information Downloading System (FINDS) updates	(25,000)	0	(25,000)	(25,000)	0	(25,000)
▶ Eliminate Department of Accounts printed reports	(40,000)	0	(40,000)	(40,000)	0	(40,000)
▶ Implement VITA savings strategy	(1,356)	0	(1,356)	(1,356)	0	(1,356)
▶ Create a new sub-agency for transfer payments	(55,710,000)	(2,044,778)	(57,754,778)	(55,710,000)	(2,044,778)	(57,754,778)
<b>Total recommended budget actions</b>	(53,062,265)	(2,044,778)	(55,107,043)	(52,230,716)	(2,044,778)	(54,275,494)

	Fiscal Year 2005			Fiscal Year 2006		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
<b>Total recommended funding</b>	10,542,413	42,000	10,584,413	11,373,962	42,000	11,415,962
Percent change over base budget	(83.43%)	(97.99%)	(83.89%)	(82.12%)	(97.99%)	(82.62%)
<b>Position level:</b>						
<b>2004 legislative appropriation</b>	102.00	0.00	102.00	102.00	0.00	102.00
Recommended position level changes	12.00	0.00	12.00	17.00	0.00	17.00
<b>Total recommended positions</b>	114.00	0.00	114.00	119.00	0.00	119.00
<b>DEPARTMENT OF ACCOUNTS</b>						
<b>TRANSFER PAYMENTS</b>						
<b>2004 legislative appropriation</b>	0	0	0	0	0	0
Adjustments to legislative appropriation	0	0	0	0	0	0
<b>2004-2006 base budget</b>	0	0	0	0	0	0
<b>Recommended budget actions:</b>						
▶ Provide funding for Line of Duty Act payments	2,500,000	0	2,500,000	3,110,000	0	3,110,000
▶ Provide funding for the Revenue Stabilization Fund deposit	0	0	0	87,000,000	0	87,000,000
▶ Adjust appropriation for aid to localities program	2,390,000	0	2,390,000	3,590,000	0	3,590,000
▶ Create a new sub-agency for transfer payments	55,710,000	2,044,778	57,754,778	55,710,000	2,044,778	57,754,778
<b>Total recommended budget actions</b>	60,600,000	2,044,778	62,644,778	149,410,000	2,044,778	151,454,778
<b>Total recommended funding</b>	60,600,000	2,044,778	62,644,778	149,410,000	2,044,778	151,454,778
Percent change over base budget	N/A	N/A	N/A	N/A	N/A	N/A
<b>Position level:</b>						
<b>2004 legislative appropriation</b>	0.00	0.00	0.00	0.00	0.00	0.00
Recommended position level changes	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total recommended positions</b>	0.00	0.00	0.00	0.00	0.00	0.00
<b>DEPARTMENT OF PLANNING AND BUDGET</b>						
<b>2004 legislative appropriation</b>	4,609,080	0	4,609,080	4,609,080	0	4,609,080
Adjustments to legislative appropriation	606,263	0	606,263	606,263	0	606,263
<b>2004-2006 base budget</b>	5,215,343	0	5,215,343	5,215,343	0	5,215,343
<b>Recommended budget actions:</b>						
▶ Provide funding for risk management premiums	0	0	0	219	0	219
▶ Adjust funding for rental charges	19,261	0	19,261	27,498	0	27,498
▶ Adjust funding for state employee workers' compensation premiums	(455)	0	(455)	(570)	0	(570)
▶ Restore funding for in-house information technology activities	21,912	0	21,912	21,912	0	21,912
▶ Provide funding for staffing needs	295,916	0	295,916	322,824	0	322,824
▶ Implement VITA savings strategy	(243)	0	(243)	(243)	0	(243)
<b>Total recommended budget actions</b>	336,391	0	336,391	371,640	0	371,640
<b>Total recommended funding</b>	5,551,734	0	5,551,734	5,586,983	0	5,586,983
Percent change over base budget	6.45%	N/A	6.45%	7.13%	N/A	7.13%
<b>Position level:</b>						

