

Key Features of the Senate Finance Committee Amendments to Senate Bills 29 and 30 (February 21, 2010)

Public Education

- **Minimizes net additional (beyond those in the introduced budget) GF reductions, prioritizing K-12 education and saving jobs.** \$37 million in FY 2011 and \$96 million in FY 2012.

Also adds \$57 million per year by reinstating the Virginia Public School Authority Educational Technology Grants.

In addition, temporary partial relief on retirement contribution rates will provide significant state and local savings in the 2010-12 biennium.

- **In light of the unprecedented nature of the state and local budget situations, provide a full Local Composite Index (LCI) hold harmless for all school divisions in both years.** In the first year, adds \$29.5 million to use the updated 2010-12 LCI in FY 2011. Then, adds \$116 million in FY 2011 and \$115 million in FY 2012 to hold harmless all school divisions.
- **Endorses several reductions proposed by the Governor.** End practice of ignoring \$0 values in the calculation of the Linear Weighted Average support amounts; update support percentage calculation for the federal deduct; and other corrections.
- **DOES NOT endorse Governor's policy proposals to:** roll back base year for support costs to FY 2006; remove salary supplements for coaching and other extra duties; eliminate Enrollment Loss funding and School Breakfast; and reduce funding for At-Risk students.

- **Flexibility.** Provides flexibility to school divisions including, temporary increases to class sizes if necessary; directs DOE to study possible elimination of testing that is not required by NCLB; and directs JLARC to include in its study of regional cooperation successful consolidation of services between schools and local governments. In addition, the Senate has already passed a measure delaying new Standards of Accreditation requirements until 2011 and a bill relieving localities of the burden of collecting the triennial census of school-aged population.
- **Lottery-Funded Programs:**
 - Increases Lottery forecast to account for Powerball.
 - Increases School Breakfast reimbursement by 10 percent to 22 cents.
 - Captures non-participation savings in the Virginia Preschool Initiative for At-Risk Four-Year Olds.
 - Reduces “Additional Support for School Construction & Operating Costs.”

Higher Education

- Proposes no additional reductions over the introduced budget to Virginia’s public colleges and universities.
- Restores \$18.8 in auxiliary enterprise balances that were identified for transfer in the introduced budget.
- Reduces Tuition Assistance Grant (TAG) program funding by almost \$10 million GF in FY 2012.
- Creates an in-state student capital outlay fee to provide \$18.2 million in FY 2012 towards debt service for authorized projects.

Health and Human Resources

- Includes net reductions of \$344.1 million from the general fund.
- Frees up \$86 million from enhanced federal Medicaid funding related to the Medicare Part D “clawback” payment, eliminating any additional provider rate reductions in FY 2011.
- Restores funding for the following contingent upon passage of six additional months of enhanced federal Medicaid funding:
 - Medicaid provider rate reductions of 4 percent for hospitals, nursing homes, physicians and dentists;
 - Inflationary adjustments for inpatient hospital services and nursing homes that were withheld in the introduced budget in FY 2011;
 - Indigent care costs that were reduced by 3 percent in the introduced budget at VCU and UVA Health Systems;
 - Home and community-based waiver that were “frozen”, respite care that was reduced, and provider rates that were cut by 5 percent;
 - Eligibility for long-term community-based waiver services for those with income between 250 and 300 percent of SSI; and
 - Eligibility for the aged, blind, and disabled with income between 75 and 80 percent of poverty.
- The report does NOT freeze enrollment for low-income children and pregnant women in FAMIS, does NOT eliminate funding for consumer-directed waiver services, and does NOT eliminate an additional 236 mental health treatment beds.

- Restores \$1.9 million to shore up the safety net provided through free clinics and community health centers with the support of the Virginia Health Care Foundation. Dental services through local health departments are preserved.
- Restores \$13.3 million to maintain the capacity to provide acute, inpatient mental health treatment at the Commonwealth Center for Children and Adolescents in Staunton.
- Restores a \$1.6 million reduction to the Rescue Squad Assistance Fund with additional revenue from a \$2.00 increase in the annual \$4.00 for Life fee.
- Restores \$2.4 million each year to hospitals that operate trauma centers by increase the driver's license reinstatement fee for DWI offenses by \$50.

