

Finance

Adopted Adjustments (\$ in millions)				
	FY 2021 Adopted		FY 2022 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2018-20 Base Budget, Ch. 854	\$2,491.7	\$716.0	\$2,491.7	\$716.0
Adopted Increases	143.5	9.3	439.7	19.1
Adopted Decreases	(606.1)	(8.5)	(606.3)	(9.0)
\$ Net Change	(462.7)	0.8	(166.6)	10.1
Ch. 1289 (HB 30, as Adopted)	\$2,029.0	\$716.8	\$2,325.1	\$726.1
% Change	(18.6%)	0.1%	(6.7%)	1.4%
FTEs	1,123.20	218.00	1,123.20	218.00
# Change	9.00	0.00	9.00	0.00
* 2018-20 Base was adjusted to remove FY 2020 appropriations for the rainy day fund and revenue reserve				

Unallotted Spending

(pending the assessment of the impact of a potential general fund revenue shortfall caused by the COVID-19 pandemic)

	FY 2021	FY 2022
Department of Accounts Transfer Payments		
Provide funding for a voluntary deposit to the Revenue Reserve Fund	\$0	\$300,000,000
Department of the Treasury		
Increase funding for a new position in the Cash Management and Investments Division	<u>100,003</u>	<u>109,093</u>
Total	\$100,003	\$300,109,093

Note: Unallotting an appropriation is an executive function that prevents an agency from expending such appropriation. Budget language was included to authorize any particular spending items will no longer apply until such time as the General Assembly re-enacts such appropriation after acceptance of a revenue forecast that supports the underlying appropriation.

- **Secretary of Finance**

- ***Convene Workgroup to Study State Employee Collective Bargaining.*** Includes language directing the Secretaries of Finance and Administration to convene a workgroup to study collective bargaining for state public sector employees, and to report on the workgroup’s findings and recommendations to the Governor and the Chairs of the House Appropriations and Senate Finance & Appropriations Committees by November 1, 2021. Legislation that passed the 2020 General Assembly permits localities to adopt, by ordinance or resolution, local government employee collective bargaining, effective July 1, 2020.
- ***Convene Workgroup to Examine Tax-Supported Debt Issuance Notification.*** Directs the Secretary of Finance, in his role as Chair of the Debt Capacity Advisory Committee (DCAC), to convene a workgroup of relevant stakeholders to examine the process and procedures by which various state component units with the authority to issue tax-supported debt must report to the DCAC prior to the issuance of such debt, and submit a report detailing its findings and recommendations to the Chairs of the House Appropriations and Senate Finance & Appropriations Committees by November 1, 2020.

- **Department of Accounts**

- *Establish Rates and Appropriation for New Cardinal HCM System.* Provides \$11.8 million NGF the second year to establish new internal service fund recovery rates for the Cardinal Human Capital Management System, which will replace the previous human resources systems, including the Personnel Management Information System (PMIS); the Commonwealth Integrated Personnel Payroll System (CIPPS); and, the Benefits Eligibility System (BES) as modules on the broader Cardinal system administered by the Department of Accounts. The funding represents nine months of operating costs incurred after the full transition to the new Cardinal HCM system. The operating costs incurred during the transition are funded through a working capital advance (WCA) included in a separate proposal within the Department of Accounts, which increases the WCA to \$142.7 million to pay the costs for replacing CIPPS, PMIS, and BES, as well as up to an additional \$10.0 million for unforeseen costs associated with the statewide roll-out of the Cardinal HCM system.
- *Adjust Appropriation for Internal Service Funds.* Includes \$100,115 NGF over the biennium to align appropriations consistent with projected operating expenses for systems and programs administered by the Department of Accounts, including the Cardinal Financials System, the Performance Budgeting System, and for the Payroll Service Bureau.
- *Eliminate Funding for CIPPS Programming Positions.* Removes \$130,000 GF the first year and \$295,000 GF the second year, reflecting the elimination of 1.00 FTE position the first year, and 2.00 FTE positions the second year associated with the programming of the Commonwealth Integrated Personnel Payroll System (CIPPS) due to it being decommissioned.

- **Department of Accounts Transfer Payments**

- *Provide Funding for Revenue Stabilization Fund Deposits.* Includes \$77.4 million GF the first year for a mandatory deposit to the Revenue Stabilization Fund (“Rainy Day Fund”), which equals the amount certified by the Auditor of Public Accounts based on FY 2019 revenues. Provides an additional \$17.5 million GF deposit the second year, which is a reserved amount based on an estimation of a mandatory deposit that may be required in FY 2023, based on FY 2021 revenue growth.
- *Provide Voluntary Deposit to the Revenue Reserve Fund (Unallotted).* Provides \$300.0 million GF the second year for a voluntary deposit to the Revenue Reserve Fund.

