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Agency Budget Plan - Fiscal Year 2015-16

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AGENCY NAME:	Department of Revenue		
AGENCY CODE:	R440	SECTION:	106



Fiscal Year 2015-16 Agency Budget Plan

FORM A – SUMMARY

RECURRING FUNDS (FORM B DECISION PACKAGES)	<p>My agency is submitting the following recurring decision packages (Form B): 2581, 2656</p> <p>For FY 2015-16, my agency is (mark "X"):</p> <p><input type="checkbox"/> Requesting a net increase in recurring General Fund appropriations.</p> <p><input checked="" type="checkbox"/> Not requesting a net increase in recurring General Fund Appropriations.</p>
CAPITAL & NON-RECURRING FUNDS (FORM C DECISION PACKAGES)	<p>My agency is submitting the following one-time decision packages (Form C): 3064</p> <p>For FY 2015-16, my agency is (mark "X"):</p> <p><input checked="" type="checkbox"/> Requesting capital and/or non-recurring funds.</p> <p><input type="checkbox"/> Not requesting capital and/or non-recurring funds.</p>
PROVISOS	<p>For FY 2015-16, my agency is (mark "X"):</p> <p><input checked="" type="checkbox"/> Requesting a new proviso and/or substantive changes to existing provisos.</p> <p><input type="checkbox"/> Only requesting technical proviso changes (such as date references).</p> <p><input type="checkbox"/> Not requesting any proviso changes.</p>

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Rick Reames	803.898.5040	ReamesR@sctax.org
SECONDARY CONTACT:	Meredith Cleland	803.898.5402	ClelanM@sctax.org

I have reviewed and approved the enclosed FY 2015-16 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:	 10/1/14	
TYPE/PRINT NAME:	Rick Reames	

This form must be signed by the department head – not a delegate.

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FORM B – PROGRAM REVISION REQUEST

DECISION PACKAGE	2581
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Provide the decision package number issued by the PBF system (“Governor’s Request”).

TITLE	Other (Restricted) Funds – CID (Criminal Investigation Division)
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Provide a brief, descriptive title for this request.

AMOUNT	\$95,000
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What is the net change in requested appropriations for FY 2015-16? This amount should correspond to the decision package’s total in PBF across all funding sources.

ENABLING AUTHORITY	A Memorandum of Understanding between the DOR and the Internal Revenue Service, Criminal Investigation for a Financial Crimes Task Force.
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What state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority?

FACTORS ASSOCIATED WITH THE REQUEST	Mark “X” for all that apply:
	<input type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Proposed establishment of a new program or initiative.
	<input type="checkbox"/> Loss of federal or other external financial support for existing program.
<input checked="" type="checkbox"/> Exhaustion of fund balances previously used to support program.	

RECIPIENTS OF FUNDS	DOR will receive an equitable share from Asset Seizure and Forfeiture in the form of cash and assets. Department of Justice policy requires shared monies and property to be used for law enforcement purposes. DOR will adhere to the Department of Justice Policy and will use the funds for enhanced operations of the DOR Criminal Investigations Department.
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

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RELATED REQUEST(S)	None
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Is this decision package associated with other decision packages requested by your agency or other agencies this year? Is it associated with a specific capital or non-recurring request?

MATCHING FUNDS	There are no matching funds.
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Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.

FUNDING ALTERNATIVES	There are no funding alternatives.
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What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.

SUMMARY	<p>The DOR Criminal Investigation Department has participated in the Financial Crimes Task Force since June 2012. The DOR is requesting that a Restricted Funds Program be increased in the FY16 Budget in order to be able to receive and spend the cash and property that will be distributed as part of the Equitable Sharing Program.</p> <p>The Department of Justice policy requires shared monies and property to be used for law enforcement purposes other than salaries. DOR will adhere to the Department of Justice Policy and will use the funds for enhanced operations of the DOR Criminal Investigations Department.</p>
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Provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency's security or technology plan.

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METHOD OF CALCULATION	<p>The amount requested is based on preliminary knowledge of current Task Force cases that are in process. Specific amounts are unknown until a criminal case is finalized.</p>
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How was the amount of the request calculated? What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?

FUTURE IMPACT	<p>Future Impact of this program is positive in that the Restricted Funds received as part of the Equitable Sharing Program will enhance the current operating budget of the DOR CID program. However, in the absence of these Restricted Funds, the DOR CID program will continue to be funded out of the General Fund appropriations.</p>
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Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?

