

# Overview of Proposed Amendments to the 2018-20 Budget HB 1700/SB 1100

Proposed amendments to the 2018-20 biennial budget reflect substantial upward adjustments in both resources and proposed spending as compared to Chapter 2 of the 2018 Acts of Assembly, Special Session 1 (HB 5002). Assumed revenue adjustments reflect both modest growth in ongoing economic sources and more than \$1.2 billion in resources derived from assumed tax policy decisions included in the introduced amendments. When combined with the FY 2018 revenue and transfer collections, which exceeded the official forecast by \$555.5 million, assumed economic growth and tax policy related actions, the assumed additional resources available for appropriation in the FY 2018-20 biennium totals approximately \$2.2 billion.

<b>Amendments to the 2018-20 Budget HB 1700/SB 1100, as Introduced</b> (GF \$ in millions)			
	<u>FY 2019</u>	<u>FY 2020</u>	<u>2018-20</u>
<b>GF Resources, Chapter 2, 2018 SS1</b>	\$21,028.8	\$21,606.7	<b>\$42,635.5</b>
Net Resource Adjustments	<u>1,118.7</u>	<u>1,048.9</u>	<u>2,167.6</u>
<b>Available Resources</b>	<b>\$22,147.6</b>	<b>\$22,655.6</b>	<b>\$44,803.1</b>
<b>GF Appropriations, Chapter 2, 2018 SS1</b>	\$20,990.5	\$21,642.5	<b>\$42,633.0</b>
Net Spending Adjustments	<u>1,137.6</u>	<u>1,007.7</u>	<u>2,145.3</u>
<b>Total Proposed Appropriations</b>	<b>\$22,128.1</b>	<b>\$22,650.2</b>	<b>\$44,778.3</b>
<b>Unappropriated Balance</b>	<b>\$19.5</b>	<b>\$5.3</b>	<b>\$24.8</b>

## Resources

HB 1700/SB 1100 includes \$44,803.1 million in general fund resources available for appropriation. General fund growth rates assumed in the budget are 5.9 percent in FY 2019 and 3 percent in FY 2020. These growth rates reflect the impact of proposed policy adjustments as well as assumed “economic” growth of 3 percent in FY 2019 and 3.7 percent in FY 2020, which were revised down from 3.7 percent and 3.9 percent reflected in Chapter 2.

FY 2018 General Fund revenues rose by 6.3 percent, well ahead of the official forecast of 3.4 percent growth, resulting in a revenue surplus of \$555.5 million (including transfers). The gain in net individual income tax and sales tax, about \$618.0 million, was somewhat offset by

shortfalls in all other revenue sources. As a result of the higher than anticipated base, FY 2019 tax collections have to grow 1.5 percent to meet the revenue assumptions included in Chapter 2.

In addition to economic adjustments to the forecast, HB 1700/SB 1100 includes a net total of \$1,041.5 million associated with proposed and assumed tax policy adjustments and technical adjustments. The vast majority of this revenue is based on assumed conformity with the provisions of the federal Tax Cut and Jobs Act (TCJA). When added to the economic-based revisions to the collection forecast, this revenue would increase overall growth to 5.9 percent in FY 2019 and 3 percent in FY 2020, bringing total assumed general fund resources to \$44.8 billion for the biennium.

In total, the proposed revisions to the FY 2018-20 resources contained in HB 1700/SB 1100 include \$2.167.6 million more in general fund resources than that assumed in Chapter 2, including:

- Upward adjustments to the FY 2019 and FY 2020 general fund revenues of \$548.2 million;
- Additional revenues of \$1.0 billion from proposed tax policy changes, including an increase of \$1.2 billion in general fund revenues assuming full conformity to the TCJA, partially offset by a reduction of \$216.3 million resulting from a proposed expansion of the Earned Income Tax Credit; and,
- A net balance adjustment of \$577.4 million.

