

Legislative Department

Governor's Proposed Amendments				
(\$ in millions)				
	FY 2017 Proposed		FY 2018 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Ch. 780, 2016 Session)	\$80.3	\$3.2	\$80.3	\$3.2
Proposed Increases	0.0	0.0	0.2	0.3
Proposed Decreases	<u>(0.0)</u>	<u>(0.0)</u>	<u>(0.0)</u>	<u>(0.0)</u>
\$ Net Change	0.0	0.0	0.2	0.3
HB 1500/SB 900, as Introduced	\$80.3	\$3.1	\$80.4	\$3.4
% Change	0.0%	0.0%	0.2%	7.8%
FTEs	592.50	26.50	592.50	28.50
# Change	0.00	0.00	0.00	2.00

- **Auditor of Public Accounts**
 - *Federal Audits.* Adds \$250,000 NGF and 2 positions the second year to reflect the estimated cost of federal program audits. The nongeneral funds are reflected as Special Funds because they will be transferred from the agencies being audited.
- **Virginia Conflict of Interest and Ethics Advisory Council**
 - *Second Year Funding.* Includes \$150,000 GF the second year to restore the amount which was transferred from the second year to the first year for automating the electronic filing and processing of lobbyist disclosure statements and statements of economic interest. The original amount for the second year was administratively transferred to the first year to cover un-budgeted costs for system upgrades. This amendment restores that funding to the second year.

Judicial Department

Governor's Proposed Amendments				
(\$ in millions)				
	FY 2017 Proposed		FY 2018 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Ch. 780, 2016 Session)	\$484.5	\$33.2	\$485.3	\$33.2
Proposed Increases	0.0	0.1	2.5	0.1
Proposed Decreases	<u>(1.6)</u>	<u>(0.0)</u>	<u>(2.5)</u>	<u>(0.0)</u>
\$ Net Change	(1.6)	0.1	0.0	0.1
HB 1500/SB 900, as Introduced	\$482.9	\$33.2	\$485.3	\$33.3
% Change	(0.3%)	0.2%	0.0%	0.3%
FTEs	3,267.71	104.00	3,267.71	104.00
# Change	0.00	1.00	0.00	1.00

- **Supreme Court of Virginia**
 - *Criminal Fund and Involuntary Mental Commitment Fund.* Transfers a total of \$300,000 GF the second year from the Criminal Fund to the Involuntary Mental Commitment Fund to cover increased costs for mental health evaluations and care related to involuntary commitments. This funding is distributed across the General, Juvenile and Domestic Relations, and Combined District Courts.
- **Board of Bar Examiners**
 - *Per Diem and Compensation Rate Changes.* Adds \$34,000 NGF each year to cover compensation and per diem rate changes, based on instructions from the Supreme Court.
 - *Receptionist.* Provides \$7,395 NGF the first year and \$59,150 NGF the second year and one receptionist position to address increased workload.

- *Internal Audit.* Includes \$15,000 NGF the first year to cover the one-time cost for a consultant for audit compliance with information technology standards.
- *Security Services.* Includes \$11,000 NGF the first year and \$12,500 NGF the second year for increased security during bar examinations, hearings, and board meetings.
- **Judicial Reversion Clearing Account**
 - *District Court Clerks Compensation.* Removes \$1.6 million GF the first year and \$2.5 million GF the second year for the salary adjustments approved for district court clerks and deputy clerks by the 2016 General Assembly. This initiative was to have been effective December 1, 2016, but was contingent upon FY 2016 general fund revenue collections not falling more than one percent below the official forecast.
 - *District Court Clerks Compensation – Restoration.* Adds back \$2.5 million GF the second year for the same compensation initiative for district court clerks and deputy clerks, effective July 1, 2017.

Executive Offices

Governor's Proposed Amendments				
(\$ in millions)				
	FY 2017 Proposed		FY 2018 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Ch. 780, 2016 Session)	\$35.2	\$30.4	\$35.2	\$30.4
Proposed Increases	0.0	0.0	0.0	0.0
Proposed Decreases	(0.0)	(0.0)	(0.1)	(0.0)
\$ Net Change	<u>0.0</u>	<u>0.0</u>	<u>(0.1)</u>	<u>0.0</u>
HB 1500/SB 900, as Introduced	\$35.2	\$30.4	\$35.1	\$30.4
% Change	0.0%	0.0%	>(0.0)%	0.0%
FTEs	304.67	237.33	304.67	237.33
# Change	0.00	0.00	0.00	0.00

- **Office of the State Inspector General**
 - *Reduction in Agency Operating Costs.* Reduces the OSIG budget by \$115,122 GF the second year through reduced expenditures for software.