	Fiscal Year 2005			Fiscal Year 2006		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
<b>2004 legislative appropriation</b>	64.00	0.00	64.00	64.00	0.00	64.00
Recommended position level changes	1.00	0.00	1.00	1.00	0.00	1.00
<b>Total recommended positions</b>	<b>65.00</b>	<b>0.00</b>	<b>65.00</b>	<b>65.00</b>	<b>0.00</b>	<b>65.00</b>
<b>DEPARTMENT OF TAXATION</b>						
<b>2004 legislative appropriation</b>	63,945,307	41,742,735	105,688,042	63,945,307	41,742,735	105,688,042
Adjustments to legislative appropriation	1,936,473	1,556,629	3,493,102	1,936,473	1,556,629	3,493,102
<b>2004-2006 base budget</b>	<b>65,881,780</b>	<b>43,299,364</b>	<b>109,181,144</b>	<b>65,881,780</b>	<b>43,299,364</b>	<b>109,181,144</b>
<b>Recommended budget actions:</b>						
▶ Provide funding for risk management premiums	0	0	0	814	0	814
▶ Adjust funding for state employee workers' compensation premiums	6,773	0	6,773	13,024	0	13,024
▶ Restore funding for in-house information technology activities	4,956,887	0	4,956,887	4,956,887	0	4,956,887
▶ Fund partnership project continuation costs	11,387,569	0	11,387,569	10,868,026	0	10,868,026
▶ Establish nongeneral fund appropriation for voluntary contributions	0	50,000	50,000	0	50,000	50,000
▶						
▶ Implement tax reform	3,446,321	0	3,446,321	1,835,207	0	1,835,207
▶ Reduce warehouse space	(100,000)	0	(100,000)	(100,000)	0	(100,000)
▶ Adjust funding for the federal debt setoff program	(614,887)	0	(614,887)	(614,887)	0	(614,887)
▶ Capture savings from renegotiated contract for data line services	(3,125)	0	(3,125)	(3,125)	0	(3,125)
▶ Implement VITA savings strategy	(25,901)	0	(25,901)	(25,901)	0	(25,901)
▶ Align nongeneral fund appropriation with expenditures	0	(25,342,407)	(25,342,407)	0	(26,274,240)	(26,274,240)
<b>Total recommended budget actions</b>	<b>19,053,637</b>	<b>(25,292,407)</b>	<b>(6,238,770)</b>	<b>16,930,045</b>	<b>(26,224,240)</b>	<b>(9,294,195)</b>
<b>Total recommended funding</b>	<b>84,935,417</b>	<b>18,006,957</b>	<b>102,942,374</b>	<b>82,811,825</b>	<b>17,075,124</b>	<b>99,886,949</b>
Percent change over base budget	28.92%	(58.41%)	(5.71%)	25.70%	(60.56%)	(8.51%)
<b>Position level:</b>						
<b>2004 legislative appropriation</b>	887.50	31.00	918.50	887.50	31.00	918.50
Recommended position level changes	22.00	0.00	22.00	22.00	0.00	22.00
<b>Total recommended positions</b>	<b>909.50</b>	<b>31.00</b>	<b>940.50</b>	<b>909.50</b>	<b>31.00</b>	<b>940.50</b>
<b>DEPARTMENT OF THE TREASURY</b>						
<b>2004 legislative appropriation</b>	9,104,887	7,869,443	16,974,330	9,104,887	7,869,443	16,974,330
Adjustments to legislative appropriation	(506,845)	137,137	(369,708)	(506,845)	137,137	(369,708)
<b>2004-2006 base budget</b>	<b>8,598,042</b>	<b>8,006,580</b>	<b>16,604,622</b>	<b>8,598,042</b>	<b>8,006,580</b>	<b>16,604,622</b>
<b>Recommended budget actions:</b>						
▶ Adjust funding for rental charges	11,366	0	11,366	16,336	0	16,336
▶ Restore funding for in-house information technology activities	42,793	0	42,793	42,793	0	42,793
▶ Provide funding for the administration of the Security for Public Deposits Act	0	97,500	97,500	0	97,500	97,500
