

TEXAS

FISCAL  FACTS

BOB BULLOCK, TEXAS COMPTROLLER

AUGUST 1986

Year-End Travel Requires Special Handling

Fiscal year 1987 begins September 1 and year-end travel by state employees requires special handling.

Following the guidelines listed here for state business trips that occur around the end of a fiscal year, or span two fiscal years, will help avoid needless delays in processing travel vouchers.

Meals and Lodging--Meals and lodging are paid according to the date of travel.

Example: Employee travels August 30 through September 3, 1986. Meals and lodging for August 30 and 31 should be charged to fiscal 1986 and meals and lodging for September 1-3 should be charged to fiscal 1987.

Mileage--Mileage is paid by the date the mileage was incurred.

Airfare--

- Airline tickets purchased in August for travel in September should be charged to fiscal 1987 travel.
- An airline ticket purchased in August for a trip taken in August and September should be prorated between the two fiscal years.

Example: Employee buys an airline ticket on

August 30 for travel from August 30 through September 2. The fare should be divided between the two fiscal years--with the fare one way charged to fiscal 1986 and the return fare charged to fiscal 1987.

- When paying airfare to an airline or travel agency, the payment is charged by the date of travel. If travel occurs between two fiscal years, the airfare should be divided between the fiscal years.

Rental Car--Car rental charges for travel that spans two fiscal years should be prorated between the two fiscal years.

Example: An employee rents a car on August 30 and will travel through September 3. The costs should be prorated on a cost-per-day basis. If the daily rental is

\$14, \$28 would be charged to fiscal 1986 (\$14 a day for August 30 and 31) and \$42 would be charged to fiscal 1987 (\$14 a day for September 1-3).

Note: Taxes, fuel and collision-damage waiver should be totaled, divided by the number of days'

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Straight Facts

Texas is in the midst of an economic crisis.

That fact has become more and more apparent as the price of oil remains low, legislators come into special session and state revenue projections slide.

In this environment, the state cannot afford to ignore any source of revenue--particularly a source of revenue due the state but currently uncollectible.

One such untapped source of revenue is the sales tax on mail-order sales.

We're talking about taxing the Texas sales of mail-order companies headquartered outside of Texas.

We estimate that Texas could bring in an additional \$100 million a year if we could collect tax on these mail order sales.

It's not that this tax isn't due. It's just that federal courts have ruled that states can impose a tax on mail-order sales made by out-of-state companies but cannot require the companies to collect and remit the tax.

What this boils down to is simply revenue due the state that never gets collected.

Texas firms are obligated by law to collect and remit state sales tax, but mail-order companies based out of state can sell to Texans and never pay a cent of our sales tax. Not only does this represent lost tax revenue, but it gives these out-of-state companies an unfair advantage over their Texas competitors.

A solution is on the horizon. U.S. Rep. Jack Brooks of Beaumont has introduced a bill that would require large mail-order firms to collect and remit sales tax on transactions made in states that charge sales tax.

The bill is geared toward firms with national sales of more than \$12.5 million a year, or sales in a single state of \$500,000 or more a year.

The bill would not require out-of-state mail-order companies to collect or remit local or MTA taxes.

Representative Brooks' bill is before the House Judiciary Committee. Efforts to support the bill are being mounted by several Texas business and trade groups.

Year-End Travel *Continued*

travel for each fiscal year and added to the daily rental charge.

Registration Fees--Registration fees for conferences and seminars are charged to the fiscal year in which the meeting is held. The cost of a conference or seminar held in 1987 may **not** be charged to fiscal 1986. The cost of meetings that carry over from one fiscal year to the next should be prorated.

Incidental Expenses--Travel expenses such as parking, gas and other items needed to conduct state business are paid by date of purchase and should be charged to the fiscal year in which they were bought.

Travel Advance--A travel advance received in one fiscal year for travel in the following fiscal year should be charged to the fiscal year in which the travel occurs. If travel occurs over two fiscal years, charges should be prorated.

Example: If an employee receives a travel advance on August 30, 1986, for a trip to be taken September 3, 1986, the costs should be charged to fiscal 1987 funds.

Notices To State Agencies

Following is a list of recent Notices to State Agencies from the Claims Division and the Economic Analysis Center of the Comptroller's Office.

