

SENATE OF VIRGINIA

Senate Finance Committee

Overview of Committee Budget Amendments

to

HB 1300 (Amendments to 2010-12 Budget)

HB 1301 (2012-14 Biennial Budget)

March 26, 2012



SENATE FINANCE COMMITTEE

Presentation Outline

- Overview/Resources
- K-12 Public Education
- Health and Human Resources
- Higher Education
- Employee Compensation/Retirement
- Public Safety
- Veterans Affairs and Homeland Security
- Judicial Department
- Commerce and Trade
- Natural Resources
- General Government
- Transportation
- Technology
- Capital Outlay



Overview/Resources



Senate Finance Committee Recommendations

- Objectives:
 - Invest in education.
 - Protect the health care “safety net”.
 - Stimulate job creation.
 - Address employee compensation.
 - Adopt a structurally balanced budget.



Senate Finance Committee Recommendations

- Strategies/Resources
 - Redirect general funds proposed for transportation largely to funding for public education.
 - Other resources/savings help address cuts to the health care safety net and address provider rates.
 - Stimulate job creation with economic development incentives and capital construction package.
 - Provide compensation increases for state employees, state-supported locals and higher education faculty.
 - Use one-time revenues for one-time uses; no second year holes in the budget.



Recommended General Fund Resource Adjustments

- Reverse the proposed \$110.7 million redirection of sales tax to transportation.
- **Includes revenue impact of \$14.2 million from SB 597 related to sales tax, presence in Virginia.**
- Includes \$9.5 million from prospective sale of property contiguous to Capitol Square.
- Reflects delayed implementation date for scholarships to low income private school students (SB 131), offset by increase in Neighborhood Assistance Program (NAP) = \$3.8 million.
- Includes \$5.0 million from Governor's executive amendment to retain Research and Technology tax credit at current level.
- Reflects downward adjustment of \$5.2 million in each year to restore auxiliary balance interest to institutions of higher education.



Proposed Allocation of Mortgage Servicing Settlement

- \$65.9 million available as a **one-time** balance adjustment in FY 2013.
 - \$10.0 million to capitalize a Housing Trust Fund.
 - 80% of fund will be revolving loan fund.
 - 20% grants for homeless assistance programs.
 - Allocates \$55.9 million to the Mortgage Settlement – Aid to Localities Fund for K-12 Public Education.
 - One-time funding that can be used for inflation and pre-K programs.



Recommended Budget Actions: Changes to HB 1300, as Introduced

<i>(\$ in millions)</i>	
Resources:	2011-12
Move EITC from FY 13 to FY 12 (Gov's amend)	(\$6.6)
Additional ABC Profits	1.7
Balances, other	20.4
Total, Resources	\$15.4
HHR Savings – Medicaid Bonus, Other	(29.2)
Other Savings	<u>(5.5)</u>
Net Spending/Savings	<u>(\$34.7)</u>
Addition to Balance Forward in FY 2013	\$50.2



Recommended Budget Actions: Changes to HB 1301, as Introduced

<i>(\$ in millions)</i>	
Resources:	2012-14
Reverse diversion of sales tax to transportation	\$110.7
Balance from mortgage servicing settlement	65.9
Revenue adjustments (SB 597, other)	45.9
Additional balances from FY 12 HB 1300	50.2
Unappropriated balance from bill as introduced	<u>31.4</u>
Total, Resources	\$304.1



Recommended Budget Actions: Changes to HB 1301, as Introduced

Spending:	<i>(\$ in millions)</i>	2012-14
Public Education w/ Mortgage Settlement/Aid to Localities for K-12		\$219.4
Health and Human Resources		145.2
Compensation 2% increase for state/state-supported local, 6/13		58.8
Higher Education Faculty Salary 2% increase, 6/13		19.1
Capital Outlay		6.6
Other (includes public safety, housing, natural resources, judicial)		10.0
Savings:		
Health & Human Resources – Medicaid reforecast, other		(\$95.6)
Higher Education – reprogram to salaries, fin aid, auxiliary interest		(26.4)
Commerce & Trade – reprogram spending		(35.2)
Other savings		(32.7)
Net Spending and Savings		\$269.2
Unappropriated Balance		\$34.9



K-12 Education



Public Education

Supplemental Amendments

- The Committee's amendments to HB 1301 reflect five changes from the original amendments adopted to SB 30:
 - \$30.5 million in FY 2013 and \$25.4 million in FY 2014 as one-time additional aid to localities for education.
 - Totals \$55.9 million, from the state's portion of the Mortgage Servicing Settlement in recognition of the adverse impact of the mortgage crisis on local property tax revenue and for inflation and preschool costs
 - Distribution is pro-rated based on the inflation updates
 - Budgeted in Central Appropriations
 - The \$45 million amendment for additional assistance with employer teacher retirement contribution rates is split evenly between the two years.
 - The remaining \$18.5 million to fully restore the Northern Virginia Cost of Competing Adjustment for support positions is provided contingent on FY 2013 revenues exceeding the forecast.
 - Sales Tax estimate adjusted down by \$3.2 million to \$2.4 million based on SB 597 as passed.
 - Dropped the \$1.7 million savings from reducing 3rd grade SOLs (SB 185 failed).



