

Finance

Adopted Adjustments				
(\$ in millions)				
	FY 2021 Adopted		FY 2022 Adopted	
	<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)				
Adopted Increases	354.0	0.0	650.6	0.0
Adopted Decreases	<u>(22.8)</u>	<u>(3.4)</u>	<u>(327.2)</u>	<u>(3.3)</u>
\$ Net Change	331.2	(3.4)	323.4	(3.3)
Ch. 552 (HB 1800, as Adopted)	\$2,449.2	\$713.3	\$2,630.9	\$722.8
% Change	15.6%	(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

- **Secretary of Finance**

- *Delay Report Delivery Due Date.* Includes language delaying the report due date for the Debt Capacity Advisory Committee workgroup by one year, from November 1, 2020 to November 1, 2021.

- **Department of Accounts**

- *Create Cardinal Governance Committee (Language Only).* Establishes 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.

- ***Create Opioid Abatement Fund.*** Establishes the Opioid Abatement Fund, consistent with Chapters 306 and 307 of the 2021 Acts of Assembly, Special Session I (HB 2322/SB 1469). The Fund will allow for the deposit of any opioid-related litigation settlement moneys received by the Commonwealth prior to July 1, 2021, until such time as the Fund and Associated Opioid Abatement Authority established under Chapters 306 and 307 of the 2021 Acts of Assembly, Special Session I (HB 2322/SB 1469) are effectuated on July 1, 2021, at which time the Fund established under this budget language will expire. The Commonwealth is currently party to a multi-state, local, and tribal government lawsuit against opioid drug manufacturers and drug wholesalers, and will receive portions of the settlements over the next several years.

- **Department of Accounts Transfer Payments**

- ***Provide Funding to Reduce Virginia Retirement System Unfunded Liabilities.*** Provides \$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.*** Adds \$250.0 million GF the first year and \$650.0 million GF the second year in voluntary deposits 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 adjustment in Chapter 552 of the 2021 Acts of Assembly, Special Session I (HB 1800), 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) 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. With this deposit, the combined balances of the Revenue Reserve Fund and the Rainy Day Fund will total approximately \$2.1 billion by the end of the biennium.

- *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.

- **Department of Taxation**

- *Provide Funding for Participation in State Health Benefit Exchange.* Provides \$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. Stipulates 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**

- *Provide Relief for the Wrongful Incarceration of Ms. Esther Thorne.* Provides \$321,587 GF in the second year for the relief of Ms. Esther Thorne, who was wrongfully incarcerated for six years and was issued a writ of actual innocence on June 1, 2020 by the Virginia Court of Appeals. A companion action in Part 4-14 provides the language detailing the wrongful incarceration and amount to be paid by the State Treasurer for such wrongful incarceration.
- *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**

- *Begin Bond Defeasement for the Central Virginia Training Center.* Provides \$4.0 million GF the first year to begin to defease the outstanding bonds of the Central Virginia Training Center (CVTC). An August 2018 report from the Department of

Behavioral Health and Developmental Services indicated the outstanding bonds on the CVTC are estimated at \$22.0 million. The funding will provide for a scheduled defeasance of the bonds to remove the liability associated with the now closed CVTC.

- ***Add Middle River Regional Jail Expansion Project.*** Adds the Middle River Regional Jail Expansion Project to the current list of local and regional jail expansion projects for which the Commonwealth will provide a 25 percent reimbursement of eligible costs, as approved by the Board of Local and Regional Jails. The Commonwealth's share of the project is \$24,125,430, and the debt service associated with that shared cost will be reflected in the Virginia Public Building Authority (VPBA) pooled debt issuance totals at such time that additional VPBA debt is issued to generate cash for the local reimbursement.
- ***Recognize Debt Service Savings.*** Recognizes 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.