Administration

Governor's Proposed Amendments				
(\$ in millions)				
	FY 2017 Proposed		FY 2018 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Ch. 780, 2016 Session)	\$711.8	\$2,128.1	\$718.7	\$2,262.0
Proposed Increases	0.0	68.5	2.0	85.1
Proposed Decreases	(6.5)	0.0	0.0	(5.9)
\$ Net Change	<u>(6.5)</u>	<u>68.5</u>	<u>2.0</u>	<u>79.2</u>
HB 1500/SB 900, as Introduced	\$705.3	\$2,196.6	\$720.6	\$2,341.2
% Change	(0.91%)	3.22%	0.28%	3.50%
FTEs	373.46	469.04	353.96	487.04
# Change	0.00	3.00	(19.50)	21.00

- **Compensation Board**

- *Chesapeake City Jail Expansion.* Adds \$549,686 GF the second year to support staffing costs associated with the Chesapeake City Jail expansion project, which adds a 47,282 square foot building adjacent to the existing jail that will house 192 inmates.
- *Remove Funding for Career Development Program.* Removes \$1.7 million GF the first year and \$3.5 million GF the second year for career development funding for constitutional officers that was contingent upon the FY16 revenue forecast.
- *Restore Funding for Career Development Program.* Provides \$3.9 million GF the second year for career development programs for all qualified constitutional officers.
- *Remove Funding for Salary Compression.* Removes \$3.6 million GF the first year, and \$8.7 million GF the second year that was included in the approved budget contingent upon the FY16 revenue forecast.

- ***Restore Funding to Address Salary Compression.*** Restores funding of \$8.7 million GF the second year to address salary compression in sheriffs’ offices and regional jails. Sworn employees of sheriffs’ offices and regional jails with three or more years of continuous service will receive \$80 for each full year of service, up to a maximum of 30 years. Non-sworn employees who have three or more years of continuous service will receive \$65 for each full year of service, up to a maximum of 30 years.

- **Department of General Services**

- ***Transfer of STD Testing to Department of Health.*** Removes \$335,776 GF and 4.5 FTEs from the Division of Consolidated Laboratory Services to reflect the transfer of the responsibility for the testing of sexually transmitted diseases to the Department of Health. There is a corresponding increase in the Department of Health’s budget to reflect this transfer.
- ***Maintain Food Safety Testing Standards.*** Provides \$280,000 GF the second year for the ongoing cost of maintaining compliance with federal food safety testing standards at the Division of Consolidated Laboratory Services due to the expiration of a federal grant.
- ***October 2016 Savings.*** Includes reductions totaling \$1.0 million GF the first year to reflect the budget reductions incorporated in the Governor’s October 2016 savings plan. The plan also included a net increase in nongeneral funded items totaling \$650,816. The adjustments included:
 - Shifted general fund Emergency Preparedness Officer position to nongeneral fund;
 - Moved three contract manager positions and two support positions from general fund to nongeneral fund;
 - Reduced discretionary spending and realized savings through turnover and vacancies;
 - Allocated laboratory media services costs to nongeneral fund revenue sources; and
 - Adopted a less costly Salmonella testing method in the Division of Consolidated Laboratory Services.
- ***Agency Reductions and Savings Strategies.*** Realizes a net reduction of \$906,152 GF the second year as a result of several agency reductions, which include:

