

FISCAL FACTS

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A New Direction In State Fiscal Management

Tighter budget conditions in 1983 and 1984 have ushered in a new era in Texas state finances and the state government is attempting to wring even more value from each tax dollar.

These efforts coincide with new programs underway in the Comptroller's Office to modernize and improve the state's accounting and financial management systems.

Looking at the overall fiscal management of the state, the Comptroller has identified four areas where improvements can be made:

- New directions in financial accounting and reporting;
- New avenues of access to financial information available to all state agencies;
- Improvements in state cash flow monitoring and forecasting;
- A closer link between the Comptroller's key responsibilities of estimating state revenue and accounting for its collection and disbursement.

This article examines what is being done in each of these areas.

More, Better, Faster

Financial problems in other states and in some major U.S. cities have focused increased attention on public finances, bringing about efforts at the national level to develop a set of generally accepted standards for governmental accounting and financial reporting.

Over the next two years the Comptroller's office will be making modifications in the

statewide accounting system (FACTS) to conform with the national standards now being developed.

This will mean that the state will maintain and report much more detailed information on its financial transactions and that more detailed records will be kept on the vast physical and financial assets of the state.

These improvements will allow the Comptroller to provide a significantly better picture of the state's financial condition in its regular annual report and in supplemental reports on state finances.

In this same vein, the Comptroller also is launching a program to provide better and more timely special reports on state spending patterns and other state fiscal management issues. The publication

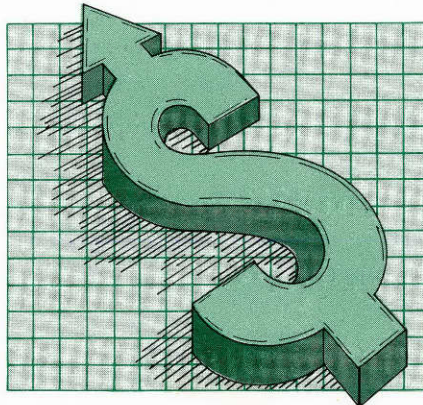
Texas Fiscal FACTS is one in a series of efforts designed to make financial information more readily available to the Legislature, to other state agencies and to the general public.

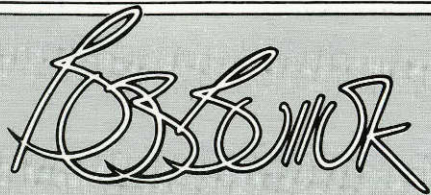
An Open Door to Financial Data

This flow of information won't be a one-way street. The Comptroller plans to make it possible for state agencies to get accounting and financial management information more easily on their own.

In the past, access to the state's accounting records has been limited to a range of regular and special reports produced by the Comp-

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Straight Facts

Welcome to the first edition of *Texas Fiscal FACTS*.

This newsletter, which will appear every other month, will be devoted to state fiscal management news and comments.

Why such a newsletter? The answer is as close as this morning's newspaper.

Texas state government has faced two tough years financially, due to a combination of economic factors which have cut into our normally strong revenue base. To finance education reform and highway repair, we have all just witnessed the passage of the first state tax bill in over a decade.

These events have taught us that state government must work harder than ever to make the most efficient and effective use of the public's tax dollars. The public expects it, the Legislature demands it, and as public servants, it should be one of our prime responsibilities. It's that simple.

State law requires the Comptroller of Public Accounts to "superintend the fiscal concerns of the State." I take that job seriously. At the Comptroller's Office, we are continually searching for ways to improve state fiscal management and to make better use of our scarce fiscal resources. This publication is one more effort in that direction.

We also are working on other improvements in the statewide accounting system in an effort to make a good system even better and to prepare our system to cope effectively with the new and often unexpected challenges the coming years will bring. You can read about some of these improvements elsewhere in this issue.

In coming issues of *Texas Fiscal FACTS*, we will be giving you more information about these innovations and others. We also will be summarizing new accounting and financial control procedures and recent fiscal management rulings and guidelines from this office. We will be looking at critical issues in state fiscal management, such as how and where state dollars are being spent.

Of course, we welcome comments and suggestions from you. If there is a question you would like answered, a problem you feel should be addressed or an issue that needs clarification, I hope you will let me know.

Working together, we can ensure that in its fiscal affairs, as in most things, Texas remains second to none.

