

# Overview of the Proposed Budget for Capital Outlay and General Government

SB 1100 (Amendments to 2018-20 Biennial Budget)

January 10, 2019

# Capital Outlay

# Capital Outlay – SB 1100 Proposed Amendments

Fund Type (\$ in millions)	Ch 2. Increase	SB 1100 Prop. Amend.	Ch. 2 Increase + SB 1100 Prop. Amend.
General Fund Cash	\$0.1	\$33.5	\$33.6
VPBA/VCBA Tax-Supported Bonds	1,001.9	568.4	1,570.3
9(c) Revenue Bonds	21.0	17.9	38.9
9(d) Revenue Bonds	185.2	33.0	218.2
Nongeneral Fund Cash	<u>239.3</u>	<u>153.6</u>	<u>392.9</u>
<b>Total</b>	<b>\$1,447.5</b>	<b>\$806.3</b>	<b>\$2,253.7</b>

- \$96.5 million in VCBA/VPBA bonds to support 13 new projects and \$80.0 million in VCBA bonds for a pool of workforce development projects to support new degrees in computer science and related fields.
- \$310.0 million in VPBA/VCBA bonds over the biennium for five stand-alone agency projects (STARS, COMLINC, VT Innovation).
- \$46.0 million the second year in VPBA/VCBA bonds for furnishings and equipment for capital projects nearing completion.
- \$25.0 million for the Combined Sewer Overflow Matching Fund for the City of Alexandria.
- \$10.9 million the second year in VCBA/VPBA bonds to supplement existing capital outlay pools/projects.
- \$29.6 million GF the first year for the planning of eight additional projects.

# New Planning Projects – Central Capital

Agency	Project Title
Science Museum of Virginia	Construct Regional Science Center - NOVA
Department of State Police	Replace Training Academy – Central Headquarters
Wilson Workforce & Rehab. Center	Renovate Watson Theater and Activities Building, Phase 3
VA Museum of Fine Arts	Expand and Renovate the Museum
Dept. of Behavioral Health & Develop. Services	Renovate Eastern State Hospital, Phase 3
Dept. of Behavioral Health & Develop. Services	Replace Central State Hospital
Department of Juvenile Justice	Construct Juvenile Correction Center, Central VA
Department of Corrections	Expand Deerfield Correctional Center
<b>Total (GF)</b>	<b>\$29.6 million GF</b> (includes an existing \$5.0 M)

# 2019 Session Capital Construction Pool

Agency	Project Title
Department of General Services	Renovate Parking Deck, Main Street Centre Improve Capitol Campus Utilities
Virginia Military Institute	Construct Corps Physical Training Facility, Phase 3
Longwood University	Replace Major HVAC System Components
Old Dominion University	Address Maint. Needs in Kaufman & Mills Godwin Bldg.
Virginia Museum of Fine Arts	Replace Life & Safety Systems and Upgrade Repair the Museum Building Envelope
Virginia Institute of Marine Science	Replace Oyster Hatchery
Gunston Hall	Upgrade Fire Suppression System
Dept. of Beh. Health & Develop. Services	Renovate Catawba Hospital
Department of Juvenile Justice	Repair Life Safety Syst. & Ren. Elect. Syst., Bon Air
Department of Corrections	Wastewater Treatment Plants Construct James River Wastewater Pump Station
<b>Total Bonds – (also \$10.5 million NGF &amp; \$17.1 million of transferred bond proceeds)</b>	<b>\$96.5 million</b>