Public Safety

- Provides \$170.9 million each year for state aid to localities with police departments (HB 599), which is \$10.3 million above the introduced budget. However, this represents a reduction of eight percent, compared to the funding level which would have been recommended by the statutory formula.
- Closes one or more additional state correctional facility(ies), to be determined by the Department of Corrections, to achieve a budget reduction of \$9.0 million the first year and \$11.0 million the second year.
- Encourages greater use of alternatives to incarceration, including electronic monitoring and geriatric parole release, encourages the use of risk assessment for probation violators, and expands early release provisions to 90 days from 60 days prior to the end of the nominal sentence.

- Adds \$1.8 million NGF each year to expand the Internet Crimes Against Children Task Forces, pursuant to Senate Bill 620.
- Provides \$400,000 and one position each year to open the new education center at the Virginia War Memorial in Richmond.
- Provides \$200,000 and four positions each year to open the new veterans cemetery in Southwest Virginia at Radford.
- Authorizes fifteen new ABC stores and authorizes the Board to permit Sunday sales, with a local opt-out provision.

Agriculture, Forestry and Natural Resources

- Provides \$24.2 million for agricultural best management practices to reduce nutrients and sediment from entering state waters.
- Includes no additional operating reductions for Natural Resources and does not close any state parks.
- Provides \$8.4 million to support consumer protection through the weights and measures program, which ensure the accuracy of devices used commercially such as gas pumps and grocery store scales.

Economic Development

- Provides \$67.1 million to stimulate economic growth and job creation in the Commonwealth while strengthening our competitiveness in advanced manufacturing, research and development.

- Provides \$5.0 million to promote advanced medical technology and life sciences programs through investments in technology growth programs and wet laboratory space.
- Supports 14 separate bills passed by the Senate to provide a variety of economic development and job creation measures, ranging from sales tax exemptions and green jobs tax credits to major business incentives and mega-project site grants.

Virginia's Court System

- Eliminates \$4.2 million each year for waivers for increased fees for court-appointed counsel.
- Reduces the Criminal Fund by \$6 million the first year and \$9 million the second year, to reflect Commonwealth's Attorneys seeking jail time in a reduced number of misdemeanor cases, with the court not having to appoint counsel in those cases.
- Reduces the Indigent Defense Commission by \$1 million each year to reflect fewer cases in which prosecutors are seeking jail time for misdemeanor offenses.
- Reduces the court system budget by an additional \$1 million each year, and creates a task force chaired by the Chief Justice of the Supreme Court of Virginia to seek ways to streamline court operations during this time of limited resources.

General Government

- Provides for use of \$293.5 million from the Rainy Day Fund (included in SB 29).

- Provides \$1.9 Billion to continue aid to local governments for the Car Tax Relief Program.
- Includes \$182.2 million to appropriately fund aid to localities for locally-elected constitutional officers. These include Sheriffs, Commonwealth's Attorneys, Circuit Court Clerks, Commissioners of the Revenue, Treasurers, and Directors of Finance.
- Strengthens oversight of Virginia's troubled IT public-private partnership by implementing several recommendations of the Joint Legislative Audit and Review Commission and directing JLARC to provide an ongoing review of IT operations.

Employee Compensation

- Includes a total of \$82.0 million GF for a 3.0 percent bonus for state employee on December 16, 2011.
- Saves \$877.9 million from employee compensation and benefits, including:
 - \$508 million from limiting VRS retirement contributions to the actuarial "normal" cost + 20% of the Unfunded Liability;
 - \$108 million from employee furloughs of three days each year;
 - \$70.4 million from reform of public employee retirement programs (HB 1189 - Senate Substitute); and,
 - \$190.2 million from other employee benefit savings.

Capital Outlay

- Endorses the \$1.1 billion (from VCBA bonds) for projects at institutions of higher education.

Non-State Agencies

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