Details on revenues, adjustments to general fund balances and transfers, as well as proposed tax policy changes, can be found in the Resources section of the summary.

### **Appropriations**

As a result of the FY 2018 surplus, the *Code of Virginia* -required deposits were triggered for the Revenue Stabilization, Revenue Reserve and Water Quality Improvement Funds. Overall, net general fund spending adjustments total \$2,145.3 million against Chapter 2. Major general fund spending items include:

- \$789.3 million in new deposits and reappropriations to the Revenue Reserve Fund;
- \$462.5 million to cover growth in the Medicaid forecast;
- \$262.9 million for a mandatory deposit to the Revenue Stabilization Fund; and
- \$87.6 million for an additional 2 percent salary increase for teachers and support staff, effective July 1, 2019, in addition to the 3 percent compensation action provided in Chapter 2;

Proposed new spending is offset by spending reductions totaling approximately \$313.6 million. Savings items include:

- \$55.2 million from revised K-12 enrollment lower than expected,
- \$55.1 million in assumed debt service savings based on delayed issuances of prior authorized debt; and
- \$51.3 million in savings from slower growth in employee health insurance premiums.

As proposed, the amendments contained in HB 1700/SB 1100 would leave an unappropriated balance of \$24.8 million at the close of the FY 2020. Major spending and savings items are detailed in the table below.

**Major Spending and Savings in HB 1700 / SB 1100, as Introduced**  
(GF \$ in millions)

**Major Spending Proposed**

**FY 2018-20**

Deposits to the Revenue Reserve Fund	\$ 789.3
Medicaid Utilization and Inflation	462.5
Mandatory Deposit to Revenue Stabilization Fund	262.9
K-12: Additional 2% Teachers and Support Staff Salary Increase	87.6
K-12: Use GF for VRS & Free Up Literary Rev. for School Construction	80.0
VDOT: Virginia Transportation Infrastructure Bank	75.0
DCR: Water Quality Improvement Fund (Mandatory Deposit)	73.8
DEQ: Stormwater Local Assistance	50.0
Replace Medicaid Funds for Piedmont Geriatric and Catawba Hospitals	46.3
DHCD: Virginia Telecommunications Initiative (Broadband)	46.0
State Employee 1% Bonus Dec. 1, 2019	40.2
K-12: Additional School Counselors	36.0
K-12: At-Risk Add-on	35.6
DCR: Water Quality Improvement Fund (Supplemental)	35.0
K-12: Lottery Supplemental Allocation	34.7
Capital Outlay Detailed Planning	29.6
Virginia Information Technology Agency Rates	28.1
VEDP: Virginia Business Ready Sites Programs	20.0
DHCD: Virginia Housing Trust Fund	19.0
Higher Ed.: Undergraduate Financial Aid	15.5
DBHDS: Staffing and Discharge Funding Related to Census	14.0
K-12: Sales Tax Adjustment from Proposed Legislation for Internet Sales	13.5
DMAS: Administration of the Section 1115 Medicaid Waiver	13.0
DOC: Inmate Medical Care at Fluvanna Correctional Center	12.9
DMAS: Children's Health Insurance Programs	12.8
Address Computer-Science Related Workforce Needs	11.0
Virginia Land Conservation Fund	11.0
K-12: Sales Tax Revenue Update & School-Aged Population	11.2
Renewable Energy Development Fund	10.0
K-12: Use GF to Backfill Expired Federal VPI-Plus Grant	9.7
DBHDS: Crisis Response Services	9.0
Retiree Health Insurance Credit for Public Safety Employees	8.1

**Major Spending and Savings in HB 1700 / SB 1100, as Introduced**  
(GF \$ in millions)

Workforce Case Management System	8.0
Presidential Primary Expenses	5.9
VCCS: Advising and Online Apprenticeship Curriculum	5.6
SCHEV: Tuition Assistance Grants	<u>5.2</u>
<b>*Total:</b>	<b>\$ 2,425.5</b>