Revised Payroll Manual	March 24, 1986
Duplicate Warrant Affidavit Forms	April 22, 1986
Revision to Part IV, Payroll Manual (Overtime Provisions)	May 6, 1986
Travel Codes 7108/7118	May 14, 1986
Reporting of Payroll Change Notice Terminating Employees	June 16, 1986
Annual Estimate of Funds Required (Optional Retirement Program)	June 16, 1986
Prompt Payment Act Rules	June 25, 1986
Verification of Imprest, Petty, and/or Travel Cash Advance Balances	June 1986
Verification of Constitutional Bond Payable Balances	June 1986
Verification of Investment Par Value, Unamortized Discount and Premium	June 1986

Comptroller Tracks Agency Spending

In February 1986, Governor Mark White asked state agencies to reduce General Revenue Fund spending voluntarily by 13 percent for the current two-year budget period.

To monitor agency spending under the Governor's Executive Order (MW-36), the Comptroller's Economic Analysis Center has been issuing monthly spending reports which track agency spending.

The following table lists fiscal 1986 appropriations and year-to-date spending for selected state agencies. The table also compares spending before and after MW-36.

To gauge the effectiveness of the order, May spending is compared to the monthly average of a base period which is the first six months of fiscal 1986 before MW-36 became effective.

Appropriations and Spending by Selected State Agencies Fiscal Year 1986

General Revenue

Agency	Fiscal 1986 Appropriations	Total Spending Fiscal 1986	Six Months Prior to MW-36	March to May Since MW-36	Percentage Change from Before MW-36	May Spending	Percentage Change from Before MW-36
Texas Education Agency	\$4,910.8	\$ 26.9	\$ 2.7	\$ 3.6	34.6%	\$ 3.9	44.6%
Highway Department	1,538.5	0.1	0.0	0.0	2.4	0.0	1.6
Department of Human Services	967.8	600.8	60.0	80.4	34.0	78.2	30.4
MHMR	588.1	456.9	50.8	50.8	0.0	43.8	-13.8
Department of Corrections	374.9	259.5	27.3	32.0	17.2	31.5	15.5
Junior Colleges	443.4	328.6	33.6	42.2	25.5	42.1	25.0
Department of Health	141.2	71.4	7.2	9.3	29.3	9.8	35.5
U.T. Medical Branch Galveston	161.5	117.5	13.9	11.4	-18.3	9.9	-28.9
U.T. Austin	170.0	127.9	15.8	11.0	-30.8	9.8	-38.2
U.T. System Cancer Center	97.6	75.4	9.0	7.0	-22.2	11.1	22.2
Department of Public Safety	41.1	36.1	3.9	4.3	12.8	4.1	6.0
Comptroller of Public Accounts	115.3	72.0	7.9	8.3	5.5	8.3	5.4
Governor	26.8	5.4	0.7	0.5	-22.3	0.7	6.1

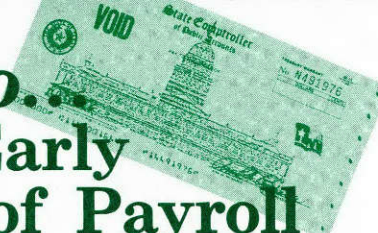
All Funds

Agency	Fiscal 1986 Appropriations	Total Spending Fiscal 1986	Six Months Prior to MW-36	March to May Since MW-36	Percentage Change from Before MW-36	May Spending	Percentage Change from Before MW-36
Texas Education Agency	\$5,633.3	\$4,259.5	\$427.6	\$564.6	32.1%	\$555.3	29.9%
Highway Department	2,577.5	1,476.4	140.3	211.6	50.8	228.6	62.9
Department of Human Services	2,371.8	1,462.4	145.9	195.7	34.1	190.6	30.6
MHMR	620.8	456.9	50.8	50.8	0.0	43.8	-13.8
Department of Corrections	539.2	278.6	29.0	35.0	20.8	34.0	17.6
Junior Colleges	443.4	330.7	60.3	42.5	25.6	42.3	24.9
Department of Health	266.4	177.2	17.9	23.2	29.6	22.2	23.8
U.T. Medical Branch Galveston	236.3	117.7	13.9	11.4	-18.3	9.9	-29.0
U.T. Austin	214.5	173.7	19.5	19.0	-2.5	18.4	-5.4
U.T. System Cancer Center	205.4	75.4	9.0	7.0	-22.2	11.1	22.2
Department of Public Safety	151.1	106.2	11.2	13.1	17.4	13.0	16.1
Comptroller of Public Accounts	116.1	72.0	7.9	8.3	5.5	8.3	5.4
Governor	57.2	45.0	6.3	2.4	-61.5	3.0	-51.6

NOTE: This report details general revenue and all funds spending from fiscal year 1986 appropriations only.

