

Public Safety and Homeland Security

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)	\$1,903.0	\$1,021.5	\$1,928.7	\$1,037.1
Proposed Increases	\$11.5	\$0.0	\$20.1	\$0.6
Proposed Decreases	<u>(26.1)</u>	<u>(0.0)</u>	<u>(27.7)</u>	<u>(0.0)</u>
\$ Net Change	(14.6)	0.0	(7.6)	0.6
2016-18 Proposed Budget	\$1,888.4	\$1,021.5	\$1,921.1	\$1,037.7
% Change	(0.8%)	0.0%	(0.4%)	0.1%
FTEs	17,609.32	2,419.18	17,379.32	2,450.18
# Change	0.00	1.00	(245.00)	26.00

- **Department of Alcoholic Beverage Control**

- **Total Operating Revenues.** Assumes total operating revenues for the agency will increase by 8.7 percent over two years, from \$897.9 million NGF in FY 2016 (actual) to \$976.0 million NGF in FY 2018, as shown below. The increase reflects several factors, including population growth, opening new stores, Sunday sales, and customers trading up to more expensive brands.

	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
Total Operating Revenues	\$897.9	\$935.9	\$976.0
ABC Profits (transfer to GF)	\$164.9	\$165.4	\$169.5

- **Net Profits.** Adds increased transfers to the general fund of \$13.0 million the first year and \$11.6 million the second year, from net profits. Accordingly, total transfers to the general fund will increase 2.8 percent, from \$164.9 million in FY 2016 to \$169.5 million in FY 2018, as shown above.

- *Retail Store Staffing.* Adds \$552,236 NGF the second year and 25 positions to address workforce shortages due primarily to the 29-hour rule.
- *Capital Project - New Warehouse and Office Complex.* Authorizes bond financing in the amount of \$104.8 million in Part 2 (Capital Outlay) through the Virginia Public Building Authority (VPBA) to construct or acquire a new central office and warehouse facility.
 - Language in Item C-31.50 provides that the debt service on the VPBA bonds is to be paid from appropriations to the Treasury Board and that upon completion of the project, the existing warehouse and central office facility is to be sold at fair market value. Under the proposed language, ABC would be able to undertake this project through any process authorized by law, including but not limited to the Public-Private Educational Facilities and Infrastructure Act (PPEA), a capital lease, or design-build process. The name of the agency (“ABC”) is clarified to include the authority into which the department will transition in 2018.

- **Department of Corrections**

- *October 2016 Savings.* Includes reductions totaling \$16.6 million GF the first year to reflect the budget reductions incorporated in the Governor’s October 2016 savings plan:
 - Delayed opening of Culpeper Correctional Center for Women (-\$6.7 million GF and a reduction of 255 positions);
 - Savings from staff vacancies (-\$4.0 million GF);
 - Deferral of new and replacement equipment (-\$4.4 million GF);
 - Elimination of mothball funding for Mecklenburg Correctional Center, which was demolished (-\$443,048 GF);
 - Transfer of NGF balances to the general fund (\$411,076 NGF to GF); and
 - Supplanting general fund appropriations with NGF balances from Virginia Correctional Enterprises and other sources (-\$1.2 million GF).
- *Delayed Opening of Culpeper.* Includes a further reduction of \$21.7 million GF and 255 positions the second year to reflect deferral of opening this facility until the 2018-20 biennium. This facility was transferred to DOC from the Department of Juvenile Justice (DJJ) on July 1, 2014. The facility is currently mothballed.