<b>Major Savings Proposed</b>	<b><u>FY 2018-20</u></b>
K-12: Supplant GF with Lottery Reforecast Totals	(70.3)
K-12: Enrollment Projection Update	(55.2)
Treasury Board: Adjust Debt Service	(55.1)
Employer Share of Health Insurance Premiums	(51.3)
DMAS: Health Care Fund Revenue and Cash Balance	(38.9)
DMAS / DSS: Medicaid Exp. Costs ( Shift to Provider Assessment)	(38.0)
DMAS: Eliminate Medicaid for Piedmont Geriatric and Catawba Hospitals	(14.5)
K-12: Enrollment Update for Special Education Regional Tuition	(12.5)
Children's Services Act Caseload	(11.8)
Delay in Cardinal Payroll System Implementation	(11.1)
DMAS: Administrative Contract Shift to Managed Care	(10.8)
K-12: Lottery Funded Programs Costs Update	(11.7)
Comp. Board: Excess Jail Per Diems	(6.7)
K-12: Update Enrollment for Remedial Summer School and ESL	(6.1)
DMAS: Reflect Long-Term Care Savings for Medicaid	(3.9)
VEDP: Updated Payments for Economic Development Incentives	<u>(2.3)</u>
<b>Total:</b>	<b>\$ (400.2)</b>

*Note: See Resources section for adjustments to GF balances and proposed tax policy changes. Totals differ from individual entries due to rounding.*

**Judicial Department.** The proposed amendments for the Judicial Department agencies result in no funding changes the first year and an increase of \$3.6 million GF the second year. The largest proposed item is \$2.6 million GF the second year for the Virginia State Bar to contract with the Legal Services Corporation of Virginia to hire up to 35 additional attorneys to provide legal assistance to low-income tenants in housing eviction cases. For the Indigent Defense

Commission, \$637,000 GF the second year is proposed to hire 20 paralegals to defray workload increases experienced by public defenders due to increased use of body-worn cameras by law enforcement officers.

**Executive Offices.** The proposed budget for Executive Offices increases by \$1.5 million GF the first year, and \$1.0 million NGF over the biennium, related to two recommended initiatives. The general fund increase is to support education, outreach and preparation for community participation in the 2020 Census, and other initiatives of the Virginia Complete Count Commission, created pursuant to Executive Order Number 27 (2018). Of the nongeneral fund increases, \$500,000 is proposed each year to increase appropriation for the Regulatory, Consumer Advocacy, Litigation and Enforcement Revolving Trust Fund, as well as \$2.7 million the first year and \$3.0 million the second year in appropriation for indirect cost recoveries and federal funds.

**Administration.** Proposed amendments in the Administration secretariat result in a net decrease of \$2.6 million GF over the biennium compared to the base budget, Chapter 2 of the 2018 Acts of Assembly, Special Session I (HB 5002). Additional general fund spending proposals include \$1.4 million the first year in one-time funds in the Secretary of Administration's office to conduct a data inventory to support the state's broader data analytics and governance objectives. Also included is \$723,420 the second year to fund 10 additional Assistant Commonwealth's Attorneys and six additional administrative support positions to assist select offices experiencing increased workloads as a result of local law enforcement's use of body-worn cameras. These increases are offset by a recommended general fund reduction of \$6.7 million over the biennium from unexpended per-diem payments to local and regional jails due to lower than projected jail per diem payouts.

The nongeneral fund appropriations to the Administration agencies are adjusted downward by more than \$1.1 billion over the biennium, primarily driven by removing the appropriation for claims and administrative costs associated with the COVA Local health insurance program due to insufficient enrollment. Further driving the decrease is a proposed reduction of \$75.0 million NGF the second year related to lower projected claims for the state's health insurance plan. Also included among the nongeneral fund adjustments is a \$3.0 million NGF increase in the second year to facilitate a new Help America Vote Act (HAVA) security grant, which totals \$9.4 million and is to be drawn down over a four year period.