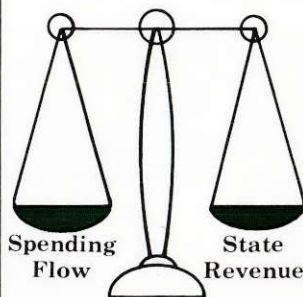
New Direction *Continued*

troller's Office. These reports consume mountains of paper and hours of staff time.

In coming months, a virtual revolution in the availability of financial information to state agencies will occur as the Comptroller opens computerized accounting systems and information bases to direct access from outside agencies via equipment located in those agencies.

This will mean that agencies can go directly to the records to find information on the companies that sell to the state, on the status of various transactions as they move through the state fiscal system, and on the agency's current financial position according to the state's central books.

The use of computer links between agencies also opens the potential for other improvements in efficiency, including electronic mail and direct deposit of payments, both to state employees and to vendors.



Smoothing Cashflow

During the special legislative session which just ended, the Comptroller's Office worked closely with the Treasurer's Office and with the staffs of other state officials to find new ways of dealing with a perennial fiscal management headache: the imbalance in state revenue and spending flow during the year.

During the year.

This problem has become particularly pronounced in the past year because of slow revenue growth, which has eroded the large surpluses the state regularly maintained during the late 1970s and early 1980s.

The result of the special session work was legislation that goes a long way toward alleviating the worst of the state's cashflow problems, by more evenly distributing some education payments and by moving the due date for the state's important corporate franchise tax from June to March.

However, the Comptroller's Office, again working closely with the Treasury, will continue to examine ways of improving the state's cash management.

This may include recommendations for further changes in the timing of income and spending. It certainly will involve closer monitoring of state cashflow and the development of better systems for predicting income and spending over the course of the year.

Tying Revenue and Spending

To accomplish these diverse changes, the Comptroller's Office has been reorganized to bring together the revenue and spending sides of the state fiscal equation.

On April 30, the revenue estimating and fund accounting programs in the Comptroller's Office were united in a single Fiscal Management Division.

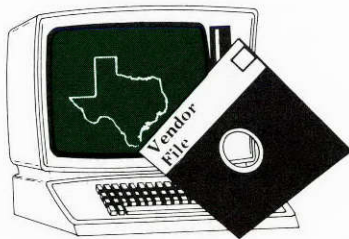
This new division, along with the Claims Division, will be responsible for overseeing the many changes in progress. Their job will be to project the state's fiscal resources as accurately as possible and then to control their flow through the complex maze of funds and programs which make up the Texas financial system.

A Step Toward THE ELECTRONIC OFFICE

Extensive improvements made by the Comptroller's Office will vastly improve the efficiency of state government by reducing paper work and speeding up inquiries from other state agencies.

The Comptroller's Office is giving other state agencies direct access to some of the most important information we keep through computer terminal inquiry.

Initially, direct inquiry into the Comptroller's computer system will be offered for the vendor file which includes information on anyone who receives a payment from the state.



With the name of the person or company you're doing business with, you'll be able to get the vendor number or, if you have the vendor number, you'll have access to any name or address associated with that number.

Interested agencies will need a terminal and other special equipment to be able to use the system. The Comptroller's Office can provide details and can help agencies acquire and install equipment. Training also will be provided, and initially will concern how to get access to data and how the system ties into the Financial Accounting and Control for Texas System (FACTS).

Sixteen agencies are already involved in a pilot, direct inquiry project. Over the next year, this project will be expanded to include other areas and agencies.

Access to a wider range of information (including accounting systems and voucher tracking) soon will be available. Expanded access will give agencies up-to-date fund and appropriations balances and information on the exact status of vouchers sent to the Comptroller's Office for payment.



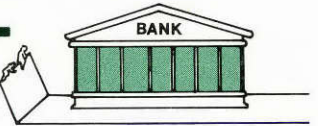
Agencies interested in direct inquiry should submit a written request to the Comptroller's Office describing what information they need from the system.

Information is available from Tom Huebner or Bill Carter in the Claims Division STS 822-3529 or 475-1923.

The totally electronic office may yet be a ways off, but the journey has begun. Each step saves tax dollars by making state government more efficient.

And, as the cost of using computers trends downward, the Comptroller's Office will continue to look for cost-effective ways to share information.

Direct Deposit-- It Works



Think about it. Does any employee really enjoy rushing down to the bank to deposit the old pay-check?

No? Well, that's why 41,000 state employees and retirees have decided

to do something about it--Direct Deposit.

Direct Deposit is a way to have your monthly pay automatically credited to your account at a participating bank, savings and loan or credit union.