- **Virginia Strategic Sourcing Initiative.** Shifts \$425,216 GF the second year from three contract managers and two support staff positions which are currently general funded, to be supported by nongeneral fund revenue sources generated by the Virginia Strategic Sourcing Initiative.
 - **Transfer Media Services Section.** Allocates costs totaling \$116,313 GF the second year for the Media Services Section of the Division of Consolidated Laboratory Services to nongeneral fund revenue sources
 - **Additional Reduction Savings Initiatives.** Eliminates \$364,263 GF the second year through a variety of reduction initiatives including vacancy and turnover savings and the deferment of Executive Mansion projects.
- *Transfer Emergency Preparedness Position to Internal Service Fund.* Transfers the costs (\$109,287 GF, the second year) of an Emergency Preparedness Officer position to the internal service fund of the Statewide Building Management Program. The duties of the position fully support the program, which is funded from fees assessed for the rent and management of state office space and other facilities.
- *Alternative Laboratory Testing Method for Salmonella Serotyping.* Eliminates \$219,462 GF and 2.0 vacant FTEs the second year to reflect cost efficiencies gained in the adoption of pulsed-field gel electrophoresis (PFGE) in place of conventional and molecular methods for Salmonella serotyping.
- **Department of Human Resource Management**
 - *Add Positions to Administer Line of Duty Act Health Benefits Program.* Adds \$192,905 NGF for two positions the second year to administer the Line of Duty Act Health Benefits Program created under Chapter 677 of the 2016 Acts of Assembly, effective July 1, 2017.
 - *Establishes Line of Duty Act (LODA) Health Benefits Program.* Provides \$8.7 million NGF the second year to create a new service area for the health benefits component of LODA. Chapter 677 transferred the administration of health insurance benefits under LODA from the Department of Accounts Transfer Payments to the Department of Human Resource Management, effective July 1, 2017. There is a corresponding amendment in the Department of Accounts Transfer Payments to recognize the transfer of this administrative responsibility to DHRM. In addition, a separate amendment proposes funding for two positions to administer the program.
 - *Convert Personnel Management Information System (PMIS) to Internal Service Fund (ISF).* Removes associated PMIS cost of \$1.9 million GF the second year to

establish PMIS and its subsystems as an internal service fund. A companion amendment in Central Appropriations provides executive branch agencies with their respective general fund share of the system's operating cost, which totals \$935,760 GF the second year.

- ***Eliminate FTEs, Add Positions to Administer PMIS System.*** Eliminates 3.0 FTEs through layoff the second year, the cost for which totals \$379,289 NGF. These positions currently administer antiquated and obsolete software that is scheduled to be decommissioned. Also, a separate amendment adds \$351,300 NGF and three technology related positions the second year to administer the PMIS system. The positions would be funded through Internal Service Fund charges to participating agencies.

- **Department of Elections**

- ***Continue Elections Activities Currently Supported by HAVA.*** Provides \$2.3 million GF the second year to continue activities currently supported by the federal Help America Vote Act (HAVA) grant. Based on the current rate of spending associated with HAVA funded elections activities, the grant funding will be depleted during FY 2018.
 - ***Convert Contract IT Workers to Classified Positions.*** Converts five information technology contractors who are funded through HAVA grant funds to classified state employees (three positions the first year, and two additional positions the second year, for a total of five positions). The cost associated with the position conversions are accounted for in the \$2.3 million GF request for the continuation of HAVA related activities following the depletion of grant funding during FY 2018.
- ***Maintain Online Services for Military and Overseas Voters.*** Provides \$570,000 GF the second year to continue support for an electronic ballot delivery system previously funded through the Department of Defense's Federal Voting Assistance Program. Funding associated with this grant expired on October 31, 2016.
- ***Enhancements to the Virginia Election and Registration Information System (VERIS).*** Provides \$1.0 million GF to make improvements to the VERIS system that will make it more efficient for localities, ensure uniformity of operations and scalability for different periods of demand.
- ***Improve Local Access to VERIS.*** Adds \$217,869 GF and 1.0 FTE to implement and administer improvements to VERIS, using a two factor authentication system.

- ***November 2017 Election Call Center.*** Includes one-time funding of \$105,000 GF the second year for a call center to support voter inquires related to voting locations, registration status and eligibility.
- ***Voter Registration and Absentee Ballot Application Printing Costs.*** Adds \$50,000 GF the second year for one-time costs to print additional voter registration and absentee ballot applications for the November 2017 election.
- ***October 2016 Savings.*** Includes reductions totaling \$109,509 GF the first year to reflect the budget reductions incorporated in the Governor’s October 2016 savings plan. These reductions include savings achieved through leaving vacant positions unfilled, and savings gained by providing required training to general registrars and electoral board members through an online format.
- ***Vacancy Savings.*** Eliminates \$56,041 GF the second year through the continuation of vacancy savings recognized in the October 2016 savings plan.
- ***Reduce Printing of Election Materials.*** Removes \$20,000 GF the second year by providing forms and envelopes to localities in an electronic format, which may be printed by the locality as needed.