Direct Aid to Public Education

- Adds a net \$170.6 million above HB 1301, as introduced, in Direct Aid over two years above the Chapter 890 base budget (FY 2012). Also adds \$55.9 million under Central Appropriations for local aid for schools.
 - \$47.1 million for the K-3 Class Size Reduction Program.
 - Technical update of more recent Free Lunch eligibility data, inadvertently omitted from rebenchmarking.
 - Allows flexibility in FY 2013 to temporarily exceed the K-3 reduced class size ratios by up to 5.
 - \$45.0 million for Additional Assistance for school divisions with the Teacher Retirement Employer Contribution Rates in the introduced budget.
 - Restore the Support Cost of Competing Adjustment.
 - \$42.2 million - fully fund first year (at 24.61 percent rate); \$12 million second year (based on the 9.83 percent instructional rate)
 - The remaining \$18.5 million the second year is contingent on an FY 2013 revenue surplus
 - \$18.2 million to restore funding for the Virginia Preschool Initiative for At-Risk Four-Year-Olds, increases the per pupil amount from \$6,000 to \$6,800.



Summary of K-12 Education Amendments to HB 1301, as Introduced

GF, \$ in millions	2012-14
Technical – Update K-3 Class Size Reduction (GOV)	\$47.1
Assistance with VRS (Distribution Based on Inflation)	45.0
Restore Support Cost of Competing Adjustment (COCA)	42.3
Restore At-Risk PreK – Increase Per Pupil Amount	18.2
Early Intervention Reading, 3 rd Grade (GOV)	8.2
Net Adjustment from Sales Tax Revenue (SB 597)	2.4
Career and Technical Education Equipment	2.0
DOE Virtual Virginia Courses and Sections	2.0
Net All Other Actions	3.5
Literary Fund Revenue Offset	<u>(7.2)</u>
	\$163.5
Central Appropriations: From Mortgage Servicing Settlement	\$55.9
Central Appropriations (Contingent): Remaining FY 14 COCA	\$18.5



Public Education

GF, \$ in millions	2012-14
Restore Project Discovery Grant	\$1,239,300
Digital Content (Public Media)	\$1,000,000
Louisa Earthquake Damage	\$1,000,000
Restore Funds for Mentors for New Teachers	\$1,000,000
Communities in Schools – Fund \$500,000 Per Year	(\$1,000,000)
Virginia STAR IT Computer Refurbishment	\$850,000
College Readiness Center Pilot	\$500,000
Virginia School for the Deaf and Blind	\$300,000
Governor’s Schools – Expansion, Planning and Cap	\$273,000
Career & Technical Education Center	\$225,000
Civics Education Commission – Extend Sunset	Language
Continue Labor Day Opening Waivers	Language
New Supplemental Grants for Charter Schools First Year Only	(\$100,000)
College Lab Schools – Remove FY 2012 Planning Grants from Base	(\$1,200,000)



Public Education

HB 1300

- **FY 2012**
 - Reflect additional \$7 million in Lottery Proceeds forecast, offset GF.
 - FY 2012 Performance Pay Pilot – Capture expected balances (HB 1300 removes \$3 million, companion amendment in HB 1301 adds \$1.1 million for expected maximum payments).
 - \$50,000 additional for the Southside Technology Consortium.
 - Saves \$108,105 technical (GOV).
 - Spends \$77,832 for four other technical amendments.



Other Education Agencies

GF Amendments to HB 1301, as Introduced	FY 2013	FY 2014
Virginia Commission for the Arts – Restore Grants to FY 2012	\$149,793	\$149,793
Aid to Local Libraries – Restore to FY 2012	\$295,436	\$295,436
Library of Virginia – Electronic Public Records	\$219,000	\$219,000
Library of Virginia – Find It Virginia Educational Database	\$500,000	\$500,000
Frontier Culture	\$75,963	\$75,963



Health and Human Resources



Health and Human Resources

Supplemental Amendments

- The amendments to HB 1301 include seven changes from the original amendments adopted to SB 30:
 - \$6.7 million GF and an equal amount of federal Medicaid matching funds to provide a three percent increase for personal care services;
 - \$6.0 million GF the second year and an equal amount of federal Medicaid matching funds to restore eligibility from 250 percent of Supplemental Security Income (SSI) to 267 percent of SSI (or 200 percent of federal poverty guidelines);
 - \$3.0 million GF the first year for proton beam therapy institute at Hampton University;
 - \$1.2 million GF each year to restore funding for At-Risk Child Care Services to address the waiting list for services;
 - \$1.0 million GF each year to restore funding for Virginia’s three Poison Control Centers to pre-recession levels;
 - \$455,000 GF the first year to restore funding for the Teen Pregnancy Prevention Initiative; and
 - \$435,000 GF each year to restore funding for employment support services for people with physical disabilities.



Health and Human Resources Overview

- The Committee's amendments to the introduced budget (HB 1301) include a **net general fund increase of \$49.6 million** in Health and Human Resources.
 - Additional general fund spending of \$145.3 million is offset by reductions of \$95.7 million.
 - The introduced budget proposed a **net general fund increase of \$442.7 million** in HHR.
- The major difference between the introduced budget and the SFC's amendments are related to:
 - Inflation adjustments for nursing homes and hospitals, and
 - Refinement of projected spending in Medicaid and CSA.



