



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

	<i>Fiscal Year 2005</i>			<i>Fiscal Year 2006</i>		
	GF	NGF	All Funds	GF	NGF	All Funds
FINANCE						
Technical Adjustments	0.0	14.6	14.6	0.0	2.4	2.4
Emergencies	0.0	0.0	0.0	0.0	0.0	0.0
Mandates	135.5	0.0	135.5	96.4	0.0	96.4
Unanticipated and unavoidable cost adjustments	<0.1	0.4	0.4	0.1	0.6	0.7
Caseload or workload adjustments	0.0	0.0	0.0	0.6	0.2	0.8
Reorganizations	0.0	0.0	0.0	0.0	0.0	0.0
Operational efficiencies and service reductions	(16.3)	0.0	(16.3)	(16.5)	0.0	(16.5)
Information technology	0.0	0.0	0.0	0.0	0.0	0.0
Other spending	0.0	0.0	0.0	1.4	2.0	3.4
Total for Office of Finance	119.2	14.9	134.2	82.0	5.2	87.2

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

Secretary of Finance

Mission Statement:

The Secretary of Finance provides guidance to the four key agencies within the Finance Secretariat. These agencies handle all the financial transactions of the Commonwealth — from collecting taxes to paying bills to distributing aid to localities.

Primary Services:

The primary service of this agency is administrative and support services.

Historical Appropriations:

	2001	2002	2003	2004	2005	2006
Personnel related costs	479,869	480,281	443,967	443,967	422,357	422,357
Other costs	21,162	21,438	(1,945)	(19,224)	21,597	22,012
Total dollars	501,031	501,719	442,022	424,743	443,954	444,369
Total positions	5.00	5.00	5.00	5.00	5.00	5.00

Recommended Budget Amendment:

The Governor recommends an overall addition of \$16,588 for fiscal year 2005 and \$136,600 for fiscal year 2006. This represents an increase over the legislative appropriation of 3.74 percent in fiscal year 2005 and 30.74 percent in fiscal year 2006.

- ▶ **Fund essential agency operations.** Additional funding to cover the cost of current agency operations. Current funding for the agency is below the level needed to provide essential services. For 2005, \$16,588 (GF). For 2006, \$136,600 (GF). *[Category: Unanticipated and unavoidable cost adjustments]*

Department of Accounts

Mission Statement:

The Department of Accounts provides a uniform system of accounting, financial reporting, and internal control adequate to protect and account for the Commonwealth's financial resources.

Primary Services:

The primary services of this agency are: general accounting, disbursements review, payroll operations, financial reporting, financial analysis, the Payroll Service Bureau, and financial systems development and management.

Historical Appropriations:

	2001	2002	2003	2004	2005	2006
Personnel related costs	7,753,570	7,759,699	7,683,553	6,400,491	6,873,371	7,150,871
Other costs	180,206,721	263,509,944	64,624,567	148,220,016	1,351,042	1,185,091
Total dollars	187,960,291	271,269,643	72,308,120	154,620,507	8,224,413	8,335,962
Total positions	132.00	132.00	102.00	102.00	103.00	104.00

Recommended Budget Amendments:

The Governor recommends an overall addition of \$388,964 for fiscal year 2006, which is an increase of 4.67 percent over the legislative appropriation. The Governor recommends no dollar changes in fiscal year 2005 for this agency.

- ▶ **Provide additional staffing to strengthen financial controls.** An increase in funds for two additional senior internal auditor positions to address a backlog of fraud, waste, and abuse hotline investigations and for two external audit positions. For 2006, \$276,564 (GF) and four positions. *[Category: Caseload or workload adjustments]*
- ▶ **Provide additional staffing for the Payroll Service Bureau.** An increase in funds for two additional positions to handle the increased workload resulting from several new agencies joining the bureau. For 2006, \$112,400 (GF) and two positions. *[Category: Caseload or workload adjustments]*
- ▶ **Transfer information technology positions to the Virginia Information Technologies Agency (VITA).** Transfer of selected technology positions to the Virginia Information Technologies Agency as part of the consolidation of the information technology functions in executive branch agencies as outlined in the enabling legislation from the 2003 session of the General Assembly. For 2006, a reduction of 11 positions. *[Category: Position level changes only]*

Department of Accounts Transfer Payments

Mission Statement:

This agency does not have a mission statement.

