

SENATE OF VIRGINIA

# Senate Finance Committee

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## Overview of Senate and House Budget Differences

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February 16, 2011

# Presentation Outline

2

- Overview/Resources
- Compensation
- K-12 Education
- Higher Education
- Health and Human Resources
- Public Safety
- Judicial
- Econ. Development and Nat. Resources
- Transportation
- General Government
- Capital Outlay

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# Overview/Resources

# Senate Budget Priorities

4

- Begin to regain lost ground on education, health care, and public safety.
- Make targeted investments in higher education and economic development.
- Support job creation and retention.
- Begin early repayment of VRS deferral.
- Provide assistance to localities with HB 599 funding, additional support for K-12, restoration of CSA spending, and funding for wastewater treatment projects.

# Resources

- Total revenues available to each house are similar.
  - House: \$149.1 million (before AST change).
  - Senate: \$140.9 million.
- Both House and Senate use the \$152 million GF from the Governor's February revenue revision.
- Senate redirects \$150 million GF proposed for transportation to education, health care, and public safety.

# House Budget Features

6

- Retains \$150 million in GF for transportation.
- Directs additional revenues from February reforecast to one-time spending for partial elimination of accelerated sales tax (\$111.6 million), eliminate VRS “lag” (\$41.7 million), and additional deposit to Rainy Day Fund reserve (\$64.0 million).
- Limits any new spending to avoid building next biennium spending obligations.

# Major Senate/House Spending Differences

7

(\$ in millions)	Senate	House
K-12 Public Education	\$100.6	(\$0.7)
Health and Human Resources	114.0	(37.7)
Public Safety	37.8	5.7
GF for Transportation	0	150.0
“Unwind” Accelerated Sales Tax	0	111.6
Additional Rainy Day Fund Reserve	20.3	64.0
Undo 4 <sup>th</sup> Quarter Lag on VRS	0	41.7

# Senate Budget and “Structural Balance”

8

- Principles of sound budgeting call for balancing spending with available revenues; requirement for a “balanced budget” – no deficit spending.
- Current two-year budget adopted last year uses one-time savings and revenues to help cover the \$4.5 billion budget shortfall.
- The largest of these actions was the \$620 million saved by deferring the VRS rate for two years.
- Accelerated sales tax of \$230 million used to balance FY 2010.

# Senate Budget and “Structural Balance”

9

- Budget adopted last year committed to repayment and unwinding of these two actions in the 2012-14 biennium.
- Senate budget provides \$100 million as an early repayment to the VRS (before required repayment in 2012-14).
- Sets aside \$70.3 million for Rainy Day Fund reserve (deposits of about \$220 million will be required next biennium).
- Offsets any revenue/spending imbalance with other one-time savings in additional spending or with expenditure reductions.

# Do these one-time actions affect Virginia's creditworthiness?

10

- Use of one-time savings or revenues can create a “GAAP-based deficit” on the books of the Commonwealth. (GAAP: Generally Accepted Accounting Principles).
- According to Steve Kantor of FirstSouthwest, “GAAP-based deficits are common in declining economic environments. Virginia is not alone in posting GAAP- based deficits.”
- “The rating agencies are more concerned with trends, than a specific year’s result.”
- “Given the Commonwealth’s outstanding overall cash position...the GAAP-based deficit has a lower significance to the (rating) agencies.”

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# Compensation

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# Compensation and Benefits

(\$ in millions)

12

<u>Gov.</u>	<u>Senate</u>	<u>House</u>	<u>Description</u>
1.) \$176.0	\$100.3	\$132.8	Partial restoration of VRS <u>employer</u> contributions deferred in Ch 874
<b>2.) (\$58.3)</b>	<b>\$0.0</b>	<b>\$26.1</b>	<b>(Savings) Spending on Employee Compensation</b>
\$66.9	\$0.0	\$115.0	State employee salary increase on July 1, 2011 (G: 3%/S:0%/H:5%)
(\$99.9)	\$0.0	(\$99.9)	5% state employee retirement contribution
<u>(\$18.2)</u>	<u>\$0.0</u>	<u>\$0.0</u>	5% state employee retirement contribution (NGF Transfers)
<b>(\$51.2)</b>	<b>\$0.0</b>	<b>\$15.1</b>	<b>Net change – Classified <u>State</u> Employees VRS</b>
<b>(\$7.1)</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>Reduction in ORP employer contribution rate from 10.4% to 8.5%</b>
<b>\$0.0</b>	<b>\$0.0</b>	<b>\$11.0</b>	<b>2% Bonus for Constitutional Officers</b>
3.) \$0.0	\$0.0	\$41.7	Eliminate 4 <sup>th</sup> Quarter VRS Payment Lag