The Comptroller's Office uses a system called electronic funds transfer. Instead of printing individual paychecks, a computer produces a magnetic tape containing deposit information which is posted by employee's financial institutions by pay day.

And it works!

The state doesn't have to write a check, and you don't have to worry about getting that check to the bank.

Direct Deposit has been available to some state employees since September 1981. Since

that time, more than half a million separate deposits have been transmitted for more than half a billion dollars. The program gains about 1,200 new people each month.

The more people we enroll in Direct Deposit the more tax dollars are saved because fewer paychecks are printed and distributed. And, it just makes sense to keep employees on the job and out of bank lines on pay day. That's why we are taking this opportunity to spread the news about Direct Deposit.

So, as the summer continues to heat up, think of reminding employees that Direct Deposit means no more waiting in sweaty lines at banks, no more breathing exhaust fumes at drive-up windows and no more rushing downtown at lunch to deposit paychecks.

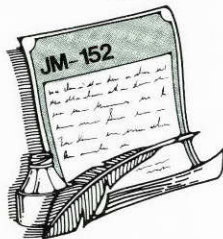


A Summary of Recent Comptroller Notices

Board Members' Per Diem

The Attorney General has done a favor for 5,000 board and commission members by ruling that the \$75 daily limit on travel reimbursement for meals and lodging does not apply to them.

In Opinion No. JM-152, the Attorney General ruled that language in the general appropriations bill is too vague and ambiguous to limit board members' expenses.



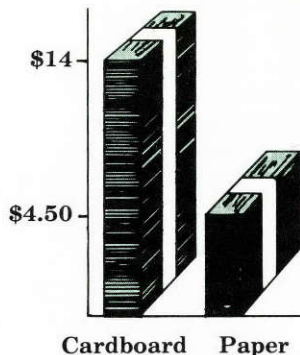
The Comptroller had issued a rule in September 1983 in the State Employees Travel Allowance Guide which held board and commission members, as well as advisory committee members, to the same per diem set out by federal law for employees of the executive branch--\$75 per day.

The Attorney General's ruling clarifies the Comptroller's interpretation and effectively authorizes unlimited actual expenses for state officials who fit the definition of a board or commission member in Article 6813f V.A.T.S.

Supplemental travel claims may be submitted for expenses that exceeded \$75 per day before the new ruling was issued.

Paper Warrants

The conversion from cardboard warrants to paper warrants is complete and the state can now reap the benefits of the new system.



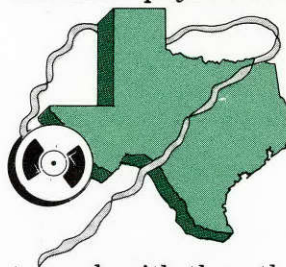
Cardboard warrants cost \$14 per 1,000 warrants while new paper warrants cost \$4.50 per 1,000 warrants, saving the state over \$100,000 per year.

In addition to being less expensive, paper warrants can be printed three times faster than cardboard warrants and require less storage space.

Later this year the paper warrants will be improved by the addition of an information stub. This stub will include information such as what agency the payment is from, the agency's telephone number, vendor invoice numbers and invoice amounts. The stub should reduce vendor inquiries. It is also one step toward direct mailing of warrants to vendors.

Automating Payroll

State agencies that process payrolls manually, have been encouraged by the Comptroller to automate payroll as soon as possible.



The Comptroller has two separate master files for updating and recording payroll information.

But, the manual file, which is updated by hand and monitored visually, is much more difficult and time-consuming

to work with than the automated file.

The automated file is maintained on magnetic tape and can be edited with tapes from other agencies.

Agencies without access to a computer should contact an agency with the ability to do computer time-sharing for other state agencies. Two agencies to contact about time-sharing are:

State Purchasing and
General Services Commission

Contact: Doug Dapper 475-2244 or STS 822-2244

Texas Department of Water Resources

Contact: John Wilson 475-2321 or STS 822-2661

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Replay *Continued*

Putting today's technology to work for us will make state agencies more efficient and will save taxpayers' money.

Hiring Consultants

The Private Consultant Act says a state agency can use a private consultant anytime there is a substantial need for the consulting service and the agency cannot adequately perform the service with its own personnel or through contract with another state agency.

Certain professional services are exempt from requirements of the act, including medical, architectural, engineering, investment counseling and actuarial, and private legal services. Surveying services are included in the engineering services exemption.