Net Change by HHR Agency

(General Fund \$ in millions)

SFC Amendments to HB 1301, as Introduced	
Agency	2012-14
Medical Assistance Services	\$24.3
Health	14.6
Social Services	13.0
Behavioral Health & Developmental Services	4.2
Aging	3.6
Rehabilitative Services	1.9
Deaf & Hard of Hearing	0.0
Comprehensive Services Act	(12.0)
NET Change, General Fund	\$49.6



Provider Rates

(General Fund \$ in millions)

SFC Amendments to HB 1301, as Introduced	
Description	2012-14
Restore inflation - Hospitals at 2.6 percent in FY 2013	\$40.0
Restore inflation - Nursing homes at 2.2 percent each year	30.0
Level fund nursing home capital/Redirect savings	(10.0)
Correct funding amounts for state teaching hospitals	8.7
Increase personal care rates by 3.0 percent in FY 2013	6.7
Increase auxiliary grant rates by 2.5 percent in FY 2013	3.1
Increase early intervention case mgmt. rates by 10 percent and increase ambulance services rates by 5 percent	0.8
NET Change, Provider Rates	\$79.3



Health Care Services

(General Fund \$ in millions)

SFC Amendments to HB 1301, as Introduced	
Description	2012-14
Restore funding for the health care safety net	\$4.8
Restore exemption for antidepressants and antipsychotics on Medicaid preferred drug list	3.4
Extend Medicaid and FAMIS to pregnant women and children who are legal immigrants	2.2
Restore funding for dental services provided at local health departments	1.9
All other health care	2.0
TOTAL, Health Care Services	\$14.3



Children's Services

(General Fund \$ in millions)

SFC Amendments to HB 1301, as Introduced	
Description	2012-14
Restore funding for wrap-around services to special education children in CSA in FY 2013	\$5.4
Establish child psychiatry demonstration projects to detect and treat children's mental disorders	2.2
Restore funding for child advocacy centers	1.9
Restore funding for unattached children's program	1.1
Restore funding for Healthy Families Virginia	0.8
TOTAL, Children's Services	\$11.4



Social Services

(General Fund \$ in millions)

SFC Amendments to HB 1301, as Introduced	
Description	2012-14
Provide funding for Area Agencies on Aging/Offset reductions from introduced budget	\$3.3
Restore funding for local departments of social services	2.9
Restore funding for At-Risk Child Care services	2.4
Restore funding for community action agencies	1.0
Restore funding for Teen Pregnancy Prevention	0.5
Restore funding for Pharmacy Connect in SW Va.	0.3
TOTAL, Social Services	\$10.4



All Other

(General Fund \$ in millions)

SFC Amendments to HB 1301, as Introduced	
Description	2012-14
Restore Medicaid long-term care services to 267% of SSI	\$6.0
Restore GF for poison control centers	3.0
Provide funding for Proton Beam Therapy Institute (FY 2013)	3.0
Restore personal care under home- and community-based waivers to 56 hours per week	2.0
Create “drop-off” centers for people with mental illness	2.0
Restore employment and support services for people with disabilities (i.e., brain injuries, independent living)	1.9
All Other	1.4
TOTAL, All Other	\$19.3



Savings

(General Fund \$ in millions)

SFC Amendments to HB 1301, as Introduced	
Description	2012-14
Revise estimated cost of federal health care reform – Medicaid “woodwork” effect	(\$44.3)
Revise estimated cost of federal health care reform – Federal share of Medicaid expansion children	(7.6)
Adjust appropriation for CSA caseload and costs	(17.7)
Revise estimate of federal bonus payments/ Correct estimate of hospital inflation in forecast	(12.9)
All other	(2.5)
TOTAL, Savings	(\$85.0)



HB 1300 (Caboose Bill)

(General Fund \$ in millions)

SFC Amendments to HB 1300, as Introduced	
Description	2010-12
Revise estimate of federal bonus payments	(26.7)
Reduce child support operations with retained TANF earnings	(2.5)
TOTAL, HB 1300 Amendments	(\$29.2)



Higher Education



Higher Education

Supplemental Amendments

- The amendments to HB 1301 reflect five changes related to higher education from the original amendments adopted to SB 30:
 - Transfers \$1.02 million GF in funding for the Hampton University Foundation for Proton Therapy to the Department of Health (VDH).
 - Provides \$3.0 million GF in FY 2013 (includes the \$1.02 million GF) in VDH for the Hampton University Foundation for Proton Therapy; includes evaluation language.
 - Raises almost \$2.7 million per year by increasing the out-of-state student capital fee by \$1.50 per credit hour under the Treasury Board to offset general fund debt service expenses.
 - Removes funding for the Commonwealth Tolling Assistance Fund (\$1.0 million GF over the biennium) -- the bill failed.
 - Removes funding for the grant under the Department of Military Affairs for out-of-state Virginia Guard members to receive in-state tuition (\$970,000 over the biennium) -- the bill failed.



Overview of Higher Education

- Adds \$3.2 million GF over the biennium **above HB 1301 as introduced**.
 - Incorporated and/or redirected the funding of **\$211.7 million GF** over the biennium that was included in HB 1301, for a total of about \$215 million.
- Provides almost **\$19.1 million** for a **two percent faculty salary increase** on June 25, 2013.
- Includes the **restoration of \$10.5 million in auxiliary enterprise interest** over the biennium.
- Provides an **additional \$15.9 million over the biennium for increased student financial assistance** (including the introduced budget, there is **\$40.3 million over the biennium** for this purpose).
 - \$24.2 million for undergraduate financial aid,
 - \$11.7 million for the tuition assistance grant (TAG) program,
 - \$2.6 million for expanded eligibility under the two-year transfer grant, and
 - \$1.8 million for graduate financial aid.