# VRS Prepayment

13

- **Senate:** Provides \$100.3 GF to increase VRS rates by 2.4% for the period August 1, 2011 to June 30, 2012.
  - \$69.3 million GF to increase VRS rates for state employees by 2.4% for the period August 1, 2011 to June 30, 2012.
  - \$31.1 million GF to increase teachers' retirement rate by 2.4% in FY 2012.
  - **Provides \$182 million additional to VRS, including NGF and local funds.**
  
- **House:** Provides \$132.8 million GF to increase VRS rates in FY 2012.
  - \$43.5 million GF to phase-in increased VRS rates in the last half of FY 2012.
  - \$89.3 million GF for a lump sum payment for teacher retirement in FY 2012.
    - May require change to pooled teacher retirement rates.
  - **Provides \$150 million additional to VRS, including NGF.**
  - Heightens the “shock” of VRS rates for local school divisions in 2012-2014.

# Five Percent Employee VRS Contribution

14

- **Senate:** Eliminates the proposed reinstatement of the 5% employee VRS contribution.
  1. Provides \$99.9 million and \$18.2 million GF to offset NGF transfers to eliminate the proposed reinstatement of the employee 5% VRS contribution; and
  2. Eliminates proposed local authority to reinstate the 5% employee contribution with a 3% salary increase.
  
- **House:**
  1. Endorses the reinstatement of the 5% employee VRS contribution, eliminates the \$18.2 million NGF transfers; and
  2. Modifies proposed local authority to reinstate the 5% employee contribution with a 5% salary increase.
    - Places the burden of funding the 5% salary increase entirely on localities.
    - Increases the structural imbalance in the House budget by up to \$230 million and will result in SOQ cost increases.

# Employee Salary Increase

15

- **Senate:** Eliminates the \$66.9 million GF for the proposed 3% salary increase for state employees.
- **House:** Provides \$15.1 million GF additional (\$115.0 million GF total) for employee benefits on a proposed 5% salary increase for state employees.
  - Does not include funding for traditional state-supported employees (i.e. sheriffs, other constitutional officers, local social service employees, community service board employees, and teachers).

# Employee Two Percent Bonus

16

- **Senate:** Eliminates the proposed 2% contingent bonus for state employees.
- **House:** Retains the proposed 2% contingent bonus for state employees.
  - Provides \$11.1 million to add constitutional officers to the 2% bonus (this is the only portion of the bonus that is funded and not contingent).
  - Includes language allowing school divisions to fund a 2% teacher bonus within existing funds.

# VRS 4<sup>th</sup> Quarter Lag

17

- **Senate:** No Action.
- **House:** Provides \$41.7 million to eliminate the 5 pay- period lag in transfer of VRS contributions from the Commonwealth to VRS.
  - Provides no increase in net revenues to the VRS.

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# **K-12 Education**

# Public Education

- **Senate adds \$100.6 million GF** over the introduced budget.
  - Provides \$87.7 million for “Support for Operations or Construction Costs” from Lottery Proceeds to all school divisions and \$16.6 million GF to “make whole” all school divisions for Composite Index hold harmless payments in the 2010 adopted budget, adjusted for final 2010 actions and projected enrollment.
    - *Action restores \$87.7 million GF for SOQ Textbooks, ESL, and Remedial Summer School.*

