

Finance

Governor's Proposed Amendments				
(\$ in millions)				
	FY 2021 Proposed		FY 2022 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2020-22 Current Budget	\$2,118.0	\$716.8	\$2,307.6	\$726.1
(Ch. 56, 2020 Special Session I)				
Proposed Increases	100.0	0.0	650.2	0.0
Proposed Decreases	<u>(22.7)</u>	<u>(3.4)</u>	<u>(327.2)</u>	<u>(3.3)</u>
\$ Net Change	77.3	(3.4)	323.0	(3.3)
HB 1800/SB 1100, as Introduced	\$2,195.2	\$713.3	\$2,630.6	\$722.8
% Change	3.7%	(0.5%)	14.0%	(0.5%)
FTEs	1,123.20	218.80	1,123.20	218.80
# Change	0.00	0.00	0.00	0.00

- **Department of Accounts**

- *Create Cardinal Governance Committee (Language Only).* Proposes to establish a Cardinal Governance Committee to evaluate and recommend expansion options for the Cardinal Financials and Human Capital Management (HCM) applications. In 2016, the Cardinal Financials project was completed, and the Cardinal Payroll project to replace the Commonwealth Integrated Payroll/Personnel System was initiated. In 2018, the Payroll project was expanded to the HCM project to incorporate modules to replace the Commonwealth's Personnel Management Information System (PMIS) and the Benefits Eligibility System (BES). This project is expected to be completed and rolled-out in 2021. The Joint Legislative Audit and Review Commission (JLARC), which is required to oversee Cardinal on a continuing basis, has recommended that a permanent governance structure be established to examine future considerations for the system's increased functionality.

- **Department of Accounts Transfer Payments**

- *Provide Funding to Reduce Virginia Retirement System Unfunded Liabilities.* Recommends \$100.0 million GF the first year for a one-time payment to the Virginia Retirement System (VRS) to reduce unfunded liabilities related to the public school teachers retirement plan and state employee health insurance credit program. Of the amount, \$61.3 million GF is associated with paying down the remaining balance of the deferred contribution repayment for the teachers' retirement plan from the 2010-12 biennium, and \$38.7 million GF is associated with a one-time payment to reduce the unfunded liability associated with the state employee retiree health insurance credit program.
- *Provide Voluntary Deposit to the Revenue Reserve.* Proposes \$650.0 million GF the second year for a voluntary deposit to the Revenue Reserve Fund. A \$300.0 million GF voluntary deposit to the Revenue Reserve was unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30). A separate amendment to HB 1800/SB 1100, as Introduced, reflects the movement of this reduction from Item 482.20 of Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005) to the agency budget (described in the bullet below). In addition, a planned deposit of \$601.8 million in FY 2020 was eliminated in Chapter 1283 of the 2020 Acts of Assembly (HB 29, the caboose bill) at the 2020 reconvened session to help address the revenue shortfall resulting from the COVID-19 pandemic. As of June 30, 2020, the balance in the Revenue Reserve Fund was \$513.2 million. Were the proposed deposit to be made in FY 2022, the combined balances of the Revenue Reserve Fund and the Rainy Day Fund would be more than 8 percent of total GF revenues, the benchmark considered more favorably by the rating agencies.
- *Distribute Budget Reductions from Central Appropriations to Agency Budgets.* Reduces \$300.0 million GF the second year to reflect the approved reductions in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). These reductions were originally unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30) and subsequently converted to budget reductions in the 2020 Special Session I. This total is proposed for restoration in HB 1800/SB 1100 as described in the bullet above.

- **Department of Taxation**

- *Provide Funding for Participation in State Health Benefit Exchange.* Recommends \$234,635 GF the second year for the Department of Taxation to update its internal tax systems to comply with the provisions of Chapters 916 and 917 of the 2020 Acts of Assembly (HB 1428/SB 732), which established the Virginia Health Benefit Exchange.

- *Estimated Tax Payments (Language Only):* Lowers current thresholds for requiring taxpayers to pay estimated quarterly tax payments electronically. Proposes that any one payment that exceeds \$2,500 or total liability that exceeds \$10,000 be paid electronically starting July 1, 2021.
- *Collection of Delinquent Tax Payments (Language Only):* Allows the Department of Taxation to appoint collectors in any county or city or contract with collectors to collect delinquent state taxes at any time.

- **Treasury**

- *Distribute Budget Reductions from Central Appropriations to Agency Budgets.* Reduces \$100,003 GF the first year and \$109,093 GF the second year to reflect the approved reductions in Chapter 56 of the 2020 Acts of Assembly, Special Session I (HB 5005). These reductions were originally unallotted in Chapter 1289 of the 2020 Acts of Assembly (HB 30) and subsequently converted to budget reductions in the 2020 Special Session I.

- **Treasury Board**

- *Recognize Debt Service Savings.* Recommends net debt service savings of \$49.8 million GF and \$6.7 million NGF over the biennium due to the delayed issuance and refunding of Virginia Public Building Authority, and Virginia College Building Authority bonds.