Primary Services:

The primary services of this agency are: financial assistance to localities, the Revenue Stabilization Fund, the Virginia Education Loan Authority Reserve Fund, and Line of Duty Act payments.

Historical Appropriations:

	2001	2002	2003	2004	2005	2006
Personnel related costs	0	0	0	0	0	0
Other costs	0	0	0	0	59,144,778	146,754,778
Total dollars	0	0	0	0	59,144,778	146,754,778
Total positions	0.00	0.00	0.00	0.00	0.00	0.00

Recommended Budget Amendments:

The Governor recommends an overall addition of \$134.5 million for fiscal year 2005 and \$95.1 million for fiscal year 2006. This represents an increase over the legislative appropriation of 227.35 percent in fiscal year 2005 and 64.83 percent in fiscal year 2006.

- ▶ **Provide additional funding for Revenue Stabilization Fund deposits.** 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 and the additional deposit required by the Code of Virginia. For 2005, \$134.5 million (GF). For 2006, \$94.9 million (GF). *[Category: Mandates]*
- ▶ **Adjust appropriation for aid to localities program.** An increase in funds for the agency's aid to localities program based on new revenue projections from 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 2006, \$200,000 (GF). *[Category: Mandates]*

Department of Planning and Budget

Mission Statement:

The Department of Planning and Budget advises the Governor on how to wisely use public resources, analyze, develop, and carry out fiscal, programmatic, and regulatory policies that benefit all Virginians.

Primary Services:

The primary services of this agency are: budget development and execution, legislative and executive order review, regulatory review, program evaluation, and administrative services.

Historical Appropriations:

	2001	2002	2003	2004	2005	2006
Personnel related costs	5,080,174	5,083,735	5,088,855	4,174,274	5,018,489	5,045,397
Other costs	1,583,061	588,963	(131,060)	434,688	783,245	791,586
Total dollars	6,663,235	5,672,698	4,957,795	4,608,962	5,801,734	5,836,983
Total positions	74.00	74.00	66.00	64.00	67.00	67.00

Recommended Budget Amendments:

The Governor recommends an overall addition of \$1.5 million for fiscal year 2006, which is an increase of 26.38 percent over the legislative appropriation. The Governor recommends no dollar changes in fiscal year 2005 for this agency.

- ▶ **Add funding for three entry level analysts to meet ongoing needs and increased program demands.** An increase in funds for three entry level analysts to help with additional responsibilities due to the taxpayer bill of rights, performance budgeting, and to make the budget more easily understood by the legislature and public. For 2006, \$157,500 (GF). *[Category: Caseload or workload adjustments]*
- ▶ **Fund additional school efficiency reviews and contract review.** Provides second year funding for school efficiency reviews and for one position to aid in the administration of the program. The position will ensure that the quality of work done by consultants meets the contract requirements of the school efficiency reviews. For 2006, \$1.4 million (GF) and one position. *[Category: Other spending]*
- ▶ **Transfer information technology positions to the Virginia Information Technologies Agency (VITA).** Transfer of selected technology positions to the Virginia Information Technologies Agency as part of the consolidation of the information technology functions in executive branch agencies as outlined in the enabling legislation from the 2003 session of the General Assembly. For 2006, a reduction of one position. *[Category: Position level changes only]*

Department of Taxation

Mission Statement:

The Department of Taxation serves the public by administering the tax laws of the Commonwealth of Virginia with integrity, efficiency, and consistency.

Primary Services:

The primary services of this agency are: tax policy, research, and analysis; revenue forecasting; tax return processing; customer services; compliance audit; compliance collections; appeals and rulings; Tobacco Master Settlement Agreement enforcement; training for local assessors; and valuation and assessment assistance for localities.