**Agriculture & Forestry.** The proposed amendments for the Agriculture and Forestry agencies result in a net increase of \$1.0 million GF the second year, primarily for additional staffing at the Department of Agriculture and Consumer Services and the Department of Forestry. In addition, \$0.2 million is proposed for increased broadband connectivity to regional Forestry offices. Also proposed is \$4.3 million NGF in capital outlay for the construction of a new vehicle service center as part of a property transfer agreement with the University of Virginia.

**Commerce and Trade.** The Governor's proposed amendments include net general fund increases of \$98.0 million over the biennium. The introduced budget proposes an additional \$46.0

million GF for broadband deployment as well as an additional \$20.0 million GF to significantly expand funding for site development intended to make the Commonwealth more competitive in attracting economic development projects. The Governor also proposes increasing deposits to the Housing Trust Fund by \$19.0 million GF over the two-year period and \$10.0 million GF to develop a revolving loan fund and loan-loss reserve fund to incentivize private investments in renewable energy projects. Other spending initiatives include \$2.0 million GF to develop and implement a strategic workforce dashboard and \$1.4 million GF in additional funding for the Virginia Occupational Safety and Health Program.

In addition, proposed language authorizing the Governor to appropriate monies for economic development incentives through withdrawals from the Revenue Reserve Fund would enable a planned Semiconductor Manufacturing Grant payment of \$50.0 million to be paid from revenue reserves in FY 2020.

**Public Education.** The proposed amendments for Direct Aid for Public Education result in a net increase of \$154.9 million GF above Chapter 2 of the 2018 Acts of Assembly, Special Session I (HB 5002), plus \$70.3 million NGF in additional Lottery Proceeds along with an offsetting savings of \$80.0 NGF from the Literary Fund revenues.

This net amount reflects \$55.2 million GF savings due to revised enrollment projections. Other technical updates include the Sales Tax reforecast and other cost and participation updates in Incentive, Categorical, and Lottery-Funded programs.

Other proposed amendments include: \$87.6 million GF to increase the FY 2020 teacher salary increase funding by 2 percent -- to a revised 5 percent increase; \$80.0 million GF allocation to free up a like amount of Literary Fund revenue to be used for school construction loans under established parameters; \$36.0 million to begin a 3 year phase-in to lower the ratio of counselors to students; \$34.7 million allocated to increasing the Lottery Supplemental Per Pupil Allocation; \$35.6 million to increase the maximum At-Risk Add-On percentage to 16 percent; a net increase of \$13.5 million from additional Sales Tax from proposed Internet Sales policy; \$9.7 million GF to provide 100 percent state funding for the expired federal VPI-Plus program in 13 school divisions; \$2.0 million GF for the Garden of Tomorrow environmental education program; \$1.7 million for early childhood professional development and local observations.

Several additional amendments are proposed in the Department of Education, Central Office that total \$3.6 million GF (not including a proposed transfer of \$1.7 million from Direct Aid). The proposed amendments include: \$600,000 GF to replace a grants management system, \$553,000 GF for computer science training (UVA), \$552,500 GF to automate the teacher licensure process, \$500,000 GF for social studies assessments, \$549,573 GF to address finance and IT security risks, and \$492,755 for training in seclusion and restraint regulations.

**Higher Education.** Under Education, the proposed amendments for Higher Education institutions and related agencies result in a net increase of \$37.7 million GF, almost exclusively in

the second year, above the net increases included in Chapter 2 of the 2018 Acts of Assembly, Special Session I (HB 5002). The largest item is \$15.5 million GF for undergraduate need-based financial aid. Other proposed spending include \$5.2 million GF to bring Tuition Assistance Grant (TAG) awards up by \$50 to \$3,400; \$5.5 million GF and 79.00 FTE for advising positions in the Virginia Community College System; \$4.0 million for the New Economy Workforce Credential Grant; \$2.0 million GF for UVA-Wise related to enhancing enrollment growth and student success to fill a second year hole due to an administrative transfer of funds to FY 2019; \$1.7 million GF and 152.00 FTE related to Radford University's acquisition of Jefferson College (Roanoke); \$1.0 million GF for UVA's Focused Ultrasound Center; and several other items under \$1.0 million GF each.

