

SENATE OF VIRGINIA

Senate Finance Committee

Overview of Conference Committee Budget Actions

HB 1300 (Amendments to 2010-12 Budget)

HB 1301 (2012-14 Biennial Budget)

April 17, 2012



SENATE FINANCE COMMITTEE

Presentation Outline

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



Overview/Resources



Senate Budget Priorities

- Invest in education.
- Protect the health care “safety net”.
- Stimulate job creation.
- Address employee compensation.
- Move toward full-funding of VRS rate.
- Adopt a structurally balanced budget.



Common Themes in Both Budgets

- K-12 education, with sensitivity toward impact of VRS rate increases on local budgets.
- Protect the health care “safety net”.
- Stimulate job creation.
- Provide relief to local governments.
- Address employee compensation.
- Structural balance.



Conference Report Resources

- Conference Report redirects \$110.7 million GF (in sales tax) proposed for transportation to education, health care, and the Judicial Department, consistent with Senate position.
- Reflects \$15.3 million in GF revenue in FY 2014 from SB 597 (“Amazon bill”), assuming the effective date of 9/1/2013.
- Reflects \$7.7 million GF in adjustments to ABC revenues, largely due to impact of HB 896, Sunday sales.
- No adjustments to the revenue forecast for FY 12 or for the next biennium above that in the budget as introduced.



Allocation of Mortgage Servicing Settlement

- \$65.9 million in one-time general funds.
 - \$7.0 million to capitalize a Housing Trust Fund.
 - 80% of fund will be a revolving loan fund.
 - 20% grants for homeless assistance programs.
 - Allocates the balance of \$58.9 million toward K-12 Public Education.
 - One-time funding that can be used for retirement, inflation and pre-K programs (totals \$110 million GF).



K-12 Education



Public Education

- The introduced biennial budget provided \$404 million GF above the Chapter 890 base budget for Direct Aid to Public Education (or \$127 per pupil), \$342 million of which reflected the state's share of the increase in teacher retirement employer contribution rates.
 - **Senate** added \$164 million GF over the introduced budget, plus \$55.9 million from the Mortgage Settlement as well as a contingent appropriation.
 - **House** added \$157 million GF over the introduced budget in Direct Aid, plus \$45 million towards reducing the local aid reversion.
 - The **Conference report** adds \$212 million over the introduced budget in Direct Aid.



Public Education

- Both budgets provided funding (at different levels) for:
 - K-3 Class Size Reduction technical update (Conference flexibility allows 3 additional students per class in this program in 2012-14),
 - Early Intervention Reading for third grade, and
 - Restoration of Northern Virginia Support Cost of Competing.
- Key differences included:
 - VRS rates, Inflation, Virginia Preschool Initiative for At-Risk Four-Year-Olds, and other areas.
- Conference report provides \$110.0 million as “Additional Assistance with Retirement, Inflation, and PreKindergarten Costs”; Employer teacher VRS rates same as introduced, 11.66%:
 - Allocations based on 20 percent retirement, 65 percent inflation, and 15 percent preschool.
 - School divisions to decide how much to allocate to each purpose. No local match is required.



Public Education - Summary of Differences			
(GF, \$ in millions)	<u>Senate</u>	<u>House</u>	<u>Conference</u>
H: Removes Repayment of Deferral from VRS Employer Contribution Rate	\$0.0	(\$80.4)	\$0.0
H: Restore Non-Personal Inflation Update, C: Assist. w/ VRS, Inflation, PreK	0.0	106.1	\$110.0
S: Assistance to Pay VRS Rates, H: State Lump Sum Payments to VRS	45.0	60.0	See above
Restore Support COCA, C: FY 13=\$28M, FY 14= \$12M	42.3	24.3	40.0
S: Restore Funding for At-Risk PreK, Increase PPA from \$6000 to \$6800	18.2	0.0	See above
K-3 Class Size Technical Update, C: Flexibility	47.1	44.8	47.1
Correction to Vocational Education Funding	0.0	0.0	6.8
Early Intervention Reading, S: Full Funding, H: 67.5% First Year	8.2	6.2	6.2
Literary Fund Additional NGF Revenue Offset, C: 40 Percent Threshold	(7.2)	0.0	(2.0)
Net Adjustment from Additional Sales Tax (SB 597)	2.4	0.0	2.4
Net All Other Actions	<u>7.5</u>	<u>(3.7)</u>	<u>1.2</u>
TOTAL, Direct Aid to Public Education	\$163.5	\$157.2	\$211.7
S: Non-recurring School Aid for Inflation and PreK (from Mortgage Settlement)	55.9	0.0	See above
S: Contingent Remaining \$18.5M FY 14 No. VA Support Cost of Competing	Lang.		
C: Louisa Schools Earthquake Damage (in Emergency Services)	1.5	2.0	2.0
School for Deaf and Blind	0.3	0.0	0.3