Historical Appropriations:

	2001	2002	2003	2004	2005	2006
Personnel related costs	42,894,670	42,966,805	46,056,898	51,735,028	54,030,867	54,297,820
Other costs	51,324,654	55,614,731	58,210,989	54,074,395	44,634,361	42,923,097
Total dollars	94,219,324	98,581,536	104,267,887	105,809,423	98,665,228	97,220,917
Total positions	842.00	852.00	916.00	918.50	906.50	906.50

Recommended Budget Amendments:

The Governor recommends an overall addition of \$15.6 million for fiscal year 2005 and \$5.7 million for fiscal year 2006. This represents an increase over the legislative appropriation of 15.84 percent in fiscal year 2005 and 5.87 percent in fiscal year 2006.

- ▶ **Realign nongeneral fund appropriation for partnership project payments.** A technical adjustment to the nongeneral fund spending authorization to reflect a revised payment schedule for contract deliverables funded under the Public-Private partnership contract between CGI-AMS (formerly American Management Systems, Inc.) and the department. For 2005, \$14.6 million (NGF). For 2006, \$2.4 million (NGF). *[Category: Technical adjustments]*
- ▶ **Fund tax reform system implementation costs.** Provides funds to the department for implementation costs of the Omnibus Tax Bill and other legislation enacted by the 2004 Session of the General Assembly. Funds will be used to pay costs associated with systems changes to the department's existing State Tax Accounting and Re-

porting System (STARS) and other nonpersonal services costs necessary to fully implement the legislation. For 2005, \$876,703 (GF). For 2006, \$432,916 (GF). *[Category: Mandates]*

- ▶ **Administer corporate tax changes contained in the Omnibus Tax Bill.** The Omnibus Tax Bill made several changes to the corporate income tax and instituted filing requirements for pass-through entities. Additional audit staff will implement new programs to enforce the provisions of the legislation. For 2005, \$69,117 (GF) and nine positions. For 2006, \$478,888 (GF) and four additional positions. *[Category: Mandates]*
- ▶ **Administer tobacco tax changes contained in the Omnibus Tax Bill.** The Omnibus Tax Bill instituted a new tax on tobacco products other than cigarettes and increased the state cigarette tax in two phases. New cigarette excise tax stamps are to be issued and wholesale dealers are to file a monthly return for tobacco products other than cigarettes. New tobacco auditors will be hired to assure the proper amount of tax is paid on all cigarettes and tobacco products sold in the Commonwealth. For 2005, \$86,888 (GF) and eight positions. For 2006, \$393,026 (GF). *[Category: Mandates]*
- ▶ **Expand authority for use of contract collector fund.** Allows the agency to use the contract collector fund to pay consultants to help the agency to test and assess existing and new collection strategies and tactics. Also allows the agency to pay any development costs associated with any new strategies adopted from this fund. This is an outgrowth of recommendations from the Governor's Commission on Efficiency and Effectiveness. For 2006, \$2.0 million (NGF). *[Category: Other spending]*
- ▶ **Restore positions for tax compliance.** Restores tax compliance positions removed during the 2004 Session of the General Assembly. These positions were part of the department's enhanced compliance program enacted during the 2003 Session of the General Assembly and are required for continuation of that program. For each year, an increase of 12 positions. *[Category: Position level changes only]*
- ▶ **Transfer information technology positions to the Virginia Information Technologies Agency (VITA).** Transfer of selected technology positions to the Virginia Information Technologies Agency as part of the consolidation of the information technology functions in executive branch agencies as outlined in the enabling legislation from the 2003 session of the General Assembly. For 2006, a reduction of 32 positions. *[Category: Position level changes only]*
- ▶ **Effectuate compensation for participants in pilot audit program.** Provides for a pilot audit program of entities that do business with the federal government. The purpose of the pilot program is to gather information and to develop an estimate of the potential revenue impact and administrative costs associated with policy changes related to the application of the retail sales and use tax to tangible personal property used in the performance of federal government contracts. Participants will be compensated at the conclusion of the pilot program for the cost of the additional data gathering required by the Department of Taxation in the performance of this study. Entities must agree to participate by January 15, 2005. *[Category: Appropriation Act language only]*

Department of the Treasury

Mission Statement:

The Department of the Treasury serves the Commonwealth by providing excellent financial management and outstanding customer service.

