

**Key Features of the Senate Finance Committee  
Amendments to Senate Bills 850  
February 8, 2009**

**Revenue Resources**

- Includes a limited amount of new, one-time general fund revenues generated by a tax amnesty program (SB 1120) and an acceleration of sales tax payments by businesses with annual taxable sales above \$50 million (SB 987 Substitute). The new revenues were used largely to cover one-time spending and to partially cover the loss of revenues assumed in the budget as introduced. The proposed budget also leaves an unappropriated balance of about \$44 million in anticipation of further revenue reductions.

**Public Education**

- Adopts temporary reductions of \$368.4 million GF for public education, but modifies the proposed change in methodology that had been included in SB 850, as introduced.
- Allows school divisions to choose whether their school construction grant funding will be spent on non-recurring or on operating expenses.
- Defers 50 percent of the funding for textbooks in FY 2010, with this deferral ultimately being left up to the local school division.
- Provides \$1.1 million to account for expected growth in the number of teachers eligible for bonuses due to certification from the National Board for Professional Teaching Standards.
- Authorizes creation of a statewide health insurance program for employees of Virginia public school divisions. The Department of

Human Resource Management is granted a \$20.0 million line of credit to cover implementation costs.

## **Higher Education**

- Captures savings of \$8.0 million GF the second year by increasing the capital fee for out-of-state students from \$2 per credit hour to \$6 per credit hour and distributes the revenue among the institutions of higher education based on the distribution set out in SB 850, as introduced.
- Provides an additional \$4.0 million for student financial assistance above the \$25.9 million that was included in the introduced budget.
- Allocates \$351,000 for SB 1214 to allow more flexibility in eligibility for the two-year transfer grant and maintains the \$1.3 million in additional funding for an increase in the award amounts for the grant that was included in the introduced budget and SB 1240.
- Rejects establishing limits on the authority of higher education institutions to set their own tuition rates.
- Restores \$4.0 million or two-thirds of the funding originally provided in FY 2010 for the Eminent Scholars program.

## **Health and Human Resources**

- Restores \$4.7 million to operate the Commonwealth Center for Children and Adolescents and the adolescent unit at Southwestern Virginia Mental Health Institute at 50 percent of their current bed capacity and preserves \$2.1 million for youth who can be treated at private psychiatric hospitals.

- Restores \$5.5 million to continue operating the Southeastern Virginia Training Center through December 31, 2009. Also restores \$400,000 for the Regional Community Support Center to ensure that dental and other services will be available to individuals with mental retardation residing in the Hampton Roads community.
- Restores \$154.9 million for Medicaid-funded services.
- Reduces \$27.1 million from reimbursements to Medicaid providers including:
  - \$12.0 million for a three percent reduction to nursing homes;
  - \$8.1 million for a three percent reduction for physicians services;
  - \$3.3 million for a three percent reduction to teaching hospitals; and
  - \$1.8 million for a three percent reduction for dental services.
- Diverts \$9.4 million from the “\$4.25 for Life” program by directing \$1.50 from the current fee to the general fund in FY 2010.
- Directs \$7.3 million from the Virginia Tobacco Settlement Fund to the Virginia Health Care Fund to offset the cost of rising Medicaid caseloads.
- Adds \$1.8 million to maintain current funding for free clinics and community health centers.
- Restores \$1.0 million to maintain funding for the Commonwealth’s Poison Control Centers.

## **Public Safety**

- Adds \$1.5 million to expand existing community corrections and pre-trial release programs to reduce jail crowding.
- Restores \$1.2 million for substance abuse and mental health treatment in adult and juvenile corrections.
- Restores \$1.0 million for the Virginia Wilderness Institute juvenile facility, a 32-bed facility in Buchanan County which contracts with the Department of Juvenile Justice.
- Initiates a pilot program to expand electronic incarceration for at least 500 non-violent, lower-risk offenders in FY 2010 and at least 1,600 each year of the next biennium, pursuant to SB 1540.
- Restricts the definition of offenders who would be eligible for the Governor's proposed 90-day early release initiative to those offenders who are defined as non-violent for purposes of the sentencing guidelines, and also excludes drug dealers.
- Restricts the definition of offenders who would be eligible for the Governor's proposed behavioral corrections program to those offenders who are defined as non-violent for purposes of the sentencing guidelines, and also excludes drug dealers. The budget language is linked to SB 1196.
- Initiates a joint subcommittee to review Virginia's policies for reimbursing localities for part of the cost of jail construction.
- Closes the Hanover Juvenile Correctional Center, and the Commonwealth Challenge program at the State Military Reservation in Virginia Beach.
- Postpones the 115<sup>th</sup> and 116<sup>th</sup> Basic Trooper Schools at the Department of State Police until the next biennium.