Governor's Schools, STEAM Academy, School Efficiency Reviews, and Virtual Virginia Courses

- Adds \$100,000 for planning for science Governor's School in greater Hampton Roads; adds \$100,000 per year to plan and start-up expansions of existing Governor's Schools to full-day, grades 9 through 12; adds \$73,402 to increase the funding cap from 1,650 to 1,700 student in the second year.
- Provides \$200,000 for feasibility study of the Virginia STEAM Academy a proposed statewide residential high school.
- Provides \$200,000 each year to continue School Efficiency Reviews, which have found annual savings averaging \$1 million.
- Adds \$2 million for additional Virtual Virginia high school courses and sections.



Public Education

Other Differences

	<u>Introduced Budget</u>	<u>Senate Amendments</u>	<u>House Amendments</u>	<u>Conference Amendments</u>
10 th Grade PSAT Initiative	Adds \$1.8M		Eliminates	Eliminates
Communities in Schools (Dropout Prevention) Grant	Adds \$2.0M	Maintains half	Eliminates	Provides \$700,000
Project Discovery (College Access) Grant	Eliminates \$1.2M	Restores		Provides \$700,000
Jobs for Virginia Graduates Grant	Adds \$500,000		Eliminates new \$	Eliminates new \$
Microsoft IT Academies			Adds \$3.0M	Adds \$3.0M
Youth Development Summer Camps	Adds \$135,794		Adds \$950,558	Adds \$475,279
Digital Content (Public Media)	Eliminates \$5.2M	Provides \$1.0M		Provides \$1.0M
Mentors for New Teachers	Eliminates \$1.6M	Restores \$1.0M		
College Lab Schools Planning Grants	Leaves FY12 Grants in the Base	Removes \$1.2M		Removes \$1.2M
College Readiness Center Pilot		Adds \$500,000		Adds \$175,000
VA STAR IT Computer Refurbishment		Adds \$850,000		Adds \$425,000
EpiPens			Adds \$200,000	Adds \$200,000



Education Language Amendments

- **Conference report adopts:**
 - **Senate amendments:**
 - Extends Labor Day opening waivers by one year.
 - Directs a survey of online learning activities.
 - Extends Civics Education Commission sunset by one year.
 - **House amendment:**
 - Specifies that consolidation hold harmless applies to transition of a city to town status.
- No Conference amendment related to funding for full-time virtual education. SB 598 failed.



HB 1300 (FY 2012)

- **Conference report:**
 - Minor technical amendments.
 - \$18.7 million increase in the Lottery Proceeds forecast.
 - Saves a net \$2 million (\$3 million reduction in HB 1300, offset by \$1 million spend in HB 1301) in the Performance Pay Pilot, based on expected maximum utilization in FY 2013.
 - Adds \$50,000 for the Southside Technology Consortium.



Other Education Agencies

- **Conference Report:**

- Adds \$350,000 for Frontier Culture Museum.
- Adds \$438,000 for the Library of Virginia for management of electronic public records.
- Restores \$590,872 for aid to local libraries, to restore the 2 percent reduction proposed in the introduced budget.
- Restores \$299,586 for grants to arts organizations, to restore the 2 percent reduction proposed in the introduced budget.