PRIORITIZATION	<p>The agency prefers to have the Restricted Funds Budget program increased in the event that DOR receives additional funds from the Equitable Sharing Program. If no additional Restricted Funds are received in FY16 or any future year, DOR CID will continue to operate and would not request any new revenues to replace these Restricted Funds.</p>
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If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2015-16?

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INTENDED IMPACT	<p>The addition of a Restricted Funds Program for the Equitable Share Program distributions will supplement the current operational budget for the DOR CID by providing funds to further advance their services to the state through criminal tax investigations. This potential exists for as long as DOR chooses to participate in the Financial Crimes Task Force.</p>
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What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?

PROGRAM EVALUATION	<p>Evaluation will be based on 1) already existing measures for current projects and priorities or 2) will be based on newly established measures should the funds be used to initiate a new project.</p>
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How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?

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FORM B – PROGRAM REVISION REQUEST

DECISION PACKAGE	2656
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Provide the decision package number issued by the PBF system (“Governor’s Request”).

TITLE	Base Adjustment – Pay Plan and Health Insurance Increases
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Provide a brief, descriptive title for this request.

AMOUNT	\$ 945,839
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What is the net change in requested appropriations for FY 2015-16? This amount should correspond to the decision package’s total in PBF across all funding sources.

ENABLING AUTHORITY	Granted by the Executive Budget Office, at the start of FY14-15.
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What state or federal statutory, regulatory, and/or administrative authority established this program? Is this decision package prompted by the establishment of or a revision to that authority?

FACTORS ASSOCIATED WITH THE REQUEST	Mark “X” for all that apply:
	<input checked="" type="checkbox"/> (Base Adjustment) Allocation of statewide employee benefits.
	<input checked="" type="checkbox"/> (Base Adjustment) Realignment within existing programs and lines.
	<input type="checkbox"/> (Base Adjustment) Restructuring of agency programs – <i>requires pre-approval.</i>
	<input type="checkbox"/> Change in cost of providing current services to existing program audience.
	<input type="checkbox"/> Change in case load / enrollment under existing program guidelines.
	<input type="checkbox"/> Non-mandated change in eligibility / enrollment for existing program.
	<input type="checkbox"/> Non-mandated program change in service levels or areas.
	<input type="checkbox"/> Proposed establishment of a new program or initiative.
	<input type="checkbox"/> Loss of federal or other external financial support for existing program.
<input type="checkbox"/> Exhaustion of fund balances previously used to support program.	

RECIPIENTS OF FUNDS	These funds will be used to provide adequate funding for the general pay increase granted in FY14-15, as well as to cover additional employer health insurance costs.
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What individuals or entities would receive these funds (contractors, vendors, grantees, individual beneficiaries, etc.)? How would these funds be allocated – using an existing formula, through a competitive process, based upon predetermined eligibility criteria?

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RELATED REQUEST(S)	N/A
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Is this decision package associated with other decision packages requested by your agency or other agencies this year? Is it associated with a specific capital or non-recurring request?

MATCHING FUNDS	N/A
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Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source, amount, and terms of the match requirement.

FUNDING ALTERNATIVES	N/A
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What other possible funding sources were considered? Could this request be met in whole or in part with the use of other resources, including fund balances? If so, please comment on the sustainability of such an approach.

SUMMARY	<p>This decision package is being used to show how the agency will allocate the Pay Plan and Health Insurance increases that were given during FY14-15.</p>
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Provide a summary of the rationale for the decision package. Why has it been requested? How specifically would the requested funds be used? If the request is related to information security or information technology, explain its relationship to the agency's security or technology plan.

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METHOD OF CALCULATION	The amounts were calculated by the Executive Budget Office.
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How was the amount of the request calculated? What factors could cause deviations between the request and the amount that could ultimately be required in order to perform the underlying work?

FUTURE IMPACT	N/A
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Will the state incur any maintenance-of-effort or other obligations by adopting this decision package? What impact will there be on future capital and/or operating budgets if this request is or is not honored? Has a source of any such funds been identified and/or obtained by your agency?

PRIORITIZATION	N/A
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If no or insufficient new funds are available in order to meet this need, how would the agency prefer to proceed? By using fund balances, generating new revenue, cutting other programs, or deferring action on this request in FY 2015-16?

