

Finance

Governor's Proposed Amendments				
(\$ in millions)				
	FY 2019 Proposed		FY 2020 Proposed	
	<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
(Ch. 2, 2018 Special Session I)				
Proposed Increases	739.3	3.3	313.4	31.0
Proposed Decreases	<u>(23.9)</u>	<u>(6.6)</u>	<u>(31.2)</u>	<u>(14.3)</u>
\$ Net Change	715.4	(3.3)	282.3	16.7
HB 1700/SB 1100, as Introduced	\$2,653.7	\$684.5	\$2,264.3	\$713.9
FT Change	36.9%	(0.5%)	14.2%	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**

- *Study Gaming Governance and Expansion.* Proposes \$175,000 GF the second year in one-time funds for the Secretary of Finance, in consultation with other state agencies and commissions, to contract with a third-party administrator to study the Commonwealth's gaming governance structure and current and potential revenues to the state. The study would include a review of gaming governance structures of other states and the impact of gaming expansions on state lotteries. A report on the findings and recommendations of the study would be delivered the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2019.

- **Department of Accounts**

- *Adjust Appropriations for Cardinal Financials Project.* Recommends \$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.

- *Replace Payroll, Personnel and Benefits Systems and Increase Working Capital Advance.* A language amendment proposes to direct 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 proposes 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 proposed for the initial costs of replacing CIPPS, PMIS and BES. A report would be delivered by the State Comptroller to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by September 1, 2019, on the total projected project implementation cost.

- **Department of Accounts Transfer Payments**

- *Provide Deposit to Revenue Stabilization Fund ("Rainy-Day Fund").* Appropriates \$262.9 million GF the second year to reflect the mandatory deposit to the Revenue Stabilization Fund, based on the certification by the Auditor of Public Accounts of actual tax revenues for FY 2018.
- *Provide Balances to Revenue Reserve Fund.* Appropriates \$235.2 million GF the first year to reflect the balances committed by the Comptroller for FY 2018 for the Revenue Reserve Fund, pursuant to Item 266, Chapter 2 of the 2018 Acts of Assembly, Special Session I (HB 5002).
- *Provide Supplemental Funding for the Revenue Reserve Fund.* Proposes \$504.1 million GF the first year and \$50.0 million GF the second year in additional, supplemental deposits to the Revenue Reserve Fund (the Fund). Language also stipulates that \$199.7 million GF the first year be reserved for the expected mandatory deposit to the Revenue Stabilization Fund in FY 2021, based on anticipated FY 2019 actual revenues. In addition, language authorizes the Governor to use funds as needed within the Fund for costs associated with federal disallowances; unbudgeted obligations arising from settlements and litigation; emergencies and natural disasters; economic development incentives approved by the General Assembly; and any required deposits to the Revenue Stabilization

Fund that are not otherwise appropriated. Assumed in this amount is \$70.0 million that will be paid as an economic development incentive to Micron pursuant to an agreement made this fall.

- **Department of Taxation**

- *Increase Tobacco Auditor Staffing.* Recommends \$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 proposed auditors are expected to generate additional general fund resources of \$617,000 in FY 2020.
- *Add Software Patch Analyst Position.* Proposes \$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 would 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.

- **Treasury Board**

- *Recognize Debt Service Savings.* Recommends 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.