- Includes no further reduction in state aid to localities with police departments (HB 599 of 1979), beyond the reductions contained in the budget as introduced.
- Adds \$400,000 for the Internet Crimes Against Children (ICAC) task forces in Northern and Southern Virginia.
- Adds \$200,000 GF along with additional nongeneral funds to fully fund the National Guard tuition assistance program in the Department of Military Affairs.
- Restores \$50,000 for the pilot project for the automated veterans benefits claims system in the Department of Veterans Services.

### **Natural Resources**

- Provides \$18.5 million for agricultural best management practices to prevent nutrients and sediment from polluting state waters.
- Includes \$1.5 million for the Water Quality Improvement Fund for point and nonpoint source water pollution control.
- Proposes no additional reduction to Natural Resources Agencies.

### **Economic Development**

- Provides \$6.3 million for the Governor's Opportunity fund to help stimulate economic development.
- Provides \$1.2 million for the Fort Monroe Federal Area Development Authority.

## **Transportation**

- Provides specific goals, guidelines, and reporting requirements for the Virginia Department of Transportation in implementing reduction in force efforts necessitated by reduced appropriations in FY 2009 and FY 2010.
- Establishes a one-time competitive grant program for Mass Transit Operating Assistance that is available to the Commonwealth's small transit systems, as well as transit systems in larger municipalities, through a one-year set-aside of 10 percent of the funding available for Mass Transit Capital programs.
- Encourages ongoing environmental stewardship programs by requiring VDOT to review other states' approaches to reforestation of highway corridors in densely populated areas and recommend a reforestation plan for the Capital Beltway High-Occupancy Toll Lane Project.

## **Virginia's Court System**

- Authorizes the Supreme Court to set a cap on court-appointed counsel fees for capital cases.
- Authorizes the Supreme Court to add an additional fee to cover the cost of developing the electronic case filing system.
- Adds \$50,000 for the expenses of special justices who preside over involuntary mental commitment hearings.

## **General Government**

- Allows the Clerk of the Circuit Court to petition the chief judge for relief from statutory deadlines in cases where insufficient staff are available due to budget reductions.
- Reverses the proposed transfer of the Human Rights Council to the Department of Labor and Industry.
- Provides \$225,000 GF the second year pursuant to the passage of SB 943, which amends the definition of "deceased person" under the Line of Duty Act.
- Replaces \$9.2 million GF the second year with \$22.0 million NGF each year. These nongeneral funds are derived from fees provided in SB 1006

## **Capital Outlay**

- Provides an additional \$8.2 million GF for equipment for previously authorized capital projects. With this increase, the total recommended for equipment in SB 850 is \$34.8 million.
- Allows projects authorized for preplanning or planning in the 2008 capital bond bill to continue planning with nongeneral funds.

## **Employee Compensation**

- Provides \$3.4 million to continue long-term care coverage under the state employee disability program.

- Captures savings of \$1.3 million GF the second year from an increase in the maximum retirement age for judges from 70 to 75 years of age, as provided for in SB 856.
- Strikes language that would have authorized localities to utilize retirement rates other than those set by the board of the Virginia Retirement System.
- Authorizes the Department of Human Resource Management to create a statewide health insurance program for employees of Virginia public school divisions. The Department is granted a \$20.0 million line of credit to cover implementation costs.

### **Non-State Agencies**

- Provides no funding at this time for traditional state grants to non-state agencies, such as museums and historic sites.