- ***Mothball Funding for Mecklenburg.*** Eliminates \$443,048 GF the second year to continue the first-year reduction noted above.
- ***Inmate Medical Costs.*** Adds \$11.4 million GF the first year and \$7.2 million GF the second year for the increased cost of providing medical care to inmates.
 - The proposed amounts were calculated based on the projected cost of DOC providing medical services using its own personnel in all facilities.
 - The ratio of inpatient to outpatient services has increased, as has the number of more serious patients with higher costs. Both factors have the effect of increasing costs.
 - The amendment assumes the projection provided by Anthem of a 7.5 percent increase each year in inpatient and outpatient costs (from FY 2016 to 2017 and from FY 2017 to 2018), and a 3.5 percent increase each year in other medical costs based on the May 2016 CPI for health services.
 - The amendment assumes the \$4.0 million supplement paid by DOC to VCU Health resulting from DOC use of Anthem Healthkeepers is not included in the FY 2018 appropriation. This supplemental payment occurred in fiscal years 2016 and 2017 to offset an anticipated reduction of DOC payments to VCU totaling \$8.0 million based on a memorandum of agreement signed between the two agencies.
- ***Proposed Legislation.*** Adds \$300,000 GF the second year for projected increases in the need for corrections bedspace associated with legislation proposed by the Governor, pursuant to Section 30-19.1:4 of the *Code of Virginia*. The proposed bills would:
 - Expand prohibitions regarding proximity to children (\$50,000);
 - Prohibit the taking of contraband into the Virginia Center for Behavioral Rehabilitation (\$50,000);
 - Add computer crimes to the Virginia RICO statute (\$50,000);
 - Require background checks on all firearms transfers or sales (\$50,000);
 - Prohibit possession of firearms by persons subject to any protective order (\$50,000); and,
 - Include various provisions under an omnibus firearms bill (\$50,000).

- *Additional Staff for Death Investigations.* Includes \$200,000 GF and two positions the second year for investigation of deaths in jails. The Governor will propose legislation to authorize the State Board of Corrections to investigate deaths in local and regional jails.
- *Disposal of Surplus Property.* Adds language in Part 3 (Section 3-1.01, paragraph CC.) authorizing the Department of General Services to dispose of the Pulaski Correctional Center and the White Post Detention and Diversion Center. The options for disposal of these properties may include sale or transfer to other agencies or to local government entities. The proceeds from all or any part of these properties shall be deposited into the general fund by June 30, 2018.
- **Department of Criminal Justice Services**
 - *October 2016 Savings.* Includes reductions totaling \$1.5 million GF the first year to reflect the budget reductions incorporated in the Governor’s October 2016 savings plan:
 - Delayed awarding of additional grants for local pre-trial and community corrections programs (-\$1.5 million GF);
 - Transfer of a NGF balance from the school resource officer program to the general fund (\$411,000 NGF balance to GF); and,
 - Transfer of a NGF balance from asset forfeiture proceeds to the general fund (\$4.4 million NGF balance to GF).
 - *Reduced Funding for New Pre-Trial Programs.* Includes a reduction of \$500,000 GF the second year for new pre-trial programs. This is a continuation of the first-year reduction noted above.
 - *Jail Mental Health Grants.* Adds \$4.2 million GF and two positions the second year for grants to local and regional jails for mental health screening and assessment. Language is included specifying the following points:
 - Of this amount, \$200,000 and two positions are provided to administer the program, and \$4.0 million is provided for grants based on criteria to be developed by DCJS in consultation with the Department of Behavioral Health and Developmental Services.
 - The criteria are to be based on demonstration of need, including but not limited to the number of individuals judged not guilty by reason of insanity.