The Comptroller recently published Rule 5.54, Special Requirements for Consultant Contracts, in the Texas Register. The rule lists what should be included on a purchase voucher for paying a consultant contract.

Items to be included are: total dollar amount of the contract, cumulative total of prior payments under the contract, the volume and page number of the Texas Register in which the contract was advertised and in which the contract award notice was published. Also, the first request for payment should include a copy of the contract.

The Comptroller will not make payments to a vendor whose contract has been split or amended in order to avoid publishing a contract notice in the Texas Register.

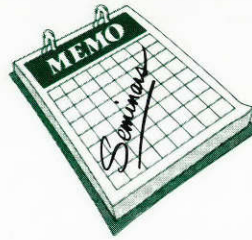
Consultant contracts should be written and specifically outline job duties, work to be performed, contract dates and payment amounts.

FACTS Seminar

Representatives from state agencies throughout Texas will have an opportunity to refresh their knowledge of or get training on the Financial Accounting and Control for Texas System through a series of seminars in Austin.

Experienced personnel from the Comptroller's Fiscal Management Division and Claims Divi-

sion are conducting the day-long seminars. Topics will include information on reports, accounting practices, payment vouchers and other subjects as requested by participating agencies. Seminar dates are:



September 24, 1984
September 27, 1984
October 12, 1984
October 22, 1984
October 29, 1984
November 8, 1984
November 15, 1984
November 20, 1984
November 29, 1984

Contact Dolores Ashley in the Fiscal Management Division at STS 822-2626 or 475-3694 to register or to make any scheduling changes.



- Q. How do I find out what happened to a voucher I sent to the Comptroller's Claims Division that hasn't been paid?
- A. Call Voucher Tracking. The Comptroller's Office has a voucher tracking system that records every payment voucher received. Steps in the payment process are recorded for each voucher. Call 475-3529, or STS 822-3529, ask for voucher tracking and provide your agency number and the seven digit agency voucher number that was assigned before you sent the voucher for payment. The voucher history can be found by reading certain codes that will show where the voucher's been and when it should be paid. Be sure to call within six weeks since that's the limit of the system. Most vouchers are paid or rejected by the Comptroller's Office within two days. In the near future, agencies participating in the direct computer inquiry program will be able to track their own vouchers.
- Q. Why is the Comptroller holding some of our checks instead of sending them directly to us so we can pay our bills?
- A. State law prohibits the Comptroller from issuing payments to individuals or businesses that owe unpaid debts or taxes to the



state. Enforcement of this law is an automatic part of the Comptroller's payment system. Your vendors can call 1-800-252-5555, ext. 202, from anywhere in Texas to find out who they need to talk to so their checks can be released. After their liability has been met, your check will be sent. This program is currently being used to collect unpaid student loans and child support payments as well as taxes.

- Q. What's the most common reason for having a voucher rejected?
- A. Vendor number errors--if the number is wrong, the voucher will be rejected.

Here are some suggestions for reducing the number of returned vouchers:

- Verify the number with your vendor. The vendor number is the same as the 11 digit Comptroller tax number, plus the last 3

digits of the tax outlet number. These numbers are printed on the Comptroller's tax permit.

- Verify the number from your records of previous payments to the same vendor. The number is printed on the check and on the warrant register.
- Use the microfiche supplied by the Comptroller's Claims Division. These fiche are sorted alphabetically and by vendor number. They contain all the vendors that have been paid in the last 18 months.
- Check the number one last time before you send it to us. Most rejects are caused by careless errors. Make sure the number on the voucher can be read by our data entry operators, and be sure that the number on the voucher is the one you want to pay.

Have a question about Direct Deposit? Need information about the state accounting system? Wondering about Comptroller reporting requirements or about setting up an agency accounting system?

Answers and help for these and many other questions and problems are available from the Fiscal Management and Claims Divisions of the Comptroller's Office.

Fiscal Management employees are experts in areas including accounting, appropriations and the state Deferred Compensation Plan. For answers to questions in these areas, contact the Fiscal Management Division at 475-3694 or STS 822-3694.

The Claims Division can address questions about state vouchers and payments, public information requests, amounts paid by the state for goods and services and can provide historical payment information. Claims can also help with questions about Direct Deposit. Call the Claims Division at 475-1923 or STS 822-1923.

Texas Fiscal FACTS is a must-have publication for anyone working with, affected by or just plain interested in Texas fiscal policy and the state's accounting system. If you would like additional subscriptions--there is no charge--for co-workers, employees or business acquaintances, fill in the blanks (copies are fine) and return to:

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