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INTENDED IMPACT	<p>The impact of this decision package is to adjust the agency's base budget, by allocation of the Pay Plan and Health Insurance increases that were given by the Executive Budget Office.</p>
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What impact is this decision package intended to have on service delivery and program outcomes, and over what period of time?

PROGRAM EVALUATION	<p>N/A</p>
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How would the use of these funds be evaluated? What specific outcome or performance measures would be used to assess the effectiveness of this program?

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FORM C – CAPITAL OR NON-RECURRING APPROPRIATION REQUEST

DECISION PACKAGE	3064
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Provide the decision package number issued by the PBF system ("Governor's Request").

TITLE	Systems Improvements – Non-Recurring Appropriation Request
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Provide a brief, descriptive title for this request.

AMOUNT	\$8,000,000
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How much is requested for this project in FY 2015-16?

BUDGET PROGRAM	II.A. Support Services
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Identify the associated budget program(s) by name and budget section.

SUMMARY	<p>Summary for Integrated Tax System</p> <p>DOR has awarded a contract to a third-party vendor for a Commercial Off The Shelf (COTS) solution for Integrated tax system.</p> <p>This budget request seeks to provide additional funding to continue implementation and conversion over the next 4 years. DOR expects a project term of 4 years with no additional budget allocations for this project.</p> <p>The COTS solution selected will include software tools and services with industry best practices built into the software. With this COTS package, the basic architecture and software comes complete, enabling effective and efficient deployments. This aligns with current trends across a majority of state DORs and will provide the DOR a strategic direction that is clear and defined with respect to function, time, and cost.</p>
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Provide a summary of the project and explain why it is necessary. If the request is related to information security or information technology, explain its relationship to the agency's security or technology plan.

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RELATED REQUEST(S)	None
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Is this decision package associated with other decision packages requested by your agency or other agencies this year? Is it associated with a specific capital or non-recurring request?

MATCHING FUNDS	There are no matching funds for this request
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Would these funds be matched by federal, institutional, philanthropic, or other resources? If so, identify the source and amount.

FUNDING ALTERNATIVES	The annual appropriated budget for DOR is not sufficient to fund this project. There are no other funding alternatives available.
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What other possible funding sources were considered?

LONG-TERM PLANNING AND SUSTAINABILITY	Using this \$8 million request, with previous funding in FY14 and FY15 for this project, DOR should have sufficient funding to meet the vendor cost. DOR expects to incur implementation costs, above the contract cost, of approximately \$2.3 million per year through FY18. DOR plans to pay this cost with its current operating budget.
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What other funds have already been invested in this project (source/type, amount, timeframe)? Will other capital and/or operating funds for this project be requested in the future? If so, how much, and in which fiscal years? Has a source for those funds been identified/secured?

OTHER APPROVALS	There are no other approvals required.
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What approvals have already been obtained? Are there additional approvals that must be secured in order for the project to succeed? (Institutional board, JBRC, BCB, etc.)

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FORM D – PROVISO REVISION REQUEST

NUMBER	NEW
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Cite the proviso according to the renumbered list for FY 2015-16 (or mark "NEW").

TITLE	Debt Offset Program
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Provide the title from the FY 2014-15 Appropriations Act or suggest a short title for any new request.

BUDGET PROGRAM	II.A. Support Services
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Identify the associated budget program(s) by name and budget section.

DECISION PACKAGE	N/A
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Is this request associated with a decision package you have submitted for FY 2015-16? If so, cite it here.

REQUESTED ACTION	Add
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	State Government
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Which other agencies would be affected by the recommended action? How?

SUMMARY	<p>The state of South Carolina now participates in a setoff debt program which allows refunds to be used to offset certain governmental debt. There is no program which allows other types of payment offsets other than refunds or certain wage and account garnishments.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it.

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EXPLANATION	<p>This new proviso will allow offsets of certain payments to be applied to state government debts. It will allow federal non-tax non-salary benefits to be used to offset the debt. The state and federal government would participate in order to offset the debts of each respective entity.</p>
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Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT	<p>In the first year it is estimated that \$8 million will be collected to offset the outstanding debt.</p>
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Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

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The Department of Revenue is authorized to contract with technology entities to provide the necessary capabilities to establish a debt offset program to allow non-tax payments to be used to offset governmental debt. Out of the proceeds received, the department shall retain its administrative costs and shall pay for the contractual costs to establish and operate the program. Remaining revenue shall be deposited in the General Fund of the State.

**PROPOSED
PROVISO TEXT**

Paste FY 2014-15 text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.