Higher Education



Higher Education

- Conference report adds \$8.8 million GF over the biennium above the introduced budget, or a total of \$220.5 million GF.
 - \$122.2 million for base operations, enrollment and incentive funding:
 - \$50.9 million for base operations funding.
 - \$42.6 million for enrollment growth.
 - \$28.6 million for incentive funding linked to specific initiatives that support the goals of the TJ 21 legislation.
 - \$18.5 million GF for undergraduate and graduate financial aid, an increase of \$5.8 million GF over the biennium from the introduced budget.
 - \$17.5 million GF for a two percent faculty salary increase.
 - Roughly \$6.9 million GF in additional funding is allocated for a higher education classified salary increase in central appropriations.
 - Contingent on revenues, effective on July 10, 2013.



Higher Education – Institution Allocations

GF Actions for the 2012-14 Biennium - (\$ in millions)

Initiative	Senate	House	Conf.
Base Adequacy/Base Operations	\$51.0	\$58.2	\$51.0
Enrollment Growth (House categories)	\$32.4	\$42.6	\$42.6
Retention and Graduation		15.4	14.1
Projected Growth VCCS		13.8	15.9
Transfer Students		8.0	7.6
New Undergraduate Seats		5.5	5.0
Degree Production Incentive	\$15.3	\$30.5	\$28.6
Institution Specific Initiatives	\$10.2	\$0	\$0
Undergraduate Financial Aid	\$24.2	\$0	\$16.7
Research	\$8.5	\$10.5	\$10.5
Total	\$141.6	\$141.8	\$149.4



Actions in Higher Education

- \$10.5 million of auxiliary enterprise interest earnings are restored.
- \$7.1 million for operating support at EVMS, \$1.1 million for operating support at VIMS, \$1.2 million at IALR, \$0.5 million for the So. VA Higher Education Center.
- \$11.7 million to increase TAG grants to \$2,750, \$1.8 million GF for graduate aid, \$1.2 million GF for the Transfer Grant, and \$200,000 GF for space grants.
- \$1.0 million GF for Extension at VT, \$310,000 GF for UMA at VMI, and \$300,000 GF for UMA at VT.
- \$1.0 million GF for workforce development at the VCCS over the biennium.
- Includes modified language to require semi-annual reporting by the Secretaries of Finance and Education for a NGF increase in E&G and to allow for a third level of functional authority under Level II restructuring.
- Eliminates language that restricted tuition revenue for financial aid.
- Increases out-of-state capital fee by \$1.50, revenue of \$2.7 million/year.
- Requires institutions to reallocate existing resources of \$17.3 million (1.5%) in FY 13 and \$23.1 million (2%) in FY 14 toward meeting the programs outlined in each institution's six-year academic plan and the goals of TJ 21.
 - Down from the 3% and 5% reallocation amounts in the introduced budget.



Summary of Proposed Amendments

GF Actions for the 2012-14 Biennium - (\$ in millions)

Action/Initiative	Gov.	Sen.	House	Conf.
Base Adequacy/Base Operations	\$51.0	\$51.0	\$58.2	\$51.0
Enrollment Growth	32.4	32.4	42.6	42.6
Degree Production Incentive	40.8	15.3	30.5	28.6
Institution Specific Initiatives	10.2	10.2	0.0	0.0
Undergraduate Financial Aid	12.7	24.2	0.0	16.7
Research	24.7	8.5	10.5	10.5
Graduate Aid/Transfer Grant	0.0	4.3	0.0	3.0
Tuition Assistance Grant	11.7	11.7	11.7	11.7
2% Faculty Salary Increase (other amounts in CA, not included)	0.0	19.1	13.0	17.5
Virginia Community College System Workforce	4.0	2.0	0	1.0
Initiatives (Dahl./Log./NSU/VSU/Sea/SVHEC/VT-ext&cadets/HEETF/Hampt)	0	6.9	3.2	4.7
Auxiliary Enterprise Interest Restoration	0.0	10.5	10.4	10.5
Other (EVMS/IALR/Jlab/BioP/Va Trt./VIVA/CA \$10 mil/VIMS facpilot,/space/VCU-ph)	36.7	30.6	31.6	34.6
Reductions (interest/credit card rebate in CA from base)	(12.6)	(11.9)	(12.3)	(11.9)
Total	\$211.7	\$214.8	\$199.4	\$220.5