# Public Education

20

- **House makes a net reduction of \$741,692 GF** over the introduced budget.
  - Eliminates on-going school bus replacement costs, reduces SOQ textbook funding, and reduces pre-kindergarten per pupil amounts (from \$6,000 to \$5,000, state's share is on average 55%) to fund a one-time allocation of \$65.7 million for "Support for Personnel and Operational Costs".
    - May only be used for non-recurring costs such as:
      - At least a 2.0 percent bonus (localities are encouraged to use federal EduJobs Fund dollars to enhance the bonus or for the local match).
      - Textbook purchases, school buses or other one-time purposes.
    - *Also shifts part of SOQ Prevention, Intervention, & Remediation funding to Lottery Proceeds and designates At-Risk funding as "balancer" program to be reduced in the event of a shortfall in the Lottery forecast.*

# Public Education

## *Teachers' Retirement*

21

- Senate accelerates payments to the retirement system through an increase of 2.4% in the employer contribution rate for teachers' retirement in FY 2012.
  - 3.93% in FY 2011, **6.33%** in FY 2012.
  - State's share is \$31.0 million more than Ch. 874 in 2010.
  - Additional local contributions of approx. \$44 million would also be made to VRS.
- House makes a one-time state-only transfer to the retirement system for teachers' retirement in FY 2012.
  - 3.93% in FY 2011, **5.16%** in FY 2012.
  - One-time transfer of \$89.8 million, funded with:
    - Elimination of Composite Index hold harmless payments and
    - \$34.4 million on-going reduction by eliminating funding for grades 6 and 7 elementary resource teachers.
  - No additional local contributions would be made to VRS; school divisions are encouraged to set aside local funds for future payments.

# Public Education

(\$ in millions)	<u>Senate</u>	<u>House</u>
S: Operations & Construction; H: Personnel & Operational (Non-recurring)	\$87.6	\$65.7
H: Eliminate School Bus Replacement Costs from SOQ	0.0	(37.7)
Pre-K: S: Participation Savings; H: Reduce PPA from \$6,000 to \$5,000	(2.0)	(11.1)
SOQ Textbooks	18.4	(16.9)
S: Remaining Composite Index Hold Harmless	16.6	0.0
H: Elementary Resource Teachers in Grades 6 and 7	0.0	(34.4)
Retirement – Reverse Rate Change in the Introduced Budget	(53.2)	(55.4)
Retirement – S: 6.33% Rate; H: State-only One-time Transfer to VRS	31.0	89.8
S: Reduce Perf. Pay Pilots, Lab Schools; H: Eliminate Project Discovery	(2.3)	(0.7)
S: Coop. Proc., Expand Virtual VA; H: Increase Governor’s School Cap	2.0	0.1
Sec. of Ed. – S: Restore Public Broadcasting (Both Transfer Radio Reading)	2.6	(0.1)
Language – S: Virtual Ed; H: PreK/Full Day K, Sch Efficiency, Sale of Res.	<u>Lang.</u>	<u>Lang.</u>
<b>TOTAL</b>	<b>\$100.6</b>	<b>(\$0.7)</b>
Other Ed – Commission for the Arts, JYF, VMFA	\$1.3	\$0.0

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# Higher Education

# Higher Education

- Senate adds \$19.8 million GF over the biennium **above the introduced budget, or a total of over \$100 million GF.**
  - Senate makes available **\$50.9 million GF** to fund base operations/ enrollment, operation and maintenance, undergraduate financial aid, and technology.
- House adds \$14.4 million GF over the biennium **above the introduced budget, or a total of almost \$95 million GF.**
  - House makes available **\$68.2 million GF** to fund access and affordability concerns, STEM initiatives, operation and maintenance, the proportion of full-time faculty, and technology.
  - House did not eliminate the \$10.0 million GF higher education reversion clearing account included in the budget in the 2010 Session.
  - House has language that would require a formal request and justification to the Governor for a NGF increase in E&G, limiting the authority of DPB.