- These funds are not to be used to supplant current local funds being used for screening and assessment, but rather to supplement those funds.
- Beginning September 1, 2018, DCJS is to submit an annual report to the Secretary of Public Safety and Homeland Security and the Secretary of Health and Human Resources on the jails receiving grants, the amounts paid, the purposes of the grants, the numbers of inmates screened and assessed, and the results of those screenings and assessments.
- Chapter 780 of the 2016 Acts of Assembly included \$1.0 million GF the first year and \$2.5 million GF the second year for up to six grants to local or regional jails for pilot programs to improve services to inmates in jail who have serious mental illness, or to provide pre-incarceration crisis intervention services to divert the mentally ill from jail. Six jails have been awarded grants with these funds:
 - Chesterfield County Jail;
 - Hampton Roads Regional Jail;
 - Middle River Regional Jail;
 - Prince William-Manassas Regional Adult Detention Center;
 - Richmond City Justice Center; and,
 - Western Virginia Regional Jail.
- *Community Policing.* Provides \$500,000 GF and one position to develop new training standards and curricula for community policing. A Governor's bill authorizing this initiative is to be introduced.
- *Victim/Witness Grant Awards.* Includes a reduction of \$1.7 million GF in the amounts available for grant awards to local victim/witness programs.
- *Administrative Reductions.* Includes a reduction of \$112,717 GF the second year to reflect the elimination of two support positions.
- **Department of Emergency Management**
 - *Operational Efficiencies.* Includes a reduction of \$195,880 GF the second year to reflect savings from operational efficiencies, including decreased use of contract employees by filling vacant positions.
 - *Nongeneral Fund Position.* Increases the Maximum Employment Level (MEL) by one NGF position.

- **Department of Fire Programs**
 - *October 2016 Savings.* Includes a reduction of \$123,712 GF the first year to reflect the budget reductions incorporated in the Governor’s October 2016 savings plan. This reduction was based on supplanting agency administrative costs with Special Fund revenues from the Fire Programs Fund.
 - *Supplanting Administrative Costs.* Continues the reduction of \$123,712 GF the second year by supplanting administrative costs with Special Funds.
- **Department of Forensic Science**
 - *October 2016 Savings.* Includes a reduction of \$1.1 million GF the first year to reflect the budget reductions incorporated in the Governor’s October 2016 savings plan. This reduction was based on savings from reduced discretionary spending, vacancies, and operational efficiencies.
 - *Overtime Funding.* Adds \$91,720 GF the first year to restore part of the Governor’s October 2016 budget reduction for overtime pay for laboratory staff to reduce the case turnaround time for court-mandated activities.
- **Department of Military Affairs**
 - *Armory Maintenance.* Includes a reduction of \$171,885 GF the second year in funding for readiness center (armory) operations and maintenance.

Capital Outlay Amendments

- *Acquire Land for Readiness Centers.* Includes \$3.0 million the second year from bond proceeds in Part 2 (Item C-34.10) for acquisition of land for readiness centers (formerly called armories). Item C-52.60 provides the language authorizing the Virginia Public Building Authority to issue bonds for this purpose.
- *Renovate Roanoke Field Maintenance Shop.* Includes \$1.0 million NGF from federal funds and \$323,000 from bond proceeds the first year in Part 2 (Item C-34.10) for renovation of the Roanoke field maintenance shop. Item C-52.60 provides the language authorizing the Virginia Public Building Authority (VPBA) to issue bonds for this purpose. This facility was formerly the Botetourt Correctional Field Unit and was transferred from DOC to the Department of Military Affairs for use by the National Guard as a readiness center and field maintenance shop.

- **Department of State Police**

- ***October 2016 Savings.*** Includes reductions totaling \$6.8 million GF the first year to reflect the budget reductions incorporated in the Governor’s October 2016 savings plan:
 - Supplanting general funds with nongeneral fund balances from the Sex Offender Registry Fund, Help Eliminate Auto Theft (HEAT) Fund, the Insurance Fraud Fund, and the Safety Fund (-\$5.6 million GF, with language authorizing the nongeneral funds to be expended in the first year for any purpose authorized in Item 423);
 - Savings from not filling two new positions provided for the new Area Office for the New River Valley (-\$205,772 GF); and,
 - Savings from not filling ten new positions provided for the Special Operation Division (-\$1.1 million GF);
- ***New River Valley Area Office.*** Includes a reduction of \$234,680 GF and two positions the second year to continue the first-year budget reduction contained in the Governor’s October 2016 savings plan as noted above.
- ***Special Operations Division.*** Includes a reduction of \$2.4 million GF and 20 positions the second year to continue the first-year budget reduction contained in the Governor’s October 2016 savings plan as noted above.
- ***State Agencies Radio System (STARS).*** Provides \$620,371 GF and \$3.4 million NGF from unobligated bond balances in the second year for high-priority improvements to the STARS radio system. The total unobligated bond balance from the STARS project is currently \$6.0 million. The NGF recommendations below total \$3.4 million, leaving a remaining balance of \$2.6 million.
 - \$620,371 GF the second year for debt service payments under the Master Equipment Lease Program (MELP). This will enable State Police to lease an average of five repeater replacement units for each of 55 sites, totaling \$5.7 million over the term of the lease. Replacement of these units is required due to a planned network-wide software upgrade in July 2019.
 - \$2.1 million NGF from unobligated bond balances to replace 67 power plants which support the STARS backbone network.
 - \$250,000 NGF from unobligated bond balances for software components that monitor the microwave networks and the redundancy network. Both systems are ten years old and do not have manufacturer support.