Health and Human Resources



Health and Human Resources (HHR)

- The introduced budget included a net general fund increase of \$442.7 million in Health and Human Resources.
- The Senate budget provided a net increase of \$49.6 million GF while the House budget provided a net increase of \$23.5 million GF – a difference of \$26.1 million GF.
- The Conference report includes a net general fund increase of \$44.7 million in HHR.



Key Features of the Conference Report for HHR

- Partially restores funding for inflation for nursing homes and hospitals;
- Adds 225 ID and 80 DD Medicaid waiver slots above the number required by the DOJ agreement;
- Provides a rate increase for congregate and personal care providers of Medicaid waiver services;
- Restores Medicaid eligibility for 1,500 elderly and disabled individuals needing long-term care services;
- Adds funding for children's mental health service; and
- Includes significant general fund savings.



Provider Rates

(General Fund \$ in millions)

Comparison of Senate and House Budgets to Conference Report			
Description	Senate	House	Conf.
Restore inflation for hospital inpatient rates	\$40.0	\$37.7	\$40.0
Restore inflation for nursing homes	30.0	29.0	29.0
Redirect funding for nursing home capital	(10.0)	0	(5.0)
Correct funding for teaching hospitals	8.7	8.7	8.7
Increase Auxiliary Grant rates	3.1	0.0	1.5
Inc. Ambulance Services Rates/Early Intervention Case Management Rates	0.8	0.0	0.8
Net Increase, Provider Rates	\$72.6	\$75.5	\$75.1



Long-Term Care and Waiver Services

(General Fund \$ in millions)

Comparison of Senate and House Budgets to Conference Report			
Description	Senate	House	Conf.
Add Intellectual disability waiver slots	\$0.0	\$9.4	\$10.2
Add developmental disability waiver slots	0.0	1.1	1.6
Restore funding for personal care rates	6.7	0.0	6.7
Restore eligibility to 267 percent of SSI for Medicaid long-term care services	6.0	0.0	6.0
Restore funding for congregate care rates	0.0	4.2	4.1
Restore personal care under Medicaid waivers to 56 hours per week	2.0	0.0	2.0
TOTAL, LTC & Waiver Services	\$14.7	\$14.6	\$30.6



Children's Services

(General Fund \$ in millions)

Comparison of Senate and House Budgets to Conference Report			
Description	Senate	House	Conf.
Restore wrap-around services in CSA	\$5.4	\$0.0	\$4.4
Establish child psychiatry demo. projects to detect and treat mental disorders	2.2	0.0	3.3
Restore child advocacy centers	1.9	0.0	1.9
Restore funding for CHIP of Virginia	1.0	0.7	0.9
Restore funding for Healthy Families VA	0.8	0.0	0.4
Restore unattached children's program	1.1	0.0	0.0
Mobile MH Crisis Services for Children	0.0	1.0	0.0
TOTAL, Children's Services	\$12.4	\$1.7	\$10.7



Health Care Services

(General Fund \$ in millions)

Comparison of Senate and House Budgets to Conference Report			
Description	Senate	House	Conf.
Restore funding for health care safety net	\$4.8	\$4.8	\$4.8
Extend Medicaid and FAMIS to pregnant women and children who are legal immigrants	2.2	1.1	1.1
Restore funding for dental services provided at local health departments	1.9	1.0	1.0
Restore funding for poison control centers	3.0	0.0	0.5
All other health care services	0.7	0.6	0.7
TOTAL, Health Care Services	\$12.7	\$7.5	\$8.1



Social Services

(General Fund \$ in millions)