Primary Services:

The primary services of this agency are: banking and investment, insurance, debt management, check processing and bank reconciliation, unclaimed property administration, and accounting and trust services.

Historical Appropriations:

	2001	2002	2003	2004	2005	2006
Personnel related costs	5,198,471	5,204,413	7,134,493	6,546,792	7,077,141	7,083,555
Other costs	10,187,219	10,192,897	10,025,657	10,427,094	9,573,203	8,496,919
Total dollars	15,385,690	15,397,310	17,160,150	16,973,886	16,650,344	15,580,474
Total positions	115.00	115.00	118.00	117.00	120.00	120.00

Recommended Budget Amendments:

The Governor recommends an overall addition of \$351,000 for fiscal year 2005 and \$819,221 for fiscal year 2006. This represents an increase over the legislative appropriation of 2.11 percent in fiscal year 2005 and 5.26 percent in fiscal year 2006.

- ▶ **Provide nongeneral fund appropriation for insurance collateral assessments to defray agency costs for safekeeping of the collateral securities.** An increase in nongeneral funds to reflect proposed legislative adjustments to cover Treasury's annual costs to provide the insurance collateral safekeeping services and custodial services as required by the Code of Virginia. For 2005, \$351,000 (NGF). For 2006, \$601,500 (NGF). *[Category: Unanticipated and unavoidable cost adjustments]*
- ▶ **Add internal audit position.** An increase in funds to address annual key risk assessment and quality control assurance functions and for one internal audit position. For 2006, \$33,295 (GF) and \$33,295 (NGF) and one position. *[Category: Caseload or workload adjustments]*
- ▶ **Increase unclaimed property division staff.** An increase in nongeneral funds to reduce unclaimed property claim backlogs, excessive workloads and overtime expected of existing staff, and to facilitate citizen inquiries and the timely payment of claims and for three positions. For 2006, \$151,131 (NGF) and three positions. *[Category: Caseload or workload adjustments]*
- ▶ **Transfer information technology positions to the Virginia Information Technologies Agency (VITA).** Transfer of selected technology positions to the Virginia Information Technologies Agency as part of the consolidation of the information technology functions in executive branch agencies as outlined in the enabling legislation from the 2003 session of the General Assembly. For 2006, a reduction of two positions. *[Category: Position level changes only]*

Treasury Board

Mission Statement:

This agency does not have a mission statement.

Primary Services:

The primary services of this agency are: debt service payments on General Obligation Bonds, Public Building Authority bonds, and College Building Authority bonds; capital lease payments; and financial assistance for Public Broadcasting, economic development, and regional jails.

Historical Appropriations:

	2001	2002	2003	2004	2005	2006
Personnel related costs	2,300	2,300	2,300	2,300	2,300	2,300
Other costs	249,822,111	266,578,561	269,056,213	281,295,953	308,020,193	355,125,382
Total dollars	249,824,411	266,580,861	269,058,513	281,298,253	308,022,493	355,127,682
Total positions	0.00	0.00	0.00	0.00	0.00	0.00

Recommended Budget Amendments:

The Governor recommends an overall reduction of \$16.3 million for fiscal year 2005 and \$16.5 million for fiscal year 2006. This represents a decrease over the legislative appropriation of 5.29 percent in fiscal year 2005 and 4.66 percent in fiscal year 2006.