Finance

Governor's Proposed Amendments				
(\$ in millions)				
	FY 2017 Proposed		FY 2018 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Ch. 780, 2016 Session)	\$2,467.1	\$667.7	\$1,890.4	\$670.2
Proposed Increases	0.0	0.0	0.0	0.0
Proposed Decreases	(14.3)	0.0	(3.0)	(9.4)
\$ Net Change	<u>(14.3)</u>	<u>0.0</u>	<u>(3.0)</u>	<u>(9.4)</u>
2016-18 Proposed Budget	\$2,452.8	\$667.7	\$1,887.5	\$660.8
% Change	>(0.0%)	0.0%	>(0.0%)	(1.4%)
FTEs	1,098.60	204.40	1,094.60	204.40
# Change	0.00	0.00	(4.00)	0.00

- **Department of Accounts**

- *Working Capital Advance for Payroll System Replacement.* Provides up to a \$52.0 million working capital advance to the Department to reflect the estimated total cost of the replacement of the Commonwealth Integrated Payroll Personnel System (CIPPS). Language specifies that up to \$10.0 million may be used for unforeseen costs related to the roll-out of the Cardinal financial management system. In Chapter 780 of the 2016 Acts of Assembly, a \$25.0 million capital advance was included, \$10.0 million of which was allotted for unforeseen expenditures related to the roll-out of the Cardinal statewide financial management system.

- **Department of Accounts Transfer Payments**

- *Rainy Day Fund Withdrawal Authorization and Amounts.* Language is included that authorizes the State Comptroller to withdraw funds from the Revenue Stabilization Fund (“Rainy Day Fund”) and deposit those funds in the general fund. The withdrawal amounts are estimated at \$294.7 million in FY 2017 and

\$272.5 million in FY 2018. For both years, the estimated amounts represent one-half of the anticipated shortfall in revenues. In accordance with Article 10, Section 8, Virginia Constitution, and Section 2.2-1830, *Code of Virginia*, the amount of the transfer shall not exceed the lesser of one-half the balance of the Revenue Stabilization Fund or one-half of the forecasted shortfall in revenues.

- ***Transfer Administration of Line of Duty Act Program.*** Transfers (reduces) appropriation totaling \$9.5 million NGF the second year to the Department of Human Resource Management (DHRM) and the Virginia Retirement System (VRS) to reflect the transfer of administrative responsibility associated with the Line of Duty Act (LODA) program, pursuant to Chapter 677 of the 2016 Acts of Assembly. There are corresponding amendments for DHRM and VRS that recognize those agencies' shares of the appropriations transfer.
- ***Increase FY 2017 Rainy-Day Fund Deposit to APA Certified Amount.*** Adds \$19,286 GF the first year to increase the appropriation for the mandatory deposit to the Revenue Stabilization Fund ("Rainy-Day Fund") to reflect the amount certified by the Auditor of Public Accounts.

- **Department of Planning and Budget**

- ***Continue Contractual Obligations of the Council on Virginia's Future.*** Provides \$110,000 GF the second year to continue the Council's contracted services related to Virginia's Performance Reporting Scorecard. Pursuant to 2.2-2684, *Code of Virginia*, the Council will sunset on July 1, 2017.

- **Department of Taxation**

- ***October 2016 Savings.*** Includes reductions totaling \$2.5 million GF the first year to reflect the budget reductions incorporated in the Governor's October 2016 savings plan. The adjustments included:
 - Deferring the development of new mobile applications and technology refreshing;
 - Reduces the scope of the Audit Case Management System;
 - Deferred the hiring of one technology position and one tobacco compliance position until November 25, 2016, and eliminated funding for one technology position and two tobacco compliance positions;
 - Reduced spending for software enhancements;
 - Deferred the hiring of IT contractors;