Overview of Higher Education (continued)

- Includes **\$68.8 million GF per year** (\$137.6 million over the biennium) to support initiatives identified in the *Virginia Higher Education Opportunity Act of 2011* (TJ 21).
 - \$25.5 million GF for base adequacy;
 - \$12.7 million GF for STEM degree production incentives and institution specific initiatives (**redirected \$12.7 million compared to HB 1301**);
 - \$16.2 million GF for enrollment growth (per student = to TAG);
 - \$12.1 million GF for undergraduate student financial aid (**an increase of \$5.7 million above HB 1301**); and
 - \$2.3 million for research initiatives at ODU, UVA, and VT (**redirected \$1.5 million compared to HB 1301**).
- Contains \$2.0 million GF per year for cancer research initiatives (**redirected \$7.1 million compared to HB 1301**) and \$3.0 million GF in FY 2013 for Hampton University under VDH.
- Provides an **additional allocation of \$12.2 million for research equipment** from the Higher Education Equipment Trust Fund (HEETF) in FY 2013.



Overview of Higher Education (continued)

- Maintains the reversal of the \$10.0 million GF Higher Education Reversion Clearing Account under Central Appropriations included in the 2010 session budget and the biennial base budget (removed in all three years).
- Proposes \$2.0 million GF for workforce development programs at the Virginia Community College System, redirecting 50 percent to other items.
- Recommends \$1.0 million GF for Extension at Virginia Tech.
- Proposes \$650,000 for the Logistics Research Center at the University of Virginia, \$575,000 for the Dahlgren Center at the University of Mary Washington, and \$155,000 each for Norfolk State and Virginia State Universities for research programs.
- Redirects \$6.2 million GF from the Virtual Library of Virginia (VIVA), Institute of Advanced Learning and Research (IALR), Eastern Virginia Medical School (EVMS), and the Jefferson Lab (JLab) to other items.
- One amendment to HB 1300 - redirects \$50,000 from the Southside VA Community College to the Southside VA Regional Technology Consortium.



Summary of Proposed Amendments

GF Actions for the 2012-14 Biennium - (\$ in millions)			
Action/Initiative	HB1301	SFC Amend	Total
Reductions	(\$12.6)	\$0.6	(\$11.9)
Faculty Salary Increase	0	19.1	19.1
Base Adequacy/Degree Incentives/Inst. Specific Initiatives	102.0	(25.5)	76.4
Enrollment Growth	32.4	0	32.4
Undergraduate Financial Aid/Tuition Assistance Grant	24.5	11.5	36.0
Graduate Aid, Transfer Grant, VA Guard Grant , Toll Assist.	0	4.4	4.4
TJ 21 Research/Other Research/Hampton in VDH	24.7	(14.2)	10.5
Additional Research HEETF Debt Service	0	1.9	1.9
Auxiliary Enterprise Interest Restoration	0	10.5	10.5
VCCS Workforce Development	4.0	(2.0)	2.0
Initiatives (Dahlgren, Log., NSU/VSU, Sea, VT-ext, SVHEC)	0	3.0	3.0
Other (EVMS/IALR/JLab/BioPark/VA Trt. Ctr/VIVA/CA \$10 mil, teach pilot)	36.7	(6.1)	30.6
TOTAL	\$211.7	\$3.2	\$214.8



Other Actions

- **Selected language amendments:**
 - Changes internal higher education institution **reallocations from 3%** of total FY 2012 Educational and General (E&G) appropriations in FY 2013 and 5% in FY 2014 to 1% in FY 2013 and 2% in FY 2014. Actual percentages vary.
 - The proposed language in § 4-2.00 *Revenues* section that would **prohibit an increase in financial aid funds from tuition and fee revenue generated from in-state students to support financial aid** to the level proposed in the 2012-14 biennium **has been deleted** in the Senate amendments.
 - The proposed language **to implement TJ 21, codify and restrict the proposed funding methodologies** for base adequacy, enrollment growth, degree incentive funding and research included in the introduced budget **has been modified**.



Employee Compensation



Employee Compensation and Retirement *Supplemental Amendments*

- The Committee's amendments to HB 1301 reflect one change from the original amendments adopted to SB 29:
 - Add a language amendment on the FY 2013 bonus for state employees.
- The Committee's amendments to HB 1301 reflect three changes from the original amendments adopted to SB 30:
 - \$2.8 million GF to offset projected judicial retirement savings (SB 95 Failed).
 - Revise the language amendment on the FY 2013 bonus for state employees.
 - Include technical changes to implement SB 497, SB 498, and HB 1130 which passed the General Assembly.



Employee Compensation and Benefit Actions

Two significant employee compensation actions are recommended for the 2012-14 biennium.

- \$77.2 million – 3 percent employee bonus on December 1, 2012, contingent upon a revenue surplus in FY 2012.
- \$58.8 million – 2 percent salary increase in July, 2013.



3% State Employee Bonus

- Provides a one-time 3 percent bonus payment to state employees, including faculty, on December 16, 2012.
 - Modeled on the successful December 2010 bonus for state employees.
 - Estimated cost of \$77.2 million GF.
- The bonus payment is contingent on surplus revenues.