# Higher Education – Institution Allocations

25

GF Actions for the 2010-12 Biennium - (\$ in millions)

<b>Initiative</b>	<b>Senate</b>	<b>House</b>
Base Adequacy/Growth	\$23.1	See Below
<u>Operation and Maintenance (O&amp;M)</u>	<u>10.6</u>	
Total:	\$33.7	
Access/Affordability/O&M (House alternative to base funding)	See above	\$54.1
<u>New Undergraduate Seats</u>		<u>2.6</u>
Total:		\$56.7
Undergraduate Financial Aid	14.0	0.0
STEM Initiatives	0.2	8.1
Technology/Academic Transformation	3.1	3.4
Total	\$50.9	\$68.2

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# Actions in Higher Education

26

- Senate **reverses** the \$10.0 million GF Higher Education Reversion Clearing Account under Central Appropriations, **House does not**.
- Senate recommends \$5.0 million GF for Cancer Research at the UVA in FY 2012, **House does not** (both maintain an equal amount for VCU).
- Senate maintains \$5.0 million GF for EVMS, **House reduces the amount** to \$1.2 million GF.
- Senate proposes \$1.7 million GF for the Two-Year College Transfer Grant, \$735,000 GF for the Virginia Military Survivors and Dependents Program, and \$350,000 GF for space grants. House provides \$350,000 for space grants.
- Senate recommends \$2.0 million GF and 50 extension agent positions for Extension at VT, **House does not**. Both include language amendments.
- Senate proposes \$1.5 million GF for workforce development programs at the VCCS in FY 2012, redirecting \$1.5 million GF to other funding priorities within the agency. **House maintains** the entire \$3.0 million GF.
- Senate reverses targeted reductions at SCHEV and Jefferson Lab and recommends some funding for various centers (~\$600,000 GF). House provides same funding for SCHEV, no additional funding for centers, and a reduction for VECTEC at CNU of \$326,875.

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# Summary of Proposed Amendments

GF Actions for the 2010-12 Biennium - (\$ in millions)

27

Action/Initiative	Gov.	Senate	House
Higher Education Commission Initiatives	\$50.0	\$3.1	0.0
HE Institution Allocation for Base Adeq./O&M/House Plan	0	33.6	68.2
HE Institution Allocation for Financial Aid/Pilot Regional Aid	0	14.2	0
Higher Education Interest Earnings/Credit Card Rebate	7.9	7.9	7.9
Old Dominion University Base Funding and TELETECHNET	5.1	5.1	5.1
VCU/UVA Cancer Research/EVMS	10.0	15.0	6.2
Virginia Community College System Workforce Development	3.0	1.5	3.0
Tuition Assistance Grant/VMSDEP/Space Grant	2.5	5.3	2.8
UMW Dahlgren Center/SWVAHEC Repair/Other Centers	1.3	1.6	1.0
Virginia Tech/Virginia State Extension Funding	1.0	3.0	1.0
Reductions	(0.3)	0	(0.4)
<b>HE Agency Total</b>	<b>\$80.4</b>	<b>\$90.2</b>	<b>\$94.8</b>
Eliminate Higher Education Reversion Clearing Account	\$0.0	\$10.0	\$0.0
<b>Total</b>	<b>\$80.4</b>	<b>\$100.2</b>	<b>\$94.8</b>
Technology/Research Fund	\$25.0	\$10.0	\$10.0

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# Health and Human Resources

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# Health and Human Resources (HHR)

29

- The introduced budget included a net increase of \$76.4 million GF in Health and Human Resources.
- Senate adds \$114.3 million GF over the biennium for restorations to Medicaid providers and services.
- House reduces \$37.7 million GF over the biennium by reducing Medicaid services and trimming proposed funding for behavioral health services.

# Key Differences in HHR

30

- The Senate budget:
  - Restores funding for Medicaid provider rates and services;
  - Endorses funding for behavioral health services; and
  - Funds projected costs at the Center for Behavioral Rehabilitation.
  
- The House budget:
  - Provides funding for 370 additional Medicaid waiver slots;
  - Limits personal care hours for waiver recipients;
  - Trims request for behavioral health services;
  - Shifts cost of children’s mental health services to localities; and
  - Reduces funding for the Center for Behavioral Rehabilitation.