# Retirement & Independent Agencies

# Retirement

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- ***No Changes to Employer Contribution Rates.***
- ***Proposes to add three ex-officio and non-voting members to the Board of Trustees***  
(Secretary of Finance, or designee; the staff director of Senate Finance and House Appropriations Committees or designee).
- ***Other Items in Virginia Retirement System.***
  - ***Proposes \$3.7 million NGF related to completion of the Modernization Project, a multi-year project to replace legacy computer systems and paper forms for retirement and financial planning services.***
  - ***Recommends additional \$1.4 million NGF the second year to provide performance-based bonuses to investment staff based on the prior fiscal year's performance results, consistent with existing policy.***
  - ***Recommends \$919,005 NGF the second year for continued access to market-driven investment data access to support investment decisions.***
  - ***Proposes \$315,000 NGF for program changes associated with a companion amendment that would increase the health insurance credit benefit for State Police Officers' Retirement System (SPORS) and Virginia Law Officers' Retirement System (VaLORS) members, as well as sheriffs and deputies.***

# Other Independent Agencies

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- **College Savings Plan.**
  - Proposes \$974,000 NGF the first year and \$604,500 NGF the second year to enhance cyber security and support software upgrades, including cyber security/data breach insurance and a systems engineer.
  - Recommends \$427,500 NGF the first year and \$402,500 NGF the second year to fund and fill the position of Investment Director, required pursuant to Item 485 E., Chapter 2. Funding would also support adding a Lead Financial Reporting Accountant position to oversee daily financial operations.
  - Proposes \$130,018 NGF the first year and \$50,235 NGF the second year to reflect a new lease agreement and one-time construction costs in the first year to ensure federal Americans with Disabilities Act requirements.
- **Virginia Lottery – One-Time Equipment Purchase.** Recommends \$3.6 million NGF the first year for a one-time vending equipment purchase that would allow the agency to expand lottery offerings statewide in certain corporate chain accounts.
- **State Corporation Commission – Education Loan Servicer.** Proposes \$65,100 NGF and 1.0 FTE to assist in providing oversight of qualified education loan servicers.

# General Government

# Judicial, Executive, and Administration

Actions for 2018-20 Biennium (GF \$ in millions)	Ch. 2 Increase	SB 1100 Prop. Amend.	Ch. 2 Increase + SB 1100 Prop. Amend.
Supreme Court - Service costs for judicial data center operations	\$ 0.0	\$ 0.3	\$ 0.3
Supreme Court – Establish Judicial Wellness Fund for wellness initiatives (language)	0.0	0.0	0.0
IDC - Add 20 paralegal positions in public defender offices for body worn camera footage review	0.0	0.6	0.6
VSF - Funding for legal aid programs, civil defense housing attorneys (up to 35 attorneys)	0.0	2.6	2.6
AG - Increase Revolving Fund NGF appropriation \$1m (reduces GF resources by \$500K each year)	0.8	0.0	0.8
Sec. of Commonwealth - Provide funding for Census activities	0.0	1.5	1.5
Sec. of Administration - Conduct statewide data inventory	0.0	1.4	1.4
Comp Board - Revert funding for jail per-diem due to lower actual and projected payments	1.7	(6.7)	(5.0)
Comp Board - Add positions in Commonwealth's Attorney's offices for body worn camera footage review (10 ACAs, six administrative staff)	0.0	0.7	0.7
ELECT - Registrar training, voter list maintenance, and fiscal administrative positions (3.0 FTEs)	0.0	1.0	1.0
ELECT - Advertise voter referendum for Equal Rights Amendment	0.0	0.2	0.2
ELECT - Provide appropriation to facilitate new HAVA security grant (NGF)	0.0	3.0	3.0