2% Employee Salary Increase

- Provides \$58.8 million GF for a 2 percent salary increase for state employees and state-supported local employees.
 - Effective June 25, 2013 for State Employees, shows up in the July 16, 2013 payroll.
 - Effective July, 2013 for State-supported Local Employees.
- A similar increase is recommended for faculty at Virginia's institutions of higher education.
- This is the first state-funded employee salary increase since December 2007.



Public Safety



Public Safety

Supplemental Amendments

- The Committee's amendments to HB 1301 reflect four changes from the original amendments adopted to SB 30:
 - A revised calculation of the required deposit to the Corrections Special Reserve Fund based on sentencing legislation as adopted by the Senate and House. The adjusted deposit is \$5.9 million.
 - Supplanting \$5.9 million GF in Department of Corrections (DOC) operating expenses with \$5.9 million NGF from the Corrections Special Reserve Fund.
 - The earlier committee amendment utilized the deposit into the Corrections Special Reserve Fund for a DOC capital project.
 - Savings of \$924,288 GF each year related to intermediate sanctions for technical probation violators, resulting from the House of Delegates not adopting proposed legislation (SB 111 and HB 1299).
 - Savings of \$485,000 GF each year, resulting from the House not adopting proposed legislation (SB 508) concerning in-state tuition for out-of-state students who are in the Virginia National Guard.



Public Safety Overview

- The Committee's amendments include a **net general fund decrease of \$5.5 million** over the 2012-14 biennium for Public Safety, compared to HB 1301, as introduced.
 - The introduced budget proposed a **net general fund increase of \$35.5 million** in Public Safety, over the adjusted base budget.
- The primary differences between the introduced budget and the SFC's amendments are related to:
 - Required deposit to the Corrections Special Reserve Fund;
 - Governor's technical amendment , other small adjustments.



Corrections Special Reserve Fund

- The introduced budget included a \$12.1 million GF deposit into the Corrections Special Reserve Fund, based on the Governor's proposed legislation affecting criminal sentencing that increases the required numbers of correctional facility beds.
- The Committee reduced the required deposit to \$5.9 million, based on sentencing bills that actually passed the Senate and House.
 - The major change was to SB 159/HB 968, which, as introduced, included a 5-year mandatory minimum prison term for 2nd offense drug trafficking. As adopted, the bill included a 3-year mandatory minimum, for a savings of \$6.2 million GF.
- The Committee recommended \$5.9 million from the reserve fund be used to supplant GF for corrections operating expenses.



Mecklenburg Correctional Center

- The introduced budget closed Mecklenburg Correctional Center, in order to adjust to the loss of \$20.4 million NGF each year in out-of-state revenue, due to the loss of the Pennsylvania inmates.
- The Committee provides a one-time transition payment of \$95,000 GF to the Town of Boydton in SB 29 to replace lost revenues for the town's wastewater treatment plant in FY 2012.
- The Committee also restores \$1.3 million GF for payments in lieu of taxes or service fees by the Department of Corrections to a series of localities in which prisons are located, including \$200,000 each year to Mecklenburg County.



Internet Crimes Against Children

- The Committee adopted a series of amendments to appropriate an expected surplus of \$630,000 each year in the ICAC special fund, based on projected revenues from the \$10 fee on all felony and misdemeanor convictions, added on as court costs.
- The additional funds are allocated to:
 - Southern VA ICAC Task Force (Sheriff, Bedford County, \$200,000/yr)
 - Northern VA ICAC Task Force (State Police, \$200,000/yr)
 - DCJS Grant Program for Local Law Enforcement (\$80,000/yr)
 - DSS Child Protection Accountability System (\$80,000/yr)
 - Attorney General, cyber crime unit (\$70,000/yr)



Firearms Transaction Program

- Transfers estimated at \$939,682 each year in special fund revenue from the \$2 fee for background checks and related fees to general fund.
- Appropriates that amount as general funds to State Police, rather than as special funds, and adds another \$402,124 GF each year, for a total of \$1.3 million GF each year for the program.
- Provides a net increase of five positions to eliminate the delays in processing requests for computer background checks for individuals purchasing firearms.



Veterans Affairs and Homeland Security



Veterans Services

- Adds \$150,000 GF each year for licensing costs for the new automated claims processing system.
- Adds \$140,000 GF each year plus \$20,000 NGF each year for essential positions to address financial management and internal operating issues identified by the Auditor of Public Accounts.
- Provides authorization for a Treasury Loan for \$28.5 million, pending approval of VPBA financing, to match a federal grant of \$53.0 million for a new Veterans Care Center in Hampton Roads.



Judicial Department



Judicial Staffing

- The Committee adopted language to “unfreeze” ten judgeships, using existing funds within the Judicial budget, including:
 - 9th, 10th, 17th and 22nd Circuits;
 - 6th, 11th, and 31st General District Courts; and,
 - 9th, 11th (as of 7/1/13), and 28th J&DR District Courts.
- The Committee provided a total of 136 new positions for the clerks of the district courts (including the 46 positions added in the budget as introduced) – to meet 88% of staffing standards.
- The Committee supports the proposal for the Supreme Court to contract with the National Center for State Courts to conduct a staffing and workload analysis of the judiciary.