# HHR By Agency

(General Fund \$ in millions)

<b>Introduced Budget Compared to Senate &amp; House</b>			
<b>Agency</b>	<b>Gov.</b>	<b>Senate</b>	<b>House</b>
Medical Assistance Services	\$33.0	\$134.1	\$9.5
Behavioral Health & Dev. Services	51.7	51.7	31.1
Social Services	0.6	4.7	(0.3)
Comprehensive Services Act	(17.4)	(4.9)	(10.9)
Department of Health	6.5	4.1	9.9
Rehabilitative Services	(0.1)	0.9	(0.1)
All other HHR Agencies	2.1	0.6	(0.4)
<b>NET Change in GF Appropriations</b>	<b>\$76.4</b>	<b>\$191.2</b>	<b>\$38.7</b>

# Medicaid Provider Rates

(General Fund \$ in millions)

32

<b>Introduced Budget Compared to Senate &amp; House</b>			
	<b>Gov.</b>	<b>Senate</b>	<b>House</b>
Hospital inpatient, outpatient & capital	\$0	\$30.9	\$0
Physician and dental services	0	17.0	0
Home & community-based waiver rates	0	14.4	0
Nursing home operating & capital rates	2.6	16.3	2.6
Indigent Care at Teaching Hospitals	0	3.6	0
All other	0	2.6	0.4
<b>TOTAL, Medicaid Provider Rates</b>	<b>\$2.6</b>	<b>\$84.8</b>	<b>\$3.0</b>

# Medicaid Services

(General Fund \$ in millions)

<b>Introduced Budget Compared to Senate &amp; House</b>			
	<b>Gov.</b>	<b>Senate</b>	<b>House</b>
Restore Respite Care to 720 hours	\$0	\$21.2	\$0
Cap Personal Care Hours at 40/week	0	0	(10.6)
Require Children Receiving Community MH Rehab. Services go through CSA	0	0	(21.6)
Restore Funding for Environmental Modifications/Assistive Technology	0	0.6	0
Restore Podiatry Services	0	0.5	0
<b>TOTAL, Medicaid Services</b>	<b>\$0.0</b>	<b>\$22.4</b>	<b>(\$32.2)</b>

# Medicaid Waiver Slots

(General Fund \$ in millions)

<b>Introduced Budget Compared to Senate &amp; House</b>			
	<b>Gov.</b>	<b>Senate</b>	<b>House</b>
Additional GF for Medicaid Waivers	\$9.8	\$8.5	\$18.2
	<b>Gov.</b>	<b>Senate</b>	<b>House</b>
Intellectual Disability Waivers (community)	200	100	275
Intellectual Disability Waivers (discharge from state training centers)	75	75	100
Developmental Disabilities Waivers	0	100	270
<b>TOTAL, Medicaid Waiver Slots</b>	<b>275</b>	<b>275</b>	<b>645</b>

# Behavioral Health Services

(General Fund \$ in millions)

35

<b>Introduced Budget Compared to Senate &amp; House</b>			
	<b>Gov.</b>	<b>Senate</b>	<b>House</b>
Funding for the Center for Behavioral Rehabilitation (SVP program)	\$24.9	\$24.9	\$14.8
Crisis stabilization services	4.0	4.0	0.0
Crisis intervention for dual-diagnoses	5.0	5.0	2.5
Increase staffing ratios at ID training centers	7.1	7.1	5.1
Flexible ESH Funding/Marion geriatric unit	4.4	4.4	2.4
<b>TOTAL, Behavioral Health Services</b>	<b>\$45.4</b>	<b>\$45.4</b>	<b>\$24.8</b>

# Health Department Services

(General Fund \$ in millions)

<b>Introduced Budget Compared to Senate &amp; House</b>			
	<b>Gov.</b>	<b>Senate</b>	<b>House</b>
Reverse 2010 Restaurant Fee Increases	\$0.0	\$0.0	\$4.3
Supplant OCME with Vital Records Fees	2.5	0.0	2.5
Fully Fund ADAP Program	7.2	7.2	6.2
<b>TOTAL, Health Department Services</b>	<b>\$9.7</b>	<b>\$7.2</b>	<b>\$13.0</b>

# Comprehensive Services Act

(General Fund \$ in millions)

37

Introduced Budget Compared to Senate & House			
	Gov.	Senate	House
Eliminate Funding for Non-Mandated Services	(\$5.0)	\$0.0	\$0.0
Increase Local Match for Therapeutic Foster Care	(7.5)	0.0	(7.5)
Increase Local Match for Services Provided in Public Schools	(3.9)	(3.9)	(3.9)
Increase Local Administrative Funding to Move Youth from Medicaid to CSA	0.0	0.0	1.5
<b>TOTAL, Comprehensive Services Act</b>	<b>(\$16.4)</b>	<b>(\$3.9)</b>	<b>(\$9.9)</b>