- ***Remove General Fund Support for Transportation Project Debt Service.*** Removes \$42.0 million GF over the biennium in general fund appropriation for debt service payments associated with the Northern Virginia Transportation District and the Oak Grove Connector Project. The debt service would then be paid with Commonwealth Transportation Fund appropriation under the Department of Transportation.
- ***Increase Appropriation for Hampton Roads Regional Transit Fund.*** Provides \$20.0 million GF each year to reflect the deposit of state recordation tax revenues to the Hampton Roads Regional Transit Fund, pursuant to the provisions of Chapters 1241 and 1281 of the 2020 Acts of Assembly (HB 1726/SB 1038).
- ***Adjust Recordation Tax Language.*** Includes a technical language change stating that, notwithstanding the provisions of § 58.1-816, *Code of Virginia*, the \$20.0 million GF appropriation each year for recordation tax revenues are not subject to sum sufficient provisions, which relates to state recordation taxes collected and deposited into the state treasury and distributed among the counties and cities of the Commonwealth. A companion amendment provides \$20.0 million GF each year to the Hampton Roads Regional Transit Fund and includes language directing such funds to be deposited to the Fund.

- **Department of Taxation**

- ***Increase Field Auditor Staffing in the Northern Region.*** Includes \$2.4 million GF over the biennium to increase field auditor staffing levels in the Northern region to address the broadened online taxpayer base and population growth. The additional positions are projected to generate additional resources of approximately \$8.6 million GF over the biennium.
- ***Create Worker Misclassification Audit Team.*** Provides \$1.4 million GF over the biennium and 8.00 FTE positions to create a worker misclassification audit team, which is projected to generate additional resources of approximately \$4.3 million GF over the biennium.
- ***Allow for Recovery of Administrative Costs.*** Adds language allowing the Department of Taxation to appropriate revenues from the Disposable Plastic Bag Tax to recover administrative costs associated with collecting the tax. The language is associated with Chapters 1022 and 1023 of the 2020 Acts of Assembly (HB 534/SB 11), and authorizes any county or city, beginning no earlier than January 2021, to impose a tax of \$0.05 per bag on certain disposable plastic bags provided to consumers by certain retailers.

- **Department of the Treasury**

- ***Procure New Investment Accounting and Reporting System.*** Includes \$295,000 GF the first year and \$120,000 GF the second year to fund the procurement and implementation of a new investment and accounting reporting system to replace the existing system.
- ***Fund IT Systems Developer Position.*** Provides \$280,551 GF and 1.00 FTE position over the biennium to fund and hire an additional information technology employee to develop a bond proceeds management system to achieve greater efficiency. Bond proceeds are currently tracked using a spreadsheet model.
- ***Fund and Hire New Analyst Position (Unallotted).*** Adds \$209,096 GF over the biennium to fund and hire a new analyst position in the Cash Management and Investments Division to improve cash and Literary Fund forecasts.
- ***Provide Relief for Winston Lamont Scott.*** Provides \$159,535 GF the first year for the relief of Winston Lamont Scott, due to his wrongful incarceration, pursuant to the provisions of Chapter 326 of the 2020 Acts of Assembly (HB 460).
- ***Increase Liability Insurance Premiums.*** Adds \$2.0 million NGF each year to align appropriations with projected expenses and to reflect an increase in insurance premiums for state agencies. The increase in premiums is to avoid a cash deficit in the fund for state agency liability insurance. The \$2.0 million increase in aggregate premiums results in a 70 percent average agency premium increase over the FY 2020 base. A companion action in Central Appropriations reflects the general fund share of agency costs associated with the increased premiums.
- ***Initiate Cyber Coverage for State Agencies.*** Includes a language amendment authorizing the Division of Risk Management to initiate cyber coverage for state agencies after July 1, 2020, with a report due to the Secretary of Finance, on or before July 1, 2021, summarizing the program, loss experiences, and future recommendations, including program structure and funding.
- ***Procure New Risk Management Information System.*** Adds \$375,000 NGF the second year to procure and implement a new Risk Management Information System.
- ***Replace Unclaimed Property System.*** Provides \$1.2 million NGF over the biennium to fund the procurement of a new unclaimed property system to improve customer experience and internal efficiency.

- **Treasury Board**
 - *Increase Funding for Debt Service.* Includes \$171.7 million GF over the biennium and a reduction of \$13.4 million NGF over the biennium for debt service on bonds issued by the Virginia Public Building Authority and the Virginia College Building Authority. The increased funding reflects debt service costs on issuances from previously authorized bond projects. Brings the total annual general fund portion of debt service to \$834.2 million the first year and \$890.3 million the second year.

- **Board of Accountancy**
 - *Move Licensing Database Cloud Environment.* Adds \$147,900 NGF each year to cover the cost of moving the agency’s licensing database to a hosted cloud environment, pursuant to Executive Order 19 (2018).