SOURCE: Bob Bullock, Comptroller of Public Accounts.

How To... Obtain Early Release of Payroll



An agency may obtain early release of monthly payroll from the Comptroller's Office by meeting several requirements.

First, the agency's chief fiscal officer must complete a bailment contract. Two originals of the contract must be signed and sent to the Comptroller's Claims Division. One original will be completed by this office and returned to the agency.

The agency also must send a letter detailing when payroll warrants will be picked up. Remember, the agency payroll voucher must be submitted 10 days before the date the warrants will be picked up.

The Comptroller's Office also needs to know the name, phone number and office address of the person with agency authorization to pick up warrants. Agencies may authorize a delivery service, messenger or other state agency to pick up warrants.

Any time there is a change of chief fiscal officer, a new set of bailment contracts must be executed. To change the time schedule for early pickup or to change the person authorized to pick up warrants, please notify us, in writing, before the effective date of the change.

Education Funding Source of Good News

Editor's Note: This is one in an occasional series of articles about the current status of an area of state spending, and the way state money actually is spent.

While bad economic news batters the state on almost every front, there is some good news in public school finance.

And, since Texas spends more tax dollars on education every year than on anything else, good financial news here is good news indeed.

Texas received a \$427 million windfall from a settlement with the federal government on long-

disputed oil revenue from Outer Continental Shelf drilling leases. Because of this influx of cash, and the resulting long-term gain in state income, the Comptroller increased estimates of revenue available to fund public education.

As a result, the state apportionment to school districts from the Available School Fund increased from \$225 to \$280 per student for fiscal 1986.

In addition, lower-than-expected average daily attendance in the state's public schools decreased the cost of the Foundation School Program for fiscal 1986. Total state aid through the Program cost \$67.9 million less than had been expected for the fiscal year.

Most of the money Texas spends on education is funneled through the Foundation School Program which traditionally has first claim against state tax revenue. Funding for other state programs generally is determined by the amount left after public education is funded.

The Foundation School Program is the mechanism used to allocate state money to public education in a way that guarantees each Texas student a basic instructional program.

The Legislature appropriated \$9.7 billion--26 percent of the state budget--to the Program for 1986-87. Local school districts are slated to kick in \$3.9 billion over the two-year period for a total of \$13.6 billion in funding to public schools.

Foundation School Program funding sources include local school districts, the Available School Fund and the Foundation School Fund. Amounts contributed from each of these sources are determined by statutory formulas.

School districts contribute money mainly from local property taxes. The Available School Fund receives money from the General Revenue Fund through a portion of Motor Fuels Taxes and earnings from the Permanent School Fund. The Foundation School Fund consists, almost solely, of transfers from the General Revenue Fund.

Money allocated for the Foundation School Program is determined by the fund's Budget Committee. The Governor, Lieutenant Governor and the Comptroller of Public Accounts sit on the committee and determine and certify how much general revenue the Foundation School Fund will need to finance the Program for the next biennium.

The Commissioner of Education determines how much money each school district will need, how much will be funded through the Foundation School Program and how much will be funded out of the Available School Fund.

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Education Funding Source *Continued*

Once a district's total need is determined, the Commissioner grants to each district the difference between its Foundation School Program allocation and its local contribution plus Available School Fund allocation. The difference is funded through the Foundation School Fund.

Payments from the Foundation School Fund are made to local school districts using a schedule set by law and based on the property wealth of the district.

Replays...

A Summary of Recent Comptroller Notices

Year-End Reminders

- Postage is paid in the current fiscal year regardless of when it is purchased. Near the end of fiscal 1986, agencies should not purchase large amounts of postage unless they are sure that it will be used before the end of the fiscal year.

- All utility payments should be prorated over the two fiscal years.