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# Public Safety

# Public Safety Overview

39

- Senate adds \$37.8 million GF over the biennium **above the budget as introduced.**
  - Restores HB 599 (+\$18.7 million, to address 2<sup>nd</sup> year hole).
  - Opens new prison in Grayson County (+\$13 million, 232 FTE).
  - Adds State Police overtime (+\$3 million, per Gov's amendment).
  - Restores local juvenile diversion & crime control (+\$2.5 million).
  - Restores DOC payments in lieu of taxes (+\$1.2 million).
- House adds \$5.7 million GF over the biennium.
  - Adds State Police overtime (+\$6 million).
  - Eliminates funds for school resource officers (-\$470,000).

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# Judicial

# Judicial Overview

41

- Senate adds \$7.3 million GF over the biennium **above the budget as introduced.**
  - Restores all judicial vacancies in FY 2012 (+\$4.8 million).
  - Restores half of State Bar fund balance (+\$2.5 million).
- House adds \$1.7 million GF over the biennium.
  - Does not restore any judicial vacancies.
  - Restores entire State Bar fund balance (+\$5 million).
  - Eliminates \$2.95 million for 14 existing drug courts.

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# **Economic Development and Natural Resources**

# Agriculture and Forestry

43

- Senate amendments include a net reduction of \$298,782 GF for the biennium **below the introduced budget**.
  - (\$1.6 million) GF savings from Weights and Measure Fee (SB 973).
  - \$1.0 million GF additional funding for Farmland Preservation.
  - \$300,000 GF to restore cuts in the Department of Forestry.
- House adds \$1.1 million GF for the biennium **above the introduced budget**.
  - \$600,000 GF for International Marketing of Virginia agricultural products.
  - \$540,000 GF to undo Food Inspection Fee imposed last session.

# Commerce and Trade

- Senate amendments include a net reduction of \$22.8 million GF for the biennium **from the introduced budget.**
- House amendments include a net reduction of \$34.8 million GF for the biennium **from the introduced budget.**

Action/Initiative	(\$ in millions)	Gov.	Senate	House
Commercialization and Research Fund		\$25.0	\$10.0	\$10.0
Other Governor's Job Creation Initiatives		\$14.9	\$14.9	\$8.4
Interest Payment for Unemployment Comp.		\$8.9	*\$0	\$8.9
Increase Funding for Enterprise Zone Grants		\$1.0	\$7.5	\$1.5
Wet Laboratory Funding		\$2.4	\$1.5	\$0
Transfer Space Flight Authority to DOAV		\$1.4	\$0	\$0
Other Tourism Initiatives (OpSail, Hall of Fame)		\$1.0	\$2.0	\$0

\* Senate Provides Contingent Appropriation

# Natural Resources

- Senate amendments add \$4.6 million GF for the biennium **above the introduced budget.**
  - \$1.2 million GF restoration for State Parks.
  - \$1.0 million GF restoration for Soil and Water Conservation Districts.
  - \$1.0 million GF additional funding for Dam Safety.
  - \$906,000 GF for Natural Area Preserves critical needs.
  
- House amendments include a net reduction of \$142,536 GF for the biennium **from the introduced budget.**
  - \$1.0 million restoration for Soil and Water Conservation Districts.
  - Reduced Governor’s funding for Land Conservation (\$1.0 million) GF.

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# Transportation

# General Funds for Transportation

47

- Senate eliminates the proposed deposit of \$150.0 million general fund to the Virginia Transportation Infrastructure Bank that was included in the Governor's introduced budget.
  - House includes all funding and language included in the introduced budget.
- Both chambers authorize \$250.0 million nongeneral fund to the Virginia Transportation Infrastructure Bank that was included in the Governor's introduced budget.
  - Senate language requires certification of project balances prior to transfer to Virginia Resources Authority.
- House retains language from the introduced budget allowing the Comptroller to appropriate undesignated year-end general fund balances to transportation at the close of the fiscal year.