# Compensation and Benefits

Salary Actions for 2018-20 Biennium (GF \$ in millions)	Ch. 2 Increase	SB 1100 Prop. Amend.	Ch. 2 Increase + SB 1100 Prop. Amend.
2% Base salary adjustment for state employees (June 10, 2019 for July 1 pay)	\$ 67.9	\$ 0.0	\$ 67.9
2% Merit-based salary adjustment for state employees (June 10, 2019 for July 1 pay)	38.0	0.0	38.0
2% Base salary adjustment for state-supported local employees (July 1, 2019)	17.8	0.0	17.8
Targeted salary initiatives – DBHDS, DOC/DJJ, VMP, deputy sheriffs (February 1, 2019)	49.3	0.0	49.3
3% Base salary adjustment for teachers (July 1, 2019)	131.4	0.0	131.4
One percent bonus for state and state-supported local employees (December 1, 2019)	0.0	40.2	40.2
Additional 2% base salary adjustment for teachers, to bring to 5% total (July 1, 2019)	<u>0.0</u>	<u>87.6</u>	<u>87.6</u>
<b>Total</b>	<b>\$ 304.4</b>	<b>\$ 127.8</b>	<b>\$432.2</b>
<b>Benefits Actions for 2018-20 Biennium (GF \$ in millions)</b>			
Adjust FY 2020 funding for state share of employee health insurance premiums (Ch. 2 included FY 2020 projection of 8.5% increase)	\$ 118.2	\$ (51.3)	\$ 66.9
Increase retiree health insurance credit for public safety personnel (SPORS and VaLORS members, and local sheriffs, deputy sheriffs)	\$ 0.0	\$ 8.1	\$ 8.1

# Finance

Actions for 2018-20 Biennium (GF \$ in millions)	Ch. 2 Increase	SB 1100 Prop. Amend.	Ch. 2 Increase + SB 1100 Prop. Amend.
DOA - Provide balances and supplemental funding for the Revenue Reserve	\$ 91.0	\$ 789.3	\$ 880.3
DOA - Provide deposit to Revenue Stabilization Fund	0.0	262.9	262.9
Sec. of Finance - Study gaming governance and expansion	0.0	0.2	0.2
DOA - Replace payroll, personnel and benefits systems, and increase working capital advance (language)	0.0	0.0	0.0
TAX - Increase tobacco auditor staffing (2.0 FTEs) (GF resources = \$617,000 in year 2)	0.0	0.2	0.2
Treasury Board - Recognize debt service savings in FY 2020	39.2	(55.1)	(15.9)

# Central Appropriations

Actions for 2018-20 Biennium (GF \$ in millions)	Ch. 2 Increase	SB 1100 Prop. Amend.	Ch. 2 Increase + SB 1100 Prop. Amend.
CA - Adjust funding for Cardinal Financials system charges	\$ 0.0	\$ 1.9	\$ 1.9
CA - Cover UVA state employee healthcare premium increases	0.0	1.6	1.6
CA - Adjust funding for agency information technology costs	50.5	28.1	78.6
CA - Fund committee to study statewide paid parental leave in the Commonwealth	0.0	0.3	0.3
CA - Provide education funding for workforce development initiatives	0.0	11.0	11.0
CA - Develop integrated workforce case management system	0.0	8.0	8.0
CA - Provide higher education institutions' share of interest earnings and rebates	13.1	1.4	14.5
CA - Remove agency funding due to Cardinal Payroll implementation delay	11.1	(11.1)	0.0
CA - Reimburse presidential primary expenses for ELECT and Localities	0.0	5.9	5.9

# Technology

Proposed Spending (NGF \$ in millions)	Ch. 2 Increase	SB 1100 Prop. Amend.	Ch. 2 Increase + SB 1100 Prop. Amend.
Adjust funding for vendor pass-through payments	\$ 0.0	\$ (61.9)	\$ (61.9)
Data center migration, security services and systems audits	0.0	4.1	4.1
Software licenses (Microsoft, Java)	3.9	2.7	6.6
CESC migration plan, agency line of credit authorization	n/a	Language	Language

- Line of credit increased from \$75 million to \$165 million in Chapter 2.
- Final settlement amount between Commonwealth and Northrup Grumman is \$35.8 million, to be paid from VITA's line of credit, as are other transition costs.
- Adjustment to ISF rates paid by agencies in the second year to pay down VITA's line of credit for transition and disentanglement costs, and estimated agency utilization.
  - **\$28.1 million GF over the biennium is reflected in Central Appropriations to account for the general fund share of costs charged to agencies.**
  - **Rates should decrease following the repayment of the line of credit.**