

Finance

Adopted Amendments				
(\$ in millions)				
	FY 2019 Adopted		FY 2020 Adopted	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2018-20 Current Budget	\$1,938.3	\$687.9	\$1,982.0	\$697.2
(Chapter 2, 2018 Special Session I)				
Increases	297.9	3.3	540.9	31.0
Decreases	<u>(23.9)</u>	<u>(6.6)</u>	<u>(31.2)</u>	<u>(14.3)</u>
\$ Net Change	274.0	(3.3)	509.7	16.7
Chapter 854 (HB 1700, as Adopted)	\$2,212.3	\$684.5	\$2,491.7	\$713.9
% Change	14.1%	(0.5%)	25.8%	2.4%
FTEs	1,111.2	205.80	1,114.2	205.80
# Change	0.00	0.00	3.00	0.00

- **Office of the Secretary of Finance**

- *Develop Plan for Disaster Supplies and Services and Convene Workgroup.* Directs the Secretary of Finance to develop a plan for the competitive procurement of services and supplies from third-party vendors, based on reasonable cost, in the event of a declared disaster or emergency, including evaluation of potentially lower cost agreements for family-based sheltering versus individual sheltering. In the development of the plan, the Secretary of Finance shall consult with the Secretaries of Health and Human Resources, and Education to assess the use of higher education institutions or other third-party facilities for use in sheltering displaced persons in the event of a disaster or emergency. The Secretary of Finance shall also convene a workgroup of representatives from applicable agencies to review the feasibility of implementing a web-based repository of sheltering information, with relevant information available to emergency coordinators, with consideration for interfacing with a system alerting the public of sheltering and evacuation information for use when a disaster or emergency occurs. A report on the workgroup’s findings is due to the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2019.

- **Department of Accounts**

- *Adjust Appropriations for Cardinal Financials Project.* Provides \$3.3 million NGF the first year and \$3.0 million NGF the second year to reflect the adjustment in appropriation for the agency’s operating costs of the Cardinal Financials system. The change primarily reflects the impact of the delayed implementation of the Cardinal Payroll module, due to the expansion of the project’s scope to include incorporating the systems that will replace the existing Personnel Management Information System (PMIS) and the Benefits Eligibility System (BES). A separate amendment within the Department of Accounts removes the NGF appropriation provided for the Cardinal Payroll System due to the delayed implementation. A separate amendment within Central Appropriations reflects the change in agency internal service fund charges related to the delayed implementation.
- *Adjust Appropriation for Cardinal Payroll System Delay.* Removes \$5.0 million NGF the first year and \$14.2 million NGF the second year for operating costs due to a delay in the implementation of the Cardinal Payroll system.
- *Replace Payroll, Personnel and Benefits Systems and Increase Working Capital Advance.* Directs the Department of Accounts, in coordination with the Department of Human Resource Management, to replace the Commonwealth Integrated Payroll/Personnel System (CIPPS), the Personnel Management Information System (PMIS), and the Benefits Eligibility System (BES) with an integrated Human Capital Management (HCM) system, and specifies that the integrated system be based on HCM modules within the Cardinal Enterprise Resource Planning Application. A working capital advance of \$82.4 million is provided for the initial costs of replacing CIPPS, PMIS and BES. The State Comptroller shall prepare and deliver a report on the total projected project implementation cost to the Governor, and the Chairmen of the House Appropriations and Senate Finance Committees by September 1, 2019.

- **Department of Accounts Transfer Payments**

- *Provide Deposit to Revenue Stabilization Fund (“Rainy-Day Fund”).* Provides \$360.5 million GF the second year for the Revenue Stabilization Fund (Fund), of which, \$262.9 million GF represents the deposit to the Fund for FY 2020, attributable to actual tax collections for FY 2018, based on the certification of actual tax revenues by the Auditor of Public Accounts. The remaining \$97.5 million GF represents an estimate of the required deposit to the Fund for FY 2022, attributable to actual tax collections for FY 2020, as determined by the Auditor of Public Accounts for the fiscal year ending June 30, 2020, which shall be paid into the Fund by the State Comptroller on or before June 30, 2020. Including existing

balances, the addition of these deposits brings the total cash balance in the Rainy-Day fund through FY 2020 to \$643.7 million.

- ***Provide Additional Deposits to Revenue Reserve Fund.*** Provides an additional \$297.2 million GF the first year and \$177.3 million GF the second year. This funding in addition to the funding included in Chapter 2 of the 2018 Acts of Assembly, Special Session I; results in total deposits of \$342.7 million GF the first year, and \$222.8 million GF the second year, a total of \$565.5 million GF over the biennium in additional deposits to the Revenue Reserve Fund. Of the first year deposit \$235.2 million represents the balances committed by the Comptroller for FY 2018, pursuant to Item 266 in Chapter 2 and \$62.0 million reflects supplemental funding. The second year deposit of \$177.3 million reflects supplemental funding. Language further specifies that the funds may be used to effectuate future tax reform options, in accordance with the provisions of Chapters 17 and 18 of the 2019 Acts of Assembly (HB 2529/SB 1372). Including existing balances in the Revenue Reserve Fund, these additional deposits bring the total, FY 2020 year-end balance in the Fund to \$721.9 million. In addition to the \$643.7 million in existing balances and adopted deposits to the Rainy-Day Fund through FY 2020, the total amount held in reserves is \$1.4 billion.

- **Department of Taxation**

- ***Increase Tobacco Auditor Staffing.*** Provides \$173,492 GF and 2.00 FTEs the second year to increase auditor staffing at the Tobacco Unit in the Northern and Southwestern regions, which do not currently have designated full-time tobacco auditors. The auditors are expected to generate additional general fund resources of \$617,000 in FY 2020.
- ***Add Software Patch Analyst Position.*** Adds \$138,396 GF and 1.00 FTE the second year for a patch analyst to remain in compliance with Commonwealth and Federal security requirements. The position will administer the patch management process for agency-specific software to ensure that security updates are applied within 90 days of their release, consistent with existing federal and state security standards.
- ***Convene Workgroup to Review Implementation of Interest Expense Limitations.*** Includes language directing the Tax Commissioner to convene a working group by June 1, 2019 to study the impact of the limitation of interest expense on businesses that are part of an affiliated group and file a Virginia combined or consolidated return, and develop and make available guidelines regarding determinations associated with the interest expense limitation under section 163(j) of the Internal Revenue Code, under the provisions of the federal Tax Cuts and Jobs Act, by December 1, 2019.

- *Provide Funding to Administer Tax Policy Changes and Taxpayer Refunds.* Provides \$1.3 million GF over the biennium to administer provisions of Chapters 17 and 18, which addresses tax conformity and various tax policy changes, the funding for which will be used for systems updates, customer services wage staff, and contracting with a consultant for the estimation and certification of revenue associated with taxpayer refunds.
- **Department of the Treasury**
 - *Provide Funding to Facilitate Taxpayer Refunds.* Provides \$1.6 million GF the second year for the Department to administer provisions of Chapters 17 and 18, and includes funding for banking services, and for the purchase of postage and mailing materials to facilitate refunds to taxpayers.
 - *Provide Relief for Gary L. Bush.* Includes \$520,163 GF the second year for the relief of Gary L. Bush, provided pursuant to Chapter 652 of the 2019 Acts of Assembly (SB 1477).
- **Treasury Board**
 - *Recognize Debt Service Savings.* Recognizes net debt service savings of \$55.1 million GF over the biennium due to slower than anticipated issuance of General Obligation, Virginia Public Building Authority, and Virginia College Building Authority bonds, compared to previous estimates.