Local Fines and Fees

- Language is included to address the concern that some localities are diverting revenues from the Literary Fund by enforcing parallel local ordinances rather than state statutes.
- The Auditor of Public Accounts completed a report on this concern during 2011. In FY 2011, local collections from local ordinances totaled \$104.5 million, or 35.1 percent of total collections.
- The language sets a standard that if local ordinance collections exceed 30 percent of a locality's total state and local collections, then one-half of the excess local collections over 30 percent will be deposited to the Literary Fund.
 - Based on FY 2011 collections, the additional revenue for the Literary Fund is estimated at \$4.1 million each year.



Commerce and Trade



Commerce and Trade

Supplemental Amendments (spending)

- The Committee's amendments to HB 1301 reflect six changes from the original amendments adopted to SB 30:
 - Provides \$10.0 million GF from the Mortgage Servicing Settlement to capitalize the Housing Trust Fund in the Department of Housing and Community Development.
 - 80% of these funds will be used to establish a revolving loan fund for low-interest loans for gap financing for affordable housing and assistance to homebuyers.
 - The remaining 20% will be available for grants for temporary rental assistance, housing stabilization and long term housing options for the homeless.
 - Provides \$300,000 GF each year for foreclosure assistance counseling.



Commerce and Trade

Supplemental Amendments (savings)

- Captures \$12.0 million GF from the Governor's Opportunity Fund and \$1.2 million from the Virginia Jobs Investment Program in FY 2011 balances in HB 1300.
 - The prior amendment adopted to SB 30, which reduced the GOF appropriation in FY 2013 by \$6.0 million based on these balances, has been eliminated.
- Eliminates \$3.0 million GF each year for the Machinery and Tools Grant Fund as SB 549 failed to pass in the House.
- Eliminates \$150,000 GF each year for the Microenterprise Investment Grant Fund as SB 262 failed to pass in the House.
- Reduces the proposed increase for the Motion Picture Opportunity Fund by \$1.5 million GF each year, leaving \$2.0 million GF in the Fund each year.



Overview of Commerce & Trade

- SFC's proposed amendments for the 2012-2014 biennium include **net decreases of \$25.2 million GF** from HB 1301, as introduced.
 - Major reductions include:
 - Eliminating \$10.0 million GF for a proposed new Life Sciences initiative to provide funding to create a non-stock corporation for research;
 - \$7.5 million GF in the first year for BRAC related payments to the City of Virginia Beach to instead be made from FACT Fund;
 - \$4.1 million GF for interest payments to the federal government for unemployment compensation loans to instead be made from VEC Penalty and Interest Fund; and,
 - \$10.0 million GF in the second year for the Commonwealth Research Commercialization Fund and \$4.0 million GF to implement an Advanced Manufacturing Initiative to be provided from a contingent appropriation from the FACT Fund.



Commerce & Trade/Economic Development Incentives

Total Over \$131 Million for FY 2012-14

(GF \$ in millions unless otherwise noted)

Governor's Development Opportunity Fund	\$23.6
Commonwealth Research Commercialization Fund **	\$20.0
Major Eligible Employer Grants	\$10.0
Semiconductor Manufacturing Grants	\$10.8
Motion Picture Opportunity Fund	\$4.0
VA Investment Partnership Grants	\$8.3
Aerospace Engine Facility Incentive Payments	\$19.7
Advanced Shipbuilding Training Facility Grant	\$10.0
SRI International Incentive Payments	\$1.0
VA Economic Development Incentive Grants	\$2.1
BRAC Payment to VA Beach *	\$7.5
Machinery and Tools Grant Fund	\$6.0
Advanced Manufacturing Initiative **	\$4.0
Langley AFB Encroachment **	\$2.0

* From FACT Fund ** Contingent from FACT Fund (CRCF 2nd year)



Department of Housing and Community Development

- SFC amendments for DHCD include :
 - \$10.0 million GF in the first year for the Housing Trust Fund.
 - \$6.2 million GF in the first year for operating expenses of the Fort Monroe Authority.
 - Also included in Capital Outlay is an additional \$2.0 million in the first year in state supported debt for maintenance reserve and utility improvement projects.
 - Senate passed legislation that will allow FMA to keep proceeds for sale of properties to fund additional infrastructure needs.
 - \$1.5 million GF each year for homeless prevention and intervention programs; and
 - \$300,000 GF each year for foreclosure counseling services.



Virginia Employment Commission

- SFC amendments for VEC include :
 - Reduced appropriation of \$110.6 million NGF the first year and \$169.9 million NGF the second year for unemployment insurance benefits based on projected improvement in unemployment rates.
 - \$6.7 million NGF in the first year from the VEC Penalty and Interest Fund for an interest payment to the federal government due on prior year loans for unemployment insurance benefits :
 - Eliminates a proposed surcharge on employers that was included in HB 1301, as introduced.



VA Economic Development Partnership and VA Tourism Authority

- SFC amendments for VEDP include:
 - An increase of \$500,000 GF the first year to expand international marketing in Europe, Japan, China and India.
 - An increase of \$250,000 GF the first year to expand a pilot program to support regional economic development organizations.
 - A reduction of \$628,634 GF each year from the Brownfields Restoration and Economic Development Fund.
 - A reduction of \$342,851 GF the first year and \$395,251 the second year from elimination of Virginia National Defense Industrial Authority, which is a recommendation of the Governor's Commission on Government Reform and Restructuring.
- SFC amendments for Tourism Authority include:
 - An increase of \$500,000 GF each year for advertising and marketing.
 - Provides \$575,000 GF each year to increase grants for local and regional tourism entities.



