

Department of Planning and Budget 2002 Fiscal Impact Statement

1. **Bill Number** SB124

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. **Patron** Wampler

3. **Committee** Finance

4. **Title** University of Virginia Medical Center Interest Income

5. Summary/Purpose: The proposed legislation amends §23-77.4 of the *Code of Virginia* to require that the University of Virginia Medical Center be credited with the imputed interest on its nongeneral fund cash balances (primarily patient care revenues) on deposit with the State Treasurer.

Receipt of the resulting interest earnings relates directly to the Medical Center's goal of achieving a realistic operating margin, specifically helping to offset losses resulting from the Balanced Budget Act of 1997. The Medical Center projects that by the year 2002, its Medicare revenues will decrease an average of more than \$21.5 million annually.

6. **Fiscal Impact Estimates are:** Final.

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	(\$2,500,000)		GF
2002-03	(\$2,500,000)		GF
2003-04	(\$2,500,000)		GF

7. **Budget amendment necessary:** No.

8. Fiscal implications: Currently, the Commonwealth receives the interest on the Medical Center's nongeneral fund cash balances held on deposit with the State Treasurer. The proposed legislation would create a general fund loss of \$5.0 million in the 2002-04 biennium. Based on estimates by the Department of the Treasury, the Medical Center has an annual average cash balance of approximately \$45 million. Using an interest rate of 5.5 percent, the yield on the Medical Center balances is approximately \$2.5 million per year.

The amended legislation proposes that the Medical Center would receive the interest earned by the investment of its nongeneral fund operating cash balances based on conditions as prescribed in the budget bill.

9. **Specific agency or political subdivisions affected:**

University of Virginia Medical Center
Department of the Treasury

10. Technicalamendmentnecessary: No.

11. Othercomments: None.

Date: 2/18/02/aps

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cc:SecretaryofFinance

SecretaryofEducation