- Reduced employee technical and leadership training;
 - Reduced travel costs;
 - Reduced the number of laptops to be refreshed, as well as not hiring consultants to perform subsequent laptop refreshing;
 - Reduces of variety of costs related to equipment maintenance, security equipment upgrades, and professional services.
- ***Tax Amnesty Program Language.*** Adds language authorizing the use of revenue generated by the tax amnesty program for costs incurred. Included is the authorization of a Treasury Loan of up to \$5.5 million for start-up costs to administer the program until it is generating revenue. Also provided is the use of revenue generated from the program for direct costs incurred to manage the program.
- ***Audit Case Management System Timeline Adjustment.*** Reduces \$475,000 GF the second year through adjusting the development timeline of the Audit Case Management System by reducing the scope of the system.
- ***Eliminate Funding for Positions.*** Eliminates \$283,126 GF the second year, which reflects funding for one technology position and two tobacco compliance positions that were added in the 2016 session.
- ***Expand Electronic Filing Mandates.*** Reduces \$83,168 GF the second year by adhering to budget language mandating that forms be submitted electronically for the Use Tax and Consumer Tax, Litter Tax, and Fiduciary Tax. Savings is generated through reducing processing of paper filed returns.
- ***Reduction in Discretionary Items.*** Eliminates \$479,669 GF the second year through a variety of cost reduction strategies, including:
- Reducing discretionary operating costs (\$82,589);
 - Reducing funding for temporary staff (\$30,000);
 - Remove wage position through the elimination of annual update to Virginia Health Savings Account Plan (\$37,000); and
 - Achieve vacancy savings through eliminating funding for five non-compliance positions (\$330,080).
- ***Organizational Restructuring for Operational Efficiencies.*** Reorganizes offices internally and increases the transfer from the Land Preservation Fund. Funding for three positions is being eliminated, one of which will be abolished, resulting in

savings of \$195,762 GF and \$100,000 NGF the second year. There is also an increase in revenue use from the Land Preservation Fund totaling \$100,000 GF the second year, which will fund a position associated with the administration of the program.

- **Department of the Treasury**

- *Davey Reedy Relief Funding.* Provides \$976,873 GF the first year for relief for Mr. Davey Reedy. This action is contingent upon passage of companion legislation.
- *General Operating Cost Reduction Strategies.* Eliminates \$355,397 GF the second year by reducing funding for banking services (\$205,397), and lower check processing costs due to postage savings and a declining volume of check stock (\$150,000).
- *Supplant General Funded Activities with Nongeneral Funds.* Eliminates \$49,285 GF the first year and \$53,118 GF the second year, and supplants with nongeneral funds for the following:
 - Supplant general fund support for Cash Management, Banking and Security Analyst position with nongeneral funds (\$49,285 the first year, \$126,365 the second year);
 - Reallocate support costs within the General Management Division (\$20,572 the first year); and
 - Recover cost associated with administering the Virginia Public School Authority (\$32,546 the second year).

- **Treasury Board**

- *Adjust Debt Service Funding.* Reduces debt service funding by \$12.8 million GF the first year and \$1.0 million GF the second year due to the refunding of general obligation bonds, Virginia Public Building Authority bonds, and Virginia College Building Authority bonds.
- *Bond Authorizations for Jail Projects.* Provides Virginia Public Building Authority (VPBA) bonds for the Board of Corrections-approved Rockbridge Regional Jail project (\$103,693) and the Rappahannock Regional Jail project (\$1.1 million).

Technology

Governor's Proposed Amendments (\$ in millions)				
	FY 2017 Proposed		FY 2018 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Ch. 780, 2016 Session)	\$14.9	\$405.1	\$14.5	\$399.1
Proposed Increases	1.8	0.0	0.0	0.0
Proposed Decreases	<u>(0.0)</u>	<u>(3.5)</u>	<u>(2.2)</u>	<u>(11.9)</u>
\$ Net Change	0.0	(3.5)	(2.2)	(11.9)
HB 1500/SB 900, as Introduced	\$16.8	\$401.7	\$12.3	\$387.2
% Change	12.1%	(0.9%)	(15.2%)	(3.0%)
FTEs	21.00	218.00	7.00	234.00
# Change	0.00	(12.00)	(12.00)	4.00

- **Innovation and Entrepreneurship Investment Authority**

- *Designate Existing Program Balances for One-Time Savings.* Proposes to redirect and utilize returns on previous investments made by the Center for Innovative Technology, on behalf of the Commonwealth of Virginia, through the Growth Accelerator Program. Returns to be designated as one-time savings as part of the statewide agency reductions requested by the Governor for FY17 total \$224,404.
- *Designate Existing Program Balances for One-Time Savings.* Proposes to utilize returned or unutilized funds in the Commonwealth Research Commercialization Fund FY17 resources as part of statewide agency reductions requested by the Governor in the amount of \$200,018.
- *Reduction in Base Operating Expenditures.* Identifies savings of \$150,000 GF in administrative costs through implementation of improved management efficiencies to reduce annual base operating expenses.
- *Modify GAP Program Language.* Proposes language to change the requirements for assessing the level of return on investment achieved through investments in

the Growth Accelerator Program to take a more pragmatic and contemporary approach to private to public funding ratios in the program.