Additionally, several proposed amendments within Central Appropriations would provide additional Higher Education related spending for initiatives including: an estimated \$12.6 million GF for a 1 percent salary bonus; \$8.3 million GF for computer science degree production; \$1.6 million GF for UVA health insurance premiums; and \$1.3 million GF based on adjusting interest earnings and credit card rebate amounts related to restructuring.

The proposed amendments also include several significant language changes, including: requiring higher education institutions to submit annual tuition and fee transparency and predictability reports as part of the existing six-year plans; and recommending approval for James Madison University to pursue Level III designation.

**Finance.** Proposed general fund amendments for the Finance Secretariat result in a net increase of \$997.6 million GF over the biennium. Significant general fund expenditure proposals include adding \$789.3 over the biennium to the Revenue Reserve, of which, \$554.1 million is above the amount already committed per Chapter 2 of the 2018 Acts of Assembly, Special Session I (HB 5002). In addition, language is proposed to change the fund's maximum limit, as well as authorizes the Governor to expend funds for a number of specified uses including economic development incentive grants. Further, \$235.2 million is included the first year for the mandatory deposit to the Rainy Day Fund, based on FY 2018 actual revenue collections. In total, proposed deposits to the Revenue Reserve and Rainy Day Fund total \$1.05 billion over the biennium.

Within the Office of the Secretary of Finance, \$175,000 GF in one-time funding is proposed the first year to study the Commonwealth's gaming governance structure as well as assess the current and potential revenues to the state, with a report due by November 1, 2019.

In addition, significant recommended general fund savings includes a net debt service savings of \$55.1 million GF over the biennium due to a delay in the issuance of authorized General Obligation, Virginia Public Building Authority, and Virginia College Building Authority bonds compared to previous expectations

**Health and Human Resources.** The introduced budget proposes a net increase of \$477.9 million GF and \$2.1 billion NGF for the amended 2018-20 biennial budget. Proposed spending of



\$598.2 million GF is offset by \$120.3 million GF in proposed reductions. Similar to biennial budgets for HHR in previous years, the majority (77 percent) of proposed general fund increases are driven by mandatory health and long-term care spending on Medicaid. The unusually high increase in nongeneral funds is primarily due to adjustments to the budget to reflect the increase in Medicaid spending and the most recent projection of the federal and hospital provider assessment funding related to implementation of expanded Medicaid coverage to individuals with incomes up to 138 percent of the federal poverty level pursuant to the Patient Protection and Affordable Care Act (ACA) beginning January 1, 2019. These proposed adjustments account for about \$2.0 billion or 90 percent of the increase in nongeneral funds over the biennium.

Mandatory general fund spending of \$538.0 million GF (90 percent of new GF spending in HHR) is primarily related to spending for acute and long-term care services provided through Medicaid, funding the state share of Section 1115 waiver costs associated with Medicaid Expansion, supplanting Medicaid funds to continue operation of Piedmont Geriatric and Catawba Hospitals, and to fully fund the children's health insurance programs based on the latest projections. Proposed spending on Medicaid expenditure forecast requires the addition of \$462.5 million GF for the biennium to pay for current health care services for low-income Virginians as well as long-term care costs for the elderly and disabled. The general fund share of the Medicaid forecast is partially offset by \$38.9 million in additional revenue and a prior year cash balance in the Health Care Fund. Overall growth rates in Medicaid are not expected to dramatically change from recent trends, excluding the impact of Medicaid Expansion. The proposed budget contains a significant adjustment to correct the 2017 Medicaid forecast estimate, which included assumed savings in the managed care rates that have not been realized in the new Commonwealth Coordinated Care Plus program.