▶ Study the development of a state owner-controlled insurance program for state construction projects	0	100,000	100,000	0	0	0
▶ Enhance unclaimed property system	0	100,000	100,000	0	100,000	100,000

	Fiscal Year 2005			Fiscal Year 2006		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
▶ Increase staff for unclaimed property	0	76,542	76,542	0	78,956	78,956
▶ Reduce printing of earnings notices for state employees	0	0	0	(45,000)	0	(45,000)
▶ Reduce printing of payroll checks by increasing direct deposit participation	0	0	0	(17,500)	0	(17,500)
▶ Increase use of electronic funds transfers for payments	0	0	0	(64,404)	0	(64,404)
▶ Implement VITA savings strategy	(902)	0	(902)	(902)	0	(902)
▶ Eliminate funding for systems design and development	0	(1,207,042)	(1,207,042)	0	(1,207,042)	(1,207,042)
▶ Provide funding for rent for additional office space	0	23,789	23,789	0	23,789	23,789
<b>Total recommended budget actions</b>	<b>53,257</b>	<b>(809,211)</b>	<b>(755,954)</b>	<b>(68,677)</b>	<b>(906,797)</b>	<b>(975,474)</b>
<b>Total recommended funding</b>	<b>8,651,299</b>	<b>7,197,369</b>	<b>15,848,668</b>	<b>8,529,365</b>	<b>7,099,783</b>	<b>15,629,148</b>
Percent change over base budget	.62%	(10.11%)	(4.55%)	(.80%)	(11.33%)	(5.87%)
<b>Position level:</b>						
<b>2004 legislative appropriation</b>	<b>51.00</b>	<b>66.00</b>	<b>117.00</b>	<b>51.00</b>	<b>66.00</b>	<b>117.00</b>
Recommended position level changes	(4.00)	7.00	3.00	(4.00)	7.00	3.00
<b>Total recommended positions</b>	<b>47.00</b>	<b>73.00</b>	<b>120.00</b>	<b>47.00</b>	<b>73.00</b>	<b>120.00</b>
<b>TREASURY BOARD</b>						
<b>2004 legislative appropriation</b>	<b>285,211,725</b>	<b>10,295,408</b>	<b>295,507,133</b>	<b>285,211,725</b>	<b>10,295,408</b>	<b>295,507,133</b>
Adjustments to legislative appropriation	0	0	0	0	0	0
<b>2004-2006 base budget</b>	<b>285,211,725</b>	<b>10,295,408</b>	<b>295,507,133</b>	<b>285,211,725</b>	<b>10,295,408</b>	<b>295,507,133</b>
<b>Recommended budget actions:</b>						
▶ Adjust funding for debt service	15,917,058	0	15,917,058	34,584,981	(212)	34,584,769
▶ Provide debt service funding for new projects	2,224,218	0	2,224,218	18,516,273	0	18,516,273
▶ Provide debt service funding for higher education equipment	0	0	0	11,360,025	0	11,360,025
▶ Adjust funding for nongeneral fund debt service	0	(3,300,041)	(3,300,041)	0	(3,300,041)	(3,300,041)
<b>Total recommended budget actions</b>	<b>18,141,276</b>	<b>(3,300,041)</b>	<b>14,841,235</b>	<b>64,461,279</b>	<b>(3,300,253)</b>	<b>61,161,026</b>
<b>Total recommended funding</b>	<b>303,353,001</b>	<b>6,995,367</b>	<b>310,348,368</b>	<b>349,673,004</b>	<b>6,995,155</b>	<b>356,668,159</b>
Percent change over base budget	6.36%	(32.05%)	5.02%	22.60%	(32.06%)	20.70%
<b>Position level:</b>						
<b>2004 legislative appropriation</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Recommended position level changes	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total recommended positions</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>TOTAL FOR FINANCE</b>						
Grand total recommended funds	474,077,818	34,286,471	508,364,289	607,829,508	33,256,840	641,086,348
Grand total recommended positions	1,140.50	104.00	1,244.50	1,145.50	104.00	1,249.50