- ***Improve Utilization of Program Funds.*** Proposes language preventing the charge of indirect costs associated with administration and overhead to program funds, including but not limited to the following programs: Innovation and Entrepreneurship Measurement System, broadband, unmanned systems, Cyber Security Commission, and Information Sharing and Analysis Organization, unless approved by the Governor.

- **Virginia Information Technologies Agency**

- ***Adjust Funding for Vendor Pass-Through Payments.*** Proposes a reduction of \$7.8 million NGF the second year for vendor pass-through payments to reflect the most recent forecast of state agencies' utilization in service areas.
- ***Adjust Revenues and Transition Activities.*** Adjustments in revenues for the Shared Security Center and the transition timeline activities result in combined NGF savings of approximately \$3.4 million in FY17 and \$3.5 in FY18, as well as a personnel reduction of 12.0 FTE for the biennium.
- ***Provide Funding for the Retirement of Outstanding Debt.*** Proposes a one-time payment of \$2.3 million GF in FY17 to resolve an outstanding debt left over from the Virginia Enterprise Applications Program that was in place prior to the current statewide IT contract. The contract and program that served as the source of funds dedicated towards payment was terminated, and this outstanding balance remains.
- ***Provide Funding for the Management of Cloud-Based Services.*** Proposes a continuation of the program authorized in FY17 to evaluate the needs of the Commonwealth in relation to cloud-based services. This appropriation in the amount of \$0.6 million NGF continues the program under a fee-for-service funding model and provides for 4.0 FTE.
- ***Provide Funding for the Expansion of Bandwidth Capacity.*** Proposes two FY 18 NGF appropriations totaling \$360,000 to accommodate the requisite network bandwidth and bandwidth needs of the Capitol Square Metropolitan Area Network and Capitol Square Area that are forecast to reach capacity next year. These are both one-time and continuing costs that will be incorporated into ISF calculations.

- ***Provide Funding for Software Licenses.*** Proposes funds to meet software licensing needs of the Commonwealth, including renewals and security authentication, in two FY18 NGF appropriations totaling \$1.6 million. These are periodic and continuing costs that will be incorporated into ISF calculations.
- ***Provide Funding to Transition to New IT Environment.*** Proposes to transfer \$2.0 million from FY18 GF to FY18 NGF in order to place future fiscal obligations of this nature upon the internal service fund in the new IT environment. ISF rate adjustments should be in place in FY18 to capture revenue required to support these previous GF obligations and the new process would begin paying out of NGF in FY19.
- ***Adjust Revenues for One-Time Employee Bonus Payment.*** Increases projected ISF revenues to accommodate the Governor’s proposed one-time state employee bonus of 1.5 percent for the VITA employees. This initiative replaces the adjustments for the intended 3 percent increase in salaries authorized in Chapter 780 of the 2016 Acts of Assembly, the current biennium budget.
- ***Capture Savings from Reduced Services.*** Proposes FY18 reductions of \$5.3 million NGF as utilization of the Medicaid-related IT platform is reduced. This somewhat independent platform will transition to the new IT environment, and may see an increase in service utilization in the future.
- ***Collections of IT Revenue from the Virginia State Police.*** Proposes language authorizing VITA to collect from the VSP any revenue necessary to offset a rate increase to other Executive Branch agencies that would be created as a result of VSP’s separation from the current statewide IT contract environment. The language establishes responsibilities and a process by which this action should occur, pending passage of legislation in the upcoming 2017 session of the General Assembly. A companion language amendment is included in the Public Safety secretariat.

Central Appropriations

- ***Increased Line of Credit.*** Proposes to increase agency line of credit from \$60.0 million to \$75.0 million to offset anticipated funding needs related to the transition currently underway from the existing statewide IT contract environment to the new model.