- ▶ **Amend debt service needs for bond issues.** A decrease in debt service funding to reflect the latest schedule for the issuance of bonds, changes to the projected debt issues, and to reflect older bonds being liquidated or refinanced at lower interest rates. For 2005, a reduction of \$16.3 million (GF). For 2006, a reduction of \$16.5 million (GF). *[Category: Operational efficiencies and service reductions]*
- ▶ **Amend debt service ceiling for currently authorized Virginia Public Building Authority bonds.** A language change to increase the currently authorized total principal amount of Virginia Public Building Authority bonds that can be outstanding at any one time and to reflect the planned issuance of previously authorized bonds. A language change increasing the amount from \$1.3 billion to \$1.6 billion. *[Category: Appropriation Act language only]*



Office of Finance

Detail Tables

	<i>Fiscal Year 2005</i>			<i>Fiscal Year 2006</i>		
	GF	NGF	All Funds	GF	NGF	All Funds
SECRETARY OF FINANCE						
2004-06 legislative appropriation	443,954	0	443,954	444,369	0	444,369
Recommended amendment:						
▶ Fund essential agency operations	16,588	0	16,588	136,600	0	136,600
Total recommended amendment	16,588	0	16,588	136,600	0	136,600
Total recommended funding	460,542	0	460,542	580,969	0	580,969
Percent change over legislative appropriation	3.74%	N/A	3.74%	30.74%	N/A	30.74%
Position level:						
2004-06 legislative appropriation	5.00	0.00	5.00	5.00	0.00	5.00
Recommended amendment	0.00	0.00	0.00	0.00	0.00	0.00
Total recommended positions	5.00	0.00	5.00	5.00	0.00	5.00
DEPARTMENT OF ACCOUNTS						
2004-06 legislative appropriation	8,182,413	42,000	8,224,413	8,293,962	42,000	8,335,962
Recommended amendments:						
▶ Provide additional staffing to strengthen financial controls	0	0	0	276,564	0	276,564
▶ Provide additional staffing for the Payroll Service Bureau	0	0	0	112,400	0	112,400
Total recommended amendments	0	0	0	388,964	0	388,964
Total recommended funding	8,182,413	42,000	8,224,413	8,682,926	42,000	8,724,926
Percent change over legislative appropriation	0.00%	0.00%	0.00%	4.69%	0.00%	4.67%
Position level:						
2004-06 legislative appropriation	103.00	0.00	103.00	104.00	0.00	104.00
Recommended amendments	0.00	0.00	0.00	(5.00)	0.00	(5.00)
Total recommended positions	103.00	0.00	103.00	99.00	0.00	99.00
DEPARTMENT OF ACCOUNTS TRANSFER PAYMENTS						
2004-06 legislative appropriation	57,100,000	2,044,778	59,144,778	144,710,000	2,044,778	146,754,778
Recommended amendments:						
▶ Provide additional funding for Revenue Stabilization Fund deposits	134,468,057	0	134,468,057	94,936,113	0	94,936,113

	<i>Fiscal Year 2005</i>			<i>Fiscal Year 2006</i>		
	GF	NGF	All Funds	GF	NGF	All Funds
▶ Adjust appropriation for aid to localities program	0	0	0	200,000	0	200,000
Total recommended amendments	134,468,057	0	134,468,057	95,136,113	0	95,136,113
Total recommended funding	191,568,057	2,044,778	193,612,835	239,846,113	2,044,778	241,890,891
Percent change over legislative appropriation	235.50%	0.00%	227.35%	65.74%	0.00%	64.83%
Position level:						
2004-06 legislative appropriation	0.00	0.00	0.00	0.00	0.00	0.00
Recommended amendments	0.00	0.00	0.00	0.00	0.00	0.00
Total recommended positions	0.00	0.00	0.00	0.00	0.00	0.00
DEPARTMENT OF PLANNING AND BUDGET						
2004-06 legislative appropriation	5,551,734	250,000	5,801,734	5,586,983	250,000	5,836,983
Recommended amendments:						
▶ Add funding for three entry level analysts to meet ongoing needs and increased program demands	0	0	0	157,500	0	157,500
▶ Fund additional school efficiency reviews and contract review	0	0	0	1,382,500	0	1,382,500
Total recommended amendments	0	0	0	1,540,000	0	1,540,000
Total recommended funding	5,551,734	250,000	5,801,734	7,126,983	250,000	7,376,983
Percent change over legislative appropriation	0.00%	0.00%	0.00%	27.56%	0.00%	26.38%
Position level:						
2004-06 legislative appropriation	65.00	2.00	67.00	65.00	2.00	67.00
Recommended amendments	0.00	0.00	0.00	0.00	0.00	0.00
Total recommended positions	65.00	2.00	67.00	65.00	2.00	67.00
DEPARTMENT OF TAXATION						
2004-06 legislative appropriation	80,658,271	18,006,957	98,665,228	80,145,793	17,075,124	97,220,917
Recommended amendments:						
▶ Realign nongeneral fund appropriation for partnership project payments	0	14,598,378	14,598,378	0	2,400,970	2,400,970
▶ Fund tax reform system implementation costs	876,703	0	876,703	432,916	0	432,916
▶ Administer corporate tax changes contained in the Omnibus Tax Bill	69,117	0	69,117	478,888	0	478,888
▶ Administer tobacco tax changes contained in the Omnibus Tax Bill	86,888	0	86,888	393,026	0	393,026
▶ Expand authority for use of contract collector fund	0	0	0	0	2,000,000	2,000,000
Total recommended amendments	1,032,708	14,598,378	15,631,086	1,304,830	4,400,970	5,705,800
Total recommended funding	81,690,979	32,605,335	114,296,314	81,450,623	21,476,094	102,926,717
Percent change over legislative appropriation	1.28%	81.07%	15.84%	1.63%	25.77%	5.87%