The proposed budget includes \$54.3 million GF in discretionary spending in HHR. Out of this spending, 56 percent is related to increasing community-based behavioral health and developmental disability services and addressing census issues at state behavioral health facilities. Other expenditures include \$19.5 million to fund supplies for state-run disaster shelters, mobile software for public assistance eligibility, Medicaid expanded preventative care coverage for adults, additional childhood immunizations, training for consumer directed attendants in Medicaid, and specific funding earmarks for Hampton University's Proton Beam Therapy Institute, Riverside Health System and Eastville Community Health Center.

New spending in HHR is offset by proposed budget reductions of \$120.3 million GF. Nearly one-third of the reductions are related to savings in Medicaid from additional revenue and cash in the Health Care Fund. The remainder is a result of caseload adjustments for the Children's Services Act, adjustments to reflect the appropriate funding source for the administrative costs of Medicaid Expansion, and savings in Medicaid as certain administrative functions for personal care attendants are transitioned to managed care.

***Natural Resources.*** The proposed amendments for the Natural Resources agencies result in a net increase of \$25.7 million GF the first year and \$148.6 million GF the second year, more than doubling GF support for the programs within the Secretariat the second year. The largest proposal is a total of \$108.8 million for the Water Quality Improvement Fund (WQIF). This includes the mandatory WQIF deposit of \$73.8 million in FY 2020 based on the FY 2018 revenue surplus and agency balances, as well as a proposal to provide supplemental deposits of \$20.0 million in FY 2019 and \$15.0 million in FY 2020. Also proposed is \$50.0 million for the Stormwater Local Assistance Fund in FY 2020, and increases of \$5.5 million for the Virginia Land Conservation Fund each year of the biennium. At the Department of Environmental Quality, the amendments propose 11.00 new FTE positions at a cost of \$1.4 million to help implement the Governor's environmental initiatives. Finally, at the Marine Resources Commission the amendments would provide an additional \$1.0 million of general fund support for oyster restoration and replenishment activities in the second year.

***Public Safety and Homeland Security.*** The proposed amendments for the Public Safety and Homeland Security agencies result in a net increase of \$8.6 million GF the first year and \$32.6 million GF the second year, a 1.6 percent increase in GF support for the programs within the Secretariat in the second year. The largest proposals are related to the provision of medical services to inmates in Department of Corrections (DOC) facilities. The proposals include \$12.9 million GF and 123 positions over the biennium for DOC to end contracted medical services at Fluvanna Women's Correctional Center, as well as increase the level of medical services provided at the facility; an additional \$6.0 million GF over the biennium for expected inflation in medical costs for the Department; and, an additional \$3.5 million GF for DOC to implement an electronic health records system in its six women's correctional centers. The proposal includes \$3.0 million GF the second year under the Department of Criminal Justice Services for several items related to recommendations of the Governor's Children's Cabinet School Safety Workgroup. The proposal also includes \$3.3 million GF in the second year under the Department of Forensic Science to fund the administration's opioid crisis emergency response plan.

***Veterans and Defense Affairs.*** The proposed amendments for the Veterans and Defense Affairs agencies result in no funding changes the first year and an increase of \$1.7 million GF the second year. The full amount represents proposed spending and position increases at the Department of Veterans Services, including: \$634,000 and eight positions for resource specialists in the Virginia Veteran and Family Support (VVFS) program; \$140,000 GF for a new deputy director position; \$461,000 GF and four positions related to workforce services provided by the Virginia Transition Assistance Program (VTAP), the Veterans Education, Transition, and Employment (VETE) program, and the Virginia Values Veterans (V3) program; and \$500,000 and five positions for the veterans benefits section.