Comparison of Senate and House Budgets to Conference Report			
Description	Senate	House	Conf.
Provide funding for local AAAs/Offset reductions for local aging services	\$3.3	\$1.0	\$2.5
Restore funding for local DSS operations	2.9	0.0	1.4
Restore funding for community action agencies	1.0	1.0	1.0
Restore funding for at-risk child care	2.4	0.0	0.0
Restore funds for teen pregnancy prevention	0.4	0.0	0.0
Restore funding for Pharmacy Connect/Home- and community-based services for the elderly	0.3	0.3	0.0
TOTAL, Social Services	\$10.4	\$2.3	\$5.0



All Other

(General Fund \$ in millions)

Comparison of Senate and House Budgets to Conference Report			
Description	Senate	House	Conf.
Restore antidepressants and antipsychotics to Medicaid preferred drug list	\$3.4	\$2.1	\$2.1
Provide funding for proton beam therapy	3.0	1.5	1.5
Create law enforcement “drop-off” centers for people with mental illness	2.0	0.0	1.2
Restore GF in lieu of fee increases (i.e., community waterworks and restaurants)	0.0	2.6	0.9
Restore GF for employment support srvs.	1.4	0.5	0.8
All other	2.1	0.8	1.7
TOTAL, All Other	\$11.9	\$7.5	\$8.2



Savings

(General Fund \$ in millions)

Comparison of Senate and House Budgets to Conference Report			
Description	Senate	House	Conf.
Adjust Medicaid forecast for new enrollees	(\$44.3)	(\$44.3)	(\$44.3)
Adjust projected CSA spending	(17.7)	(17.7)	(17.7)
Update estimate of federal bonus savings	(8.2)	(8.2)	(8.2)
Adj. Medicaid fcst. for federal match rates	(7.6)	(7.6)	(7.6)
Savings from transitioning veterans to federally-funded health care programs	(1.0)	0.0	(5.9)
Revise estimate of hospital inflation savings	(4.6)	(4.6)	(4.6)
All other	(1.5)	(3.1)	(4.5)
TOTAL, All Other Savings	(\$85.0)	(\$85.6)	(\$93.0)



Language

- Language is included requiring the Commissioner of the Department of Behavioral Health and Developmental Services, in consultation with the Secretary of Health and Human Services and the Chairmen of the Senate Finance and House Appropriations Committees, to develop a plan related to the closure of state intellectual disability training centers by FY 2021.
 - The report is due within one year of final approval of the agreement.
 - The Commissioner is required to solicit the input of stakeholders.



HB 1300

(General Fund \$ in millions)

HHR Conference Amendments to HB 1300, As Introduced	
Description	FY 2012
Revise estimate of federal Medicaid bonus payments	(26.7)
Reduce child support operations with retained TANF earnings	(2.5)
Restore funding for vital records operating costs	0.9
Eliminate funding for Oxbow Center	(0.1)
TOTAL, HB 1300 Amendments	(\$28.4)



Compensation



VRS Retirement – State and Local

- **Senate:** Begin phase-in of Board-approved rates.
- **House:** Adopts 8% rate for state (same effect as Senate).
 - Changes repayment of 2010 deferral by making a \$30 million deposit each year rather than the 10-year supplemental rate required.
 - Extends the 8% rate of return for the VRS employer rate calculation to localities.
- **Conference:** Begin phase-in of Board-approved rates.
 - State: Phase-in Board-approved rates per schedule set out in SB 498.
 - Localities and schools: May phase-in Board-approved rates over three biennia with FY 2012 rates as a floor, or opt to pay the Board-approved rates.