# Rail and Public Transportation

48

- Senate requires the DRPT and CSX to limit the amount of time that hazardous or explosive materials can be stored on certain rail properties to 24 hours or forfeit eligibility for Commonwealth Rail Enhancement Funds after July 1, 2012.
  - Exempts appropriations that support passenger rail capital and operating projects including the Virginia Railway Express and the Richmond-Norfolk passenger rail demonstration project.
- House includes language directing the Northern Virginia Transportation Commission to appoint the Secretary of Transportation or their designee to the WMATA Board.
  - Also includes separate language authorizing DRPT to make direct payments to Metro.

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# General Government

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# *Technology*

# Overview of Technology

51

- The Senate amendments in FY 2011 and FY 2012 retain the Governor's proposed new spending totaling \$58.2 million GF within Central Accounts to address increased technology costs.
  - Impact of rate structure on small and mid-sized agencies - \$14.0 million.
  - Impact of funds not appropriated in FY 2010 - \$9.7 million.
  - Cost of Living Adjustment for Northrop Grumman - \$7.1 million.
  - Recovery of agency reserve - \$6.0 million.
- ***The House amendments propose to reduce this appropriation by \$1.5 million GF in each year.***
- The House includes an amendment to exempt from the Public Procurement Act and significantly expand the scope of services provided by CGI to all agencies of the Commonwealth.
  - Currently, the services are limited to debt collection and cost recovery. The House amendment would expand to “enterprise level endeavors.”
  - Similar to a proposed Governor's amendment that was rejected by the Senate.

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# ***Administration and Finance***

# Compensation Board

53

- **Senate:** Adds \$6.5 million to restore reductions for Sheriffs and regional jails.
- **House:** Adds \$3.0 million to restore reductions for Sheriffs and regional jails.
  - Results in 98 more jobs lost in sheriff's offices and regional jails.

# Rainy Day Fund

54

- **Senate:** Adds \$20.3 million to the Rainy Day Fund.
- **House:** Adds \$64 million to the Rainy Day Fund.
  - Strikes proposed language that would allow the Governor to use the reserves for unfunded federal mandates and emergencies.

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# *Finance*

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# Capital Outlay

# Debt Authorizations

- In December 2010, the Debt Capacity Advisory Committee agreed on a split vote to alter the definition of the Commonwealth’s debt capacity.
  - After initially opposing this change, the Senate endorsed the new definition.
  - No “new” capacity is created over the 10 years of the model, but it allows additional projects to be authorized in the near term.
- The House and Senate take advantage of the Governor’s revised Debt Capacity Model by accelerating transportation debt.
  - The Governor and Senate also utilize a portion of this new capacity for critical capital projects.

<u>Gov.</u>	<u>House</u>	<u>Senate</u>	
\$200.0	\$200.0	\$200.0	Accelerate HB 3202 Debt into 2010-12 Biennium
\$1,200.0	\$1,200.0	\$1,200.0	Additional Transportation Debt
\$113.9	\$26.9	\$652.4	Critical Capital Projects
			DEQ: State share of previously approved wastewater projects
<u>\$0.0</u>	<u>\$0.0</u>	<u>\$107.0</u>	
\$1,513.9	\$1,441.9	\$2,159.4	Total: New Authorizations

\* Includes funding from research fund.

# Capital Outlay

- **Senate:** Includes \$661.6 million for six project categories, \$544.4 million more than the budget as introduced.
- **House:** Provides \$30.2 million for six project categories, \$87.0 million **less** than the budget as introduced:
  - Ignores critical needs in higher education and public safety.
  - \$43.5 million SVP Facility II (Brunswick).
  - \$35.2 million Energy Efficiency projects.

	<u>Gov.</u>	<u>Senate</u>	<u>House</u>
New Construction and Renovations	\$53.5	\$587.3	(\$40.2)
Equipment	\$44.5	\$51.2	\$51.2
Maintenance Reserve	\$8.6	\$8.6	\$8.6
Project Supplements	\$7.3	\$7.3	\$7.3
Acquisition	\$3.3	\$3.3	\$3.3
Preplanning	<u>\$0.0</u>	<u>\$4.0</u>	<u>\$0.0</u>
<b>Total</b>	<b>\$117.2</b>	<b>\$661.6</b>	<b>\$30.2</b>