***Transportation.*** The proposed amendments to the 2018-20 budget for transportation includes one major policy initiative, which is the provision of \$75.0 million from the general fund

the first year for the recapitalization of the Virginia Transportation Infrastructure Bank (VTIB). Accompanying language states that a portion of this funds may be used for costs associated with the proposed I-81 improvements. The budget amendments also reflect net increases of \$104.3 million NGF the first year and \$210.7 million NGF the second year from revisions to the Commonwealth Transportation Fund revenue forecast and allocations in Six Year Program adopted by the Commonwealth Transportation Board in June, 2018. A technical adjustment to reflect changed accounting policies also results in an increase of \$504.7 million NGF the first year and \$411.1 million NGF the second year of prior year federal revenue recoveries. This is an accounting true-up and does not result in any increase in available funding for the department.

**Central Appropriations.** Proposed amendments in the Central Accounts result in a net increase of \$44.2 million GF over the biennium compared to the base appropriations in Chapter 2 of the 2018 Acts of Assembly, Special Session I (HB 5002). Significant expenditure proposals include the addition of \$40.2 million the second year for a 1 percent bonus for state employees and state-supported local employees, effective December 1, 2019; \$28.1 million over the biennium for agency information technology and telecommunications costs based on estimated usage and repayment of costs associated with the state's previous IT vendor; \$11.0 million the second year to provide public education (K-12) and higher education funding for workforce development initiatives; \$8.1 million the second year to increase the retiree health insurance credit for the state's public safety employees, as well as local sheriffs and deputies; \$8.0 million the first year to develop an integrated workforce case management system across state agencies; and \$5.9 million the second year to provide funding to reimburse the Department of Elections and localities for costs associated with the 2020 presidential primary.

Expenditure proposals were partially offset by proposed general fund reductions, which include the savings of \$51.3 million the second year in the state's share of employee healthcare premium increases due to a lower than expected cost increase, as well as a reduction of \$11.1 million over the biennium due to the delay in the implementation of the Cardinal Payroll system.

**Independent Agencies.** The proposed amendments to the Independent Agencies reflect no change to the general fund, and a nongeneral fund increase of \$21.1 million over the biennium, mostly attributable to providing the distribution to agencies of centrally-funded actions, including salary and fringe benefits adjustments, other post-employment benefits costs, and information technology costs authorized in Chapter 2 of the 2018 Acts of Assembly, Special Session I (HB 5002). Other spending proposals include \$3.6 million NGF the second year in one-time funds for Lottery to purchase equipment to expand gaming offerings, statewide, as well as \$1.4 million NGF the second year for VRS to provide bonuses for investment staff based on the prior fiscal year's performance results.

Also included in the Governors' proposed amendments is the addition of the Secretary of Finance and the staff directors of the House Appropriations and Senate Finance Committees as ex officio non-voting members of the board of the Virginia Retirement System.

**Capital Outlay.** Proposed amendments to the capital outlay program for 2018-20 total about \$806.3 million (all funds). General fund supported amendments contain \$33.5 million GF cash and \$568.4 million from general fund supported bonds issued by the Virginia Public Building Authority (VPBA) and the Virginia College Building Authority (VCBA). These bonds include \$121.5 million to support new projects, \$46.0 million for equipment, \$13.9 million in supplements (including readiness centers), \$138.0 million for STARS/COMLINC radio systems for the State Police, \$168.0 million for a NOVA Innovation Campus at Virginia Tech, \$1.0 million for an emergency generator system at the Virginia School for the Deaf and the Blind, and \$17.1 million in previous bond authorizations are being used for the new construction pool.

Proposed nongeneral fund capital amendments total about \$204.5 million. About \$50.9 million is funded through 9 (c) and 9 (d) NGF revenue bonds for four higher education projects. Another \$153.6 million is funded with nongeneral fund cash to support another 10 projects at multiple state agencies and higher education institutions and the new capital construction pool.