Employee 3% Bonus

- **Senate:** 3% bonus contingent upon FY 2012 revenue surplus and balances.
 - Estimated cost: \$77.2 million GF
- **House:** Eliminated the bonus.
- **Conference:** 3% bonus contingent upon FY 2012 revenue surplus and balances.
 - Estimated cost: \$77.2 million GF



Employee Salary Increase

- **Senate:** Provided \$58.2 million GF for a 2 percent increase in FY 2014.
 - Applied to state employees, and **all** state-supported local employees.
 - Effective June 25, 2013 for state employees.
 - Effective July 1, 2013 for state-supported local employees.
 - Faculty budgeted directly in higher education institutions.
- **House:** Reserved \$42.2 GF for a 2 percent increase in FY 2014.
 - Applied to state employees, and constitutional officers **only**.
 - Effective July 10, 2013 contingent upon revenue performance.
 - *Faculty higher education classified employees budgeted directly in higher education institutions.*
- **Conference:** Provides \$54.7 million GF for a 2 percent increase in FY 2014 contingent upon revenue performance.
 - Applies to state employees, and **all** state-supported local employees.
 - Effective July 10, 2013 for state employees (August 1 payout).
 - Effective August 1, 2013 for state-supported local employees.
 - Faculty budgeted directly in higher education institutions.



Public Safety



Public Safety - Overview

- The introduced budget added a total of \$35.5 million GF over the biennium, above the base budget (Chapter 890, adjusted).
 - **Senate** amendments cut \$5.5 million GF below the introduced budget.
 - **House** amendments cut \$10.7 million GF.
 - **Conference** report cuts \$6.3 million GF.
- Senate and House each approved funds for:
 - Expanding reentry initiatives in the Department of Corrections;
 - Filling 40 vacant State Trooper positions; and,
 - Adding 43 non-sworn surveillance officers in State Police.
- Senate and House each agreed with reductions related to:
 - Closing Mecklenburg Correctional Center; and,
 - Eliminating separate Department of Correctional Education.



Corrections Special Reserve Fund

- The introduced budget included a \$12.1 million GF deposit into the Corrections Special Reserve Fund (30-19.1:4 Code of Virginia) for the fiscal impact of Governor's proposed sentencing legislation.
- Senate and House amendments **and the Conference report** reduce that amount by \$6.2 million, based on the fiscal impact of sentencing legislation as adopted, such that the net deposit into the fund is \$5.9 million.
 - Major change: SB 159/HB 968 amended to include a 3-year rather than a 5-year mandatory minimum term for drug trafficking second offense.
 - Governor has proposed an amendment to HB 968 to restore 5-year mandatory minimum term.
 - \$5.9 million deposit used to supplant Department of Corrections (DOC) operating expenses in the first year only.



Public Safety – Other Amendments

- Conference report includes \$95,000 in the caboose bill (HB 1300) for transitional assistance to Town of Boydton, to offset loss of revenue for the town wastewater treatment plant due to the closure of Mecklenburg Correctional Center.
 - Does not include restoration of payments in lieu of taxes.
- Includes \$2 million in FY 2013 for emergency assistance for school repairs for Louisa County.
- Includes language directing the Governor to transfer all funds collected in the Internet Crimes Against Children Fund to the respective ICAC programs identified in the budget.



Judicial Department

- **Senate:**

- Added \$9.8 million to provide a total of 136 new positions each year for the clerks of the district courts (88% of staffing standard).
 - The introduced budget phased-in 46 positions over 2 years.
- Added language to “unfreeze” 10 circuit & district court judgeships.
- Added language to increase legal aid filing fees from \$10 to \$14, providing \$3.25 million NGF each year to prevent severe reductions in local legal aid programs.

- **House:**

- Accepted 46 district court clerk positions as in introduced budget.
- Added language to “unfreeze” 33 judgeships.
- Increased (unspecified) budget cuts by \$2.8 million in FY 2012, \$1.8 million in 2013, and \$2.1 million in 2014.



Judicial Department - Conference

- **The Conference report:**
 - Adds \$2.6 million to increase the number of new positions for the clerks of the district courts by 15 -- from 46 in the introduced budget to a total of 61 new positions (80% of staffing standard);
 - “Unfreezes” 23 Circuit, General District, and JDR judgeships;
 - Provides \$240,000 for a study of district and circuit boundaries by the National Center for State Courts (completed by November 15, 2013);
 - Eliminates \$5.3 million each year in across-the-board cuts in the Judicial Department; and,
 - Adds \$1 million each year for the Virginia Legal Services Corporation to offset reductions in legal aid funding from IOLTA funds (Interest on Lawyers Trust Accounts), filing fees, and federal funds.
 - The Senate’s proposed filing fee increase was not approved.