- \$1.1 million NGF for replacement of 200 mobile data terminals (MDTs), which are the laptops in trooper vehicles. Replacement is ongoing -- State Police has replaced 1,200 of its own MDTs with existing funding and has 200 remaining to be replaced.
- *Separation from VITA.* Provides \$5.9 million GF and 16 positions the second year to support the separation of the Department of State Police from VITA oversight of its information technology environment.
- This amount includes \$3.1 million for hardware and software costs, \$500,000 for construction or lease of physical space, \$2.3 million for personal services (either through full-time or contract employees), and \$55,000 for training costs.
 - This amount (\$5.9 million GF) is in addition to \$7.6 million already in the department's base budget for VITA-related charges.
 - The department's separation from information technology services currently provided by Northrop Grumman is estimated to increase rates paid by all remaining executive branch agencies by about \$3.6 million.
 - These stranded costs represent the department's share of fixed contractual fees, VITA costs for oversight, governance, and enterprise operations, and contractual fees incurred by State Police as a result of their separation from VITA. Accordingly, language is included directing VITA to bill the Department of State Police for these costs instead of raising rates for other state agencies. VITA is to be responsible for determining these costs and communicating the total to the Departments of Planning and Budget and State Police, and VITA is to bill State Police for these costs until the disentanglement of each individual enterprise service and related separation activities is complete.
 - The \$5.9 million GF in new funding noted above, plus the \$7.6 million already in the base budget, less \$3.6 million in stranded costs to be billed by VITA, leaves a net amount of about \$9.9 million available to State Police for post-separation expenses.
- *Background Checks.* Adds \$494,236 GF and six positions the second year to support criminal background checks and firearms transaction background checks. Four of the positions are intended to support criminal background checks for child day care center employees and volunteers, as provided in language in Item 349.G. under the Department of Social Services. The other two positions are intended to support the firearms transaction program.

- The language in Item 349.G. addresses the implementation of Chapter 758 of the 2015 Session, concerning the regulation of child day care centers and family day homes.
 - This legislation requires federal criminal history background checks for employees and volunteers of licensed child day care centers and family day homes, and includes other regulatory changes, effective July 1, 2016.
 - The Departments of Social Services and State Police estimate this legislation will result in 70,000 to 80,000 additional background checks.
 - The Fiscal Impact Statement in 2015 estimated State Police would need five additional positions to implement this legislation.
- *Universal Background Checks.* Includes \$507,904 GF and seven positions to process additional background checks resulting from legislation to be proposed by the Governor requiring universal background checks for all firearms transactions.
 - *ICAC Funding Transfer Language.* Adds language in Part 3 (Section 3-1.01, in paragraph W.) providing for monthly rather than annual transfer of funds under the Internet Crime Against Children (ICAC) program to the Departments of State Police, Criminal Justice Services, and Social Services.

Capital Project

- *Training Academy.* Includes language in Part 2 (Capital Outlay) under Item C-52.20, authorizing the Department of State Police to proceed to detailed planning for a capital project to replace its Training Academy located on Midlothian Turnpike in Chesterfield County. The detailed planning may be funded from amounts in the Central Capital Planning Fund.

