

Finance

Proposed Adjustments as Introduced				
(\$ in millions)				
	FY 2019 Proposed		FY 2020 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget, Ch. 836	\$1,887.5	\$662.3	\$1,887.5	\$662.3
Proposed Increases	58.3	35.8	271.4	45.1
Proposed Decreases	<u>(7.0)</u>	<u>(10.2)</u>	<u>(2.4)</u>	<u>(10.1)</u>
\$ Net Change	51.2	25.6	269.0	35.0
HB/SB 30, as Introduced	\$1,938.8	\$687.9	\$2,156.6	\$697.2
% Change	2.7%	3.9%	14.3%	5.3%
FTEs	1,094.6	204.40	1,094.60	204.40
# Change	9.60	1.40	9.60	1.40

The budget, as introduced, for the 2018-20 biennium includes several technical adjustments from Chapter 836 of the 2017 Acts of Assembly, including distributions from Central Appropriations to the various agencies for prior year agency savings, health insurance costs, retirement rate changes, other post-employment benefit rate changes, adjustments to reflect the cost of the Cardinal financial accounting system, and other adjustments to reflect the cost of workers' compensation premiums.

- **Office of the Secretary of Finance**

- *Provide Additional Operating Funding.* Proposes \$160,000 GF each year in additional base operating funding for the Office of the Secretary of Finance. Excluding technical adjustments to the Office's budget for central accounts distributions for Chapter 836, the proposed additional operating funding represents a 32.8 percent increase in each year over the FY 2018 approved budget in Chapter 836.

- **Department of Accounts**

- *Adjust Rates and Appropriation for Payroll Service Bureau.* Proposes reducing the nongeneral fund appropriation by \$233,986 the first year and \$154,010 the second year to account for an adjustment in rates for the Payroll Service Bureau internal service fund consistent with projected operating costs. The rates account

for workload differences in processing different types of payroll and leave accounting.

- ***Adjust Appropriation for the Cardinal Financial System.*** Proposes reducing the nongeneral fund appropriation by \$6.6 million the first year and \$5.7 million the second year to account for a reduction in the base attributable to the prior inclusion of funding for working capital advance repayments, for which appropriation is no longer needed.
- ***Adjust Appropriation for the Performance Budgeting System.*** Proposes reducing the nongeneral fund appropriation by \$1.5 million each year to account for a reduction in the base attributable to the prior inclusion of funding for working capital advance repayments, for which appropriation is no longer needed.
- ***Establish Rates and Appropriation for New Cardinal Payroll System.*** Adds \$5.0 million NGF the first year and \$14.2 million NGF the second year to establish internal service fund rates and appropriation for the new Cardinal Payroll System, which is expected which is expected to be fully implemented by April 2018.
- ***Add Position to Support Treasury Offset Program.*** Proposes 1.00 FTE in each year to help implement the Treasury Offset Program in the Cardinal Financial System. Funding for the position would be supported with existing non-general fund resources from the Cardinal Financial System.

- **Department of Accounts Transfer Payments**

- ***Provide Additional Funding for the Revenue Cash Reserve.*** Adds \$50.0 million GF the first year and \$220.7 million GF the second year toward the Revenue Cash Reserve. These amounts, combined with the proposed \$121.4 million GF in FY 2018 contained within a separate amendment to HB/SB 29, as well as the \$35.0 million GF carryforward from Chapter 836, bring the total for the Revenue Cash Reserve to \$427.1 million GF.
- ***Increase Appropriation for Enhanced Emergency Communication Services.*** Adds \$1.0 million NGF each year in additional appropriation for distributions to Public Safety Answering Points from the Wireless E-911 Fund, consistent with projected revenues.
- ***Increase Appropriation for Commonwealth Health Research Fund.*** Proposes \$223,527 NGF the first year and \$254,562 NGF the second year in additional appropriation for the Commonwealth Health Research Fund to accommodate an increase in grant awards, scientific consultants and administrative expenses. Revenue to support the appropriation comes from investment earnings of the Commonwealth Health Research Fund.

- *Distribution of Rolling Stock Taxes to Localities.* Proposes decreasing the appropriation for the distribution of payments to localities for rolling stock taxes by \$570,000 GF each year.
- *Adjust Funding for the TVA Payments in Lieu of Taxes.* Proposes reducing by \$100,000 GF each year the distribution to the Tennessee Valley Authority (TVA) for payments in lieu of taxes to reflect current revenue projections.
- **Department of Planning and Budget**
 - *Eliminate NGF Funding for School Efficiency Reviews.* Proposes a reduction of \$300,000 NGF each year to reflect the elimination of non-general fund appropriation provided for payments collected in conducting school efficiency reviews.
 - *Transfer Funding for Population Projections.* Proposes a reduction of \$150,000 GF each year the funding for populations projections, reflecting the transfer of these funds to the Weldon Cooper Center at the University of Virginia.
- **Department of Taxation**
 - *Add Tax Auditor Positions to Expand Audit Initiative.* Proposes \$564,276 GF the first year and \$655,616 GF the second year, and 8.00 FTEs to increase the number of tax auditors for an expanded initiative to identify instances where taxpayers have either under-reported income, or claimed tax credits or deductions for which they were ineligible. The proposed budget assumes general fund resources of \$7.9 million the first year and \$10.6 million the second year resulting from the tax audit initiative.
 - *Increase Appropriation for State Land Evaluation Advisory Committee.* Proposes \$44,300 GF each year to increase the appropriation provided for the State Land Evaluation Advisory Committee.
 - *Provide One-Time Funding to Move Image Storage and Retrieval to Cloud-Based Solution.* Proposes \$583,500 GF and \$32,160 NGF the first year for one-time costs associated with moving the agency’s file image storage and retrieval system to a cloud-based solution, which is expected to generate long-term savings, beginning the second year.
 - *Funding for Breach Monitoring Service and Security Training.* Adds \$187,768 GF and \$12,232 NGF the first year and \$67,306 GF and \$12,694 NGF the second year to implement a breach monitoring service and begin role-based security training for department staff.

- *Provide Funding and Staff for Identity Access Management Program.* Provides \$662,781 GF and \$36,529 NGF and 2.00 FTEs the first year, and \$450,070 GF and \$24,805 NGF and 2.00 FTEs the second year to design, develop and administer an Identity and Access Management Program.
- **Department of the Treasury**
 - *Establish Appropriation for State Insurance Trust Funds.* Proposes \$24.8 million NGF each year to establish appropriation for risk management claims and administrative costs, in accordance with federal Department of Health and Human Services’ guidelines for recording internal service fund expenditures.
 - *Provide Funding for 1.00 FTE in the Accounting and Trust Services Unit.* Adds \$75,006 GF and \$50,003 NGF the first year and \$81,642 GF and \$54,429 NGF the second year to support the cost of 1.00 FTE in the Accounting and Trust Services Unit, which is responsible for providing year-end financial reports used by the Department of Accounts to prepare the Comprehensive Annual Financial Report.
 - *Add One-Time Funding for Relief for Wrongful Incarceration.* Proposes one-time support of \$582,313 GF the first year for relief for Robert Paul Davis for wrongful incarceration. It is anticipated that a bill seeking relief will be filed.
- **Treasury Board**
 - *Adjust Funding for Debt Service.* In the first year, reflects \$48.0 million GF in new debt service requirements for previously authorized bonds offset by \$52.7 million GF savings from the refunding of College Building Authority Bonds and a delay in issuance of Public Building Authority Bonds for a net savings of \$4.7 million GF. In the second year, reflects \$43.9 million GF to support debt service for previously authorized bonds as well as new projects proposed in the introduced budget.