Central Appropriations

Governor's Proposed Amendments				
(\$ in millions)				
	FY 2017 Proposed		FY 2018 Proposed	
	<u>GF</u>	<u>NGF</u>	<u>GF</u>	<u>NGF</u>
2016-18 Current Budget (Ch. 780, 2016 Session)	\$139.5	\$120.3	\$223.0	\$120.3
Proposed Increases	1.8	0.0	71.1	0.0
Proposed Decreases	(77.5)	(1.0)	(125.5)	(1.0)
\$ Net Change	<u>(75.7)</u>	<u>(1.0)</u>	<u>(54.3)</u>	<u>(1.0)</u>
HB 1500/SB 900, as Introduced	\$63.8	\$119.3	\$168.7	\$119.3
% Change	(54.3%)	(0.8%)	(24.3%)	(0.8%)
FTEs	0.00	0.00	0.00	0.00
# Change	0.00	0.00	0.00	0.00

- **Employee Compensation Adjustments**

- *Reflect the Required Reversal of Funding for Public Employee Salary Increases.* Captures savings of \$69.2 million GF the first year and \$121.1 million GF the second year to reflect the elimination of the salary actions approved in Chapter 780 of the 2016 Acts of Assembly which were contingent upon FY 2016 revenues not being more than 1 percent below the revenues assumed in the budget for FY 2016. Similar amendments within the State Compensation Board, the Judicial Reversion Clearing Account, and the Department of Education reflect additional savings as a result of the deferral of salary actions tied to the FY 2016 revenues.
- *Provide Compensation Actions for State Employees and State-Supported Local Employees.* Proposes \$60.0 million GF the second year for three compensation actions: (1) \$42.2 million for a 1.5 percent bonus for state employees on December 1, 2017; (2) \$13.8 million for a 1.5 percent bonus for state-supported local employees on December 1, 2017, and (3) \$4.0 million for the State Police to further address salary compression issues.

- **Higher Education Interest**

- *Higher Education Interest and Credit Card Rebates.* Captures savings of \$4.0 million each year by eliminating the payments to individual institutions of higher education of the interest earned on tuition and fees and other nongeneral fund educational and general revenues deposited to the state treasury (savings of \$1.75 million each year) and eliminating the payment to individual institutions of a pro rata amount of the rebate paid on credit card purchases not exceeding \$5,000 during the previous year (savings of \$2.25 million each year).

- **Transition Support**

- *Fund Inauguration and Transition for Statewide Elected Officials.* Proposes \$2.2 million GF the second year to cover expenses that will be incurred by the Office of the Secretary of Administration, the Department of General Services, and the Virginia Information Technologies Agency as they provide support services to transition teams for the incoming Governor, Lieutenant Governor, and Attorney General.

- **Undistributed Support**

- *Adjustments in Funding for Programs and Systems Administered Through Internal Service Funds.* Includes several amendments which adjust funding provided to agencies to support cost incurred from charges made for technology services and employee fringe benefit programs administered by other state agencies based on updated utilization estimates.

Proposed Amendments to Support Internal Service Fund Charges		
(\$ GF only)		
	<u>FY 2017</u>	<u>FY 2018</u>
<u>Technology Charges</u>		
VITA Charges	\$583,074	\$2,367,876
Cardinal Financial System	(387,737)	(78,479)
Personal Management Info System	0	935,760
<u>Employee Benefit Programs</u>		
Line of Duty	\$181,038	\$181,038
Workers Compensation Premiums	0	(279,966)
Totals	\$376,375	\$3,126,229

- ***Other Initiatives***
 - ***Incentive Packages for Researchers, Research Equipment and Lab Renovations.*** Captures savings of \$4.0 million the first year by reducing from \$8.0 million GF to \$4.0 million GF the funding available to provide one-time incentive packages to attract high performing researchers, renovate research labs, and acquire research equipment in partnership with INOVA and other institutions and private sector entities.
 - ***Provide Funding for a Government Internship and Training Program.*** Proposes \$1.2 million GF the second year to develop an internship and training program within state government for the purposes of improving the Commonwealth's succession planning capabilities.
 - ***Provide Funding for Personnel Related Legislative and Regulatory Changes.*** Provides \$1.0 million GF the first year and \$3.0 million GF the second year as a reserve for the potential impact of new federal regulations related to overtime compensation through the Fair Labor Standards Act and to fund the impact of new federal regulations, still under development, which require background checks for individuals with access to federal tax information.
 - ***Provide Funding for Potential Litigation.*** Proposes \$1.2 million GF the second year for the legal costs associated with potential litigation.