Natural Resources



Overview of Natural Resources

- SFC amendments for the 2012-2014 biennium include **net increases of \$4.1 million GF** over HB 1301, as introduced.
 - Restores the following reductions that were included in HB 1301, as introduced:
 - \$4.1 million for Soil and Water Conservation Districts.
 - \$2.0 million for Virginia Land Conservation Fund.
 - \$1.6 million for State Park operations.



Water Quality Improvement Fund

- Provides \$50.3 million GF in FY 2013 for pollution control projects to prevent sediment and nutrients from entering state waters.
 - \$35.0 million GF the first year for nonpoint source projects administered by the Department of Conservation and Recreation.
 - Also continues to provide \$9.1 million NGF each year from an existing \$10 deed recordation fee to the Natural Resources Commitment Fund, for agricultural best management practices.
 - Eight percent of this amount is required to be distributed to soil and water conservation districts for technical assistance.
 - \$15.3 million GF the first year for point source projects administered by the Department of Environmental Quality.
 - Senate also passed legislation to provide \$300 million in bonds for wastewater treatment plant upgrades as well as \$78 million for combined sewer overflow projects.
 - Amendments to HB 1301 provide \$89.5 million to fill backlog if bond bills are not passed.



Natural Resources

Other Increases in SB 30

- Provides \$2.0 million GF in the first year for the Department of Historic Resources for the Civil War Historic Site Preservation Fund.
- Includes \$1.9 million GF the first year for the Department of Conservation and Recreation to consolidate and relocate agency offices in Richmond.
- Provides increases for the Marine Resources Commission of \$750,000 GF each year to partially restore funding for oyster replenishment, \$500,000 GF each year for the marine debris removal program and \$200,000 GF each year to restore the proposed elimination of the VA Saltwater Fishing Tournament.
- Provides \$625,000 NGF the first year to support the Title V Air Pollution Permit program and includes language authorizing DEQ to set fees at a level necessary to cover program costs.



Agriculture & Forestry

- SFC's amendments for the 2010-2012 biennium provide **increases of \$2.3 million GF** over HB 1301, as introduced.
 - Provides \$1.0 million GF each year for the Governor's Agriculture and Forestry Development Fund.
 - Provides \$947,570 GF each year for Reforestation of Timberlands.
 - Includes \$260,226 GF the first year and \$410,226 GF the second year to expand international marketing of VA products.
 - Provides \$250,000 GF each year for forest firefighting equipment through the Master Equipment Lease Purchase program.
 - Restores \$289,206 GF the first year and \$350,324 GF the second year in reductions proposed for Charitable Gaming Enforcement in the introduced budget.
 - Provides \$175,000 GF each year for the Beehive Grant Fund.
 - Increases the VA Wine Promotion fund by \$174,699 GF each year.



General Government



General Government *Supplemental Amendments*

- The Committee's amendments to HB 1301 reflect ten changes from the original amendments adopted to SB 30:
 - \$30,000 GF for Legislative Assistants' Salaries and Adjustment (Language).
 - (\$17,700) GF by elimination of funding for the proposed Agency Effectiveness Review Commission. (SB 348 failed.)
 - (\$117,086) GF and (2.00) FTE positions for the Capitol Square Preservation Council.
 - \$50,000 GF for the Indian Commemorative Commission.
 - (\$5.3 million) GF by increasing the Out-of-State Capital Fee.
 - (\$4.3 million) GF from lower interest rates on tax-supported debt.
 - (\$1.5 million) GF by reducing the Miscellaneous Contingency Account.
 - (\$4.0 million) GF by reducing the reserve for VITA Rates.
 - (\$20.0 million) GF by elimination of the proposed FY 2014 FACT Fund Deposit.
 - Continues language on Qualified Equity and Subordinated Debt Investment.



Transportation



Transportation

Supplemental Amendments

- The Committee's amendments to HB 1300 & 1301 reflect several changes from the original amendments adopted to SB 29 & 30:
 - Provides \$700 million in new transportation bonding authority from two different sources.
 - Increases by \$300 million the \$3.0 billion in Commonwealth Project Revenue Bonds initially authorized under HB3202 (2007) and accelerated last year.
 - Dedicated for construction of Dulles Metro extension Phase II.
 - Increases by \$400 million the limit GARVEE bonds guaranteed by future federal revenues.
 - Authorized at \$1.2 billion as part of the Virginia Transportation Act of 2000, and reauthorized last year.
 - Prohibits tolls from being levied on the Portsmouth – Norfolk tunnel project prior to January 1, 2014 and provides the Commonwealth Transportation Board flexibility to cover the costs incurred by the Commonwealth (HB 1300).
 - Requires quarterly reporting on this project beginning May 15, 2011 to the Chairmen of Senate Finance and House Appropriations.



Transportation

Supplemental Amendments

- The Committee amendments also take action to address several concerns that have been raised related to SB 639/HB 1248 as passed in the 2012 Regular Session.
 - Provides an exemption for those cities, counties and towns that construct and maintain their own streets and roads from VDOT review of local comprehensive planning required.
 - Reestablishes the definition of “nonrecurring expenditures” to ensure that only 67 percent of undesignated GF balances can be assigned to transportation.