- **Virginia Parole Board**

- *Part-Time Investigators.* Adds \$40,000 GF the first year and \$193,124 GF the second year for four additional part-time investigators to address the increased workload associated with the growing number of requests for pardons.

Veterans and Defense Affairs

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)	\$18.8	\$61.1	\$20.7	\$61.1
Proposed Increases	0.0	0.0	1.5	0.1
Proposed Decreases	(0.1)	(0.0)	(0.1)	(0.0)
\$ Net Change	(0.1)	0.0	1.4	0.1
2016-18 Proposed Budget	\$18.7	\$61.0	\$22.0	\$61.1
% Change	0.0%	0.0%	6.7%	0.1%
FTEs	164.00	602.00	205.00	602.00
# Change	0.00	0.00	33.00	0.00

- **Department of Veterans Services**

- *October 2016 Savings.* Includes reductions totaling \$144,057 GF the first year to reflect the budget reductions incorporated in the Governor's October 2016 savings plan. This reduction captures grant funding for the Virginia Values Veterans (V3) program that is not needed to meet anticipated grant requests in FY 2017.
- *Delay Hiring of New Administrator.* Includes a reduction of \$133,333 GF and one position the second year by delaying until FY 2019 the hiring of an administrator for the new veterans care center.
- *Reorganization of Virginia Veteran and Family Support (VVFS) Program.* Adds \$610,128 GF and 34 positions the second year to reorganize the VVFS program (formerly known as the Virginia Wounded Warrior Program), which coordinates mental health and rehabilitative services for veterans, guardsmen and reservists not active in federal service, and their families. Instead of using contract staff provided by local Community Services Boards (CSBs), the department will use its own employees. This is intended to provide a clear chain of command, a more standardized approach, and clearer accountability for results.

- Following completion of the JLARC report on the Department of Veterans Services in late 2015, the General Assembly added language in the 2016 appropriation act directing a working group (comprised of the Secretary of Health and Human Resources, the Secretary of Veterans and Defense Affairs, and the Director of JLARC), to review the VVFS program and provide a follow-up report to JLARC by November 15, 2016. This report was presented to JLARC at its November 2016 meeting.
 - The language further provided that upon unanimous request of the working group, the Director, Department of Planning and Budget would transfer \$393,494 GF the first year (which was set aside in Chapter 780 of the 2016 Acts of Assembly under the Secretary of Veterans and Defense Affairs), to implement the recommendations of the working group for the VVFS program. The request was made, and DPB is now in the process of implementing this transfer to the VVFS program.
 - Chapter 780 also included \$687,684 GF the second year for the VVFS program. The budget as introduced adds an additional \$610,128 GF and 34 positions the second year to move all of the VVFS positions from the CSBs into state employment status under the Department of Veterans Services, effective July 1, 2017, rather than phasing-in the reorganization over three years, as originally proposed. These 34 positions are currently employees of 11 local CSBs, and are physically located in 19 CSBs, but all 34 positions will become state employees as of July 1, 2017, under the reorganization.
 - The working group report provided four options for reorganization of the VVFS program. The option incorporated in the budget as introduced converts the same number of positions currently working on a contract basis to state employment, allowing for standardized service delivery across all VVFS offices. The working group anticipates this approach will allow the program to (i) provide better and more consistent services to clients than the CSB contract model, and (ii) provide more capacity than the other options.
 - A projected FY 2017 balance of about \$86,000 will be used to offset the FY 2018 cost of the reorganization.
- *Virginia Veteran Entrepreneurship Grant Fund.* Provides \$900,000 GF the second year to establish a new program to award grants to organizations that assist veterans in starting new businesses. A companion Governor’s bill is to be introduced to authorize this program.

- *Veterans Cemeteries.* Includes language authorizing a treasury loan for the construction of additional cremated burial sites and associated landscaping and infrastructure at the Suffolk veterans cemetery, subject to the confirmation of federal grant funding.
- *Nongeneral Fund Appropriation.* Adds \$60,000 NGF the second year to reflect increased private donations for veterans cemeteries and care centers.