	<i>Fiscal Year 2005</i>			<i>Fiscal Year 2006</i>		
	GF	NGF	All Funds	GF	NGF	All Funds
Position level:						
2004-06 legislative appropriation	875.50	31.00	906.50	875.50	31.00	906.50
Recommended amendments	29.00	0.00	29.00	1.00	0.00	1.00
Total recommended positions	904.50	31.00	935.50	876.50	31.00	907.50
DEPARTMENT OF THE TREASURY						
2004-06 legislative appropriation	9,452,975	7,197,369	16,650,344	8,480,691	7,099,783	15,580,474
Recommended amendments:						
▶ Provide nongeneral fund appropriation for insurance collateral assessments to defray agency costs for safekeeping of the collateral securities	0	351,000	351,000	0	601,500	601,500
▶ Add internal audit position	0	0	0	33,295	33,295	66,590
▶ Increase unclaimed property division staff	0	0	0	0	151,131	151,131
Total recommended amendments	0	351,000	351,000	33,295	785,926	819,221
Total recommended funding	9,452,975	7,548,369	17,001,344	8,513,986	7,885,709	16,399,695
Percent change over legislative appropriation	0.00%	4.88%	2.11%	.39%	11.07%	5.26%
Position level:						
2004-06 legislative appropriation	47.00	73.00	120.00	47.00	73.00	120.00
Recommended amendments	0.00	0.00	0.00	(1.50)	3.50	2.00
Total recommended positions	47.00	73.00	120.00	45.50	76.50	122.00
TREASURY BOARD						
2004-06 legislative appropriation	301,027,126	6,995,367	308,022,493	345,712,527	9,415,155	355,127,682
Recommended amendment:						
▶ Amend debt service needs for bond issues	(16,308,150)	0	(16,308,150)	(16,534,523)	0	(16,534,523)
Total recommended amendment	(16,308,150)	0	(16,308,150)	(16,534,523)	0	(16,534,523)
Total recommended funding	284,718,976	6,995,367	291,714,343	329,178,004	9,415,155	338,593,159
Percent change over legislative appropriation	(5.42%)	0.00%	(5.29%)	(4.78%)	0.00%	(4.66%)
Position level:						
2004-06 legislative appropriation	0.00	0.00	0.00	0.00	0.00	0.00
Recommended amendment	0.00	0.00	0.00	0.00	0.00	0.00
Total recommended positions	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FOR FINANCE						
Grand total recommended funds	581,625,676	49,485,849	631,111,525	675,379,604	41,113,736	716,493,340
Grand total recommended positions	1,124.50	106.00	1,230.50	1,091.00	109.50	1,200.50