Overview of Transportation

- The Committee amendments to HB 1300 provide \$57.4 million in undesignated FY 2011 general fund balances to capitalize the Intercity Passenger Rail Operating and Capital Fund.
 - Allows Virginia to continue moving forward with daily passenger rail service from Lynchburg, Richmond and Newport News.
 - Accelerates additional daily service from Hampton Roads.
 - Fulfills commitments to Governor McDonnell's 2011 Transportation Reform legislation.
- Directs \$9.9 million in FY 2011 undesignated general fund balances to the Mass Transit Trust Fund.
 - Provides access to jobs for millions of Virginia commuters.
 - Statutory share (14.7 percent) of undesignated FY 2011 GF balances that would be deposited to transit when distributed through the TTF.



Other Transportation Initiatives

- Eliminates the proposed diversion of \$110.7 million in sales tax revenues to transportation.
 - Legislation that passed the Senate provides reliable long-term user based revenues for Virginia's transportation programs.
 - Rejects the proposed redirection of Waste Tire Fund revenues from DEQ to VDOT.
- Transfers funding responsibility for I-95 park and ride lots and associated transportation demand management projects from DRPT to VDOT.
 - VDOT has primary funding responsibility for the project.
 - Estimated cost of \$193 million over 20 years.



Rail and Public Transportation

- Provides initial planning funding for new mobility options in Hampton Roads.
 - Directs comprehensive planning for a Fast Ferry service corridor in Hampton Roads with intermodal connectivity to existing transit infrastructure.
- Provides limited local relief for commuter express services in Central Virginia.
 - Dedicates matching funding for GRTC services in Chesterfield and Petersburg.
 - Requires localities to provide at least a dollar-for-dollar match.
- Continues the current appropriation for the Lynchburg-Roanoke “bus-bridge” services to daily commuter rail service from Lynchburg.
 - Requires that the bus service be incorporated within AMTRAK on-line ticketing and reservation system.



Other Transportation Agencies

- Endorses the Governor's funding priorities within the Department of Motor Vehicles.
 - Fee adjustments generate \$9.9 million NGF to support critical driver licensing and vehicle registration services.
- Authorizes over \$100 million NGF in Port Revenue Bond proceeds to advance construction of Phase II of APM property.
 - Provides a maintenance reserve of \$1.5 million NGF in each year for the Port Authority.
- Extends the current operational funding level of \$1.5 million in each year from Commonwealth Transportation Funds for the Virginia Commercial Spaceflight Authority.
 - Authorizes \$4.0 million in Virginia Public Building Authority Bond proceeds for capital acquisition of Launch Pad 0-A at the Wallops Island Flight Facility.



Technology



Overview of Technology

- The Committee amendments in FY 2013 and FY 2014 reduce by \$2.0 million GF each year the proposed new spending of \$13.3 million GF within Central Accounts to address increased agency technology and telecommunications costs.
 - The reduction in funding reserved for increased agency technology costs primarily impacts 3 GF agencies: DEQ, DJJ, and VDEM.
 - The funding for improved telecommunications systems is primarily for the Department of Corrections.
- Eliminates proposed marketing funding for cyber security and modeling and simulation programs totaling \$2.3 million GF for the 2012-14 biennium.
 - Language authorizes these programs to be funded from research commercialization program balances or FY 2013 appropriations.



Other Technology Actions

- Strengthens the statewide implementation of the CARDINAL financial accounting system by requiring that common statewide vendor data tables be implemented prior to accessing a \$60 million line of credit.
 - The Comptroller was to have had these standards in place by 2010.
- Includes several additional technical language amendments related to the \$60 million line of credit for funding the CARDINAL project.
- Directs the Secretary of Technology to develop a plan for the development and implementation of Commonwealth data standards for other citizen centric information.
 - Allows the Secretary to use current technology project investments as guidelines for developing the statewide standard.



Capital Outlay



Capital Outlay

Supplemental Amendments

- The Committee's amendments to HB 1301 reflect two changes from the original amendments adopted to SB 30:
 - (\$6.0 million) GF and (\$4.6 million) from tax-supported bond proceeds from elimination of the proposed renovations to the Marion Correctional Center.
 - Substitute planning for replacement of Brown Hall at Norfolk State University for planning for renovation of Hamm Hall at Norfolk State University.



Use of GF-Supported Debt

- Recommended GF-supported debt totals \$472.2 million for three purposes:

	<u>GF Supported Bonds</u> (\$ in millions)		
	<u>Introduced</u>	<u>Change</u>	<u>SFC</u>
Higher Education Equipment Trust Fund (HEETF)	\$103.3	\$12.2	\$115.5
Water Quality Projects	\$0.0	\$89.5	\$89.5
Capital Projects	<u>\$244.0</u>	<u>\$18.6</u>	<u>\$262.6</u>
Total: GF Supported Debt	\$347.3	\$120.3	\$467.6



Funding by Project Category

- Recommended GF projects total \$284.0 million for four project categories:

	<u>GF/GF Bonds</u> (\$ in millions)		
	<u>Introduced</u>	<u>Change</u>	<u>SFC</u>
New Construction and Renovations	\$112.5	\$17.3	\$129.8
Equipment for Previously Approved Projects	\$31.5	\$1.2	\$32.7
Maintenance Reserve	\$100.1	\$0.0	\$100.1
Planning	<u>\$15.0</u>	<u>\$6.4</u>	<u>\$21.4</u>
Total, GF/GF Supported Capital Projects	\$259.1	\$249	\$284.0