- Agencies that agreed to purchase goods and services in 1984--therefore encumbering funds against that year's appropriation--should submit those claims before the end of this fiscal year. Payments for construction contracts from fiscal 1982 also should be submitted before the end of this fiscal year. The statute of limitations on claims against prior-year appropriations is two years for most purchase vouchers. Construction appropriations can be paid up to four years after the close of the fiscal year in which the appropriation was made.

New Comptroller Object Codes

7252: Professional Services, lectures, higher education

7298: Surveying

7806: Penalty Interest on Delayed Payments

Claims Division Organizational Changes

Ann Fuelberg has been named director of the Comptroller's Claims Division. Jim Teaver, former director of Claims, has been promoted to associate deputy of administration.

Teaver will be responsible for overseeing the Comptroller's Budget and Internal Accounting, Support Services and Personnel and Training divisions.

Fuelberg served as the assistant director of Claims during the year before her promotion and was the division's staff attorney prior to that.

Susan Longley has been named assistant director of Claims. Longley has been with the Comptroller's Office for five years, serving in the Economic Analysis Center before her recent promotion.

Kenny McLeskey has been named processing manager of the Claims Division. McLeskey has been with the Comptroller for 12 years in the Audit and Revenue Accounting divisions.

In addition, Pam Greene is the new supervisor of the Voucher Audit and Payroll Section.

Other positions remain the same with Jon Kasper continuing to supervise Voucher Control and Special Services; Mike Schmidt supervising Vendor File Maintenance; Melvin Sobotik supervising Judiciary and Travel; and Patsy Williams supervising Research and Development.

Claims will continue to handle questions on payroll, purchase vouchers, travel vouchers and vendor numbers. The staff is ready and available to assist agencies at all times.

Voucher Resubmittal Request Forms

Voucher resubmittal request forms are no longer necessary in the voucher resubmittal process.

The form allowed agencies to resubmit vouchers that were sent in with incorrect vendor numbers or were keyed incorrectly and to receive a corrected warrant without a new vendor certification.

However, since vendor certification on purchase vouchers is no longer required by law, the voucher resubmittal request form is no longer the most efficient way for a state agency to receive a corrected warrant.

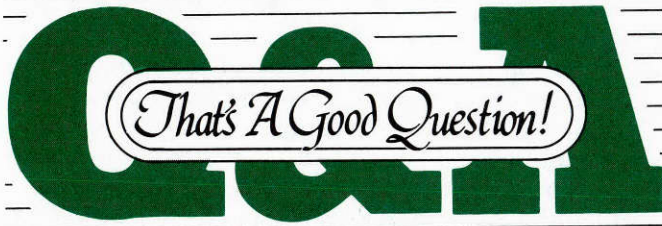
In the future, on all incorrect vouchers, agencies should send us a *corrected voucher* along with the following:

The original approval signature of the person designated in writing by the agency to approve the payment of vouchers.

The original certification signed by agency personnel that the account is true, correct and unpaid. Remember that incorrect warrants (vendor/amount) are to be cancelled.

If you have any questions, please contact Jon Kasper at (512) 463-4860 or STS 255-4869.

Charges incurred due to changes made for personal reasons are not reimbursed.



- Q. If an employee from one agency attends a seminar conducted by another agency, which Comptroller's object code is used for payment--7203 or 7901?
- A. The Comptroller's object code depends on where the receiving agency will deposit the warrant. If the warrant is deposited into the State Treasury, code 7901 is used. If the warrant is to be deposited into a local fund account, code 7203 is used.
- Q. Airline companies often charge a fee if a ticket is purchased at a discount price and reservations are later changed or cancelled. Will the state pay this charge?
- A. Yes. The state will reimburse employees for this charge--but only if the cancellation or change was a result of official state business.

- Q. Will the state pay for the moving expenses of state employees?
- A. Agencies listed in Articles I through IV of the General Appropriation Act are authorized to pay the cost of transporting and delivering a state employee's possessions in state-owned equipment. This provision covers the household goods and belongings of state employees transferred from one permanent headquarters to another.

If state-owned equipment is not available, an employee may use a commercial transportation company or rental vehicle. The employee is reimbursed upon completion of the move. Safe-move insurance or any other type of personal insurance is not reimbursable. A receipt is required along with a statement on the travel voucher explaining that state-owned equipment was not available for the move.

- Q. Will the state pay the moving expenses of a new employee?
- A. No. The authority granted to state agencies for reimbursement of moving expenses does not extend to new employees.

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