Local Fines and Fees

- **Senate:**
 - Language was included to address the concern that some localities are diverting revenues from the Literary Fund by enforcing parallel local ordinances rather than state statutes.
- **House:**
 - Did not address.
- **Conference:**
 - Revised language sets a standard that if local ordinance collections exceed 40 percent (instead of 30 percent) of a locality's total state and local collections, then one-half of the excess local collections over 40 percent will be deposited into the Literary Fund.
 - Based on FY 2011 collections, the additional revenue for the Literary Fund is estimated at \$1.0 million each year



Commerce & Trade



Commerce and Trade

- The Conference report to HB 1301 for Commerce and Trade includes net reductions of \$33.3 million GF from the introduced budget.
 - Reductions reflected in the report include:
 - Saving \$10.0 million GF over the biennium by eliminating a new Life Sciences initiative;
 - Funding \$7.5 million for BRAC-related payments to the City of Virginia Beach from the Federal Action Contingency Trust (FACT) Fund, resulting in savings of \$7.5 million GF in the first year;
 - Reducing the increase for the Motion Picture Opportunity Fund by \$1.5 million GF each year, leaving \$2.0 million GF each year in the fund.
- In addition, captures savings in HB 1300 of \$12.0 million from balances in the Governor's Opportunity Fund and \$1.5 million from balances in the VA Jobs Investment Program.



Commerce and Trade

- Funds the Commonwealth Research and Commercialization Fund at \$8.0 million GF the first year and \$5.0 million GF the second year.
 - A reduction of \$2.0 million GF in the first year and \$5.0 million GF in the second year from what was proposed in the introduced budget.
- Savings of \$500,000 GF the first year by reducing the increase proposed for international marketing at VEDP and eliminates a new regional cooperation initiative for savings of \$500,000 GF the first year.
- Saves \$4.0 million GF by making the Advanced Manufacturing Initiative a contingent appropriation from the FACT Fund.
- Provides \$1.0 million each year for Langley Air Force Base encroachment issues from the FACT Fund on contingent basis.



Department of Housing and Community Development

- Provides \$7.0 million in FY 2014 to capitalize the Housing Trust Fund, with at least 80% to be used for a revolving loan fund and up to 20% for grants through eligible entities.
- Includes \$1.5 million in the first year for Homeless Prevention Programs to fund rapid rehousing and permanent supportive housing initiatives.
- Provides \$1.0 million the first year and \$2.0 million the second year for the Derelict Structures Fund.
 - A reduction of \$2.0 million GF in the first year and \$1.0 million GF in the second year from the introduced budget.



Other Commerce and Trade Actions

- Provides \$1.5 million GF each year for the Small Business Investment Grant Program in the Department of Business Assistance to encourage investment in small businesses pursuant to SB 344/HB 585.
- Eliminates a proposed per employee surcharge at VEC to fund the interest payment due to the federal government;
 - Funds the entire \$6.7 million payment from VEC's penalties and interest fund.
 - Generates savings of \$4.1 million GF that was proposed for this purpose in the introduced budget.



VEDP and VTA

- Eliminates funding for Brownfields Restoration at VEDP, which totaled \$628,634 GF each year.
- Reduces the increase for the regional tourism programs at VTA by \$300,000 GF each year, leaving an annual increase of \$275,000 GF.
- Eliminated \$500,000 GF proposed for Virginia Sports Hall of Fame, but instead includes language directing funding for this purpose from existing regional marketing funds.
 - Also directs funding for the Daniel Boone Visitors Center, Coalfields Regional Tourism Authority and the Special Olympics from these funds.
- Language for the cooperative advertising program retains existing partnerships but also provides funding on a competitive basis.
 - Restores language dedicating \$100,000 each year for advertising State Parks, \$100,000 each year for VA wine promotion and \$75,000 each year for outdoor advertising.



Agriculture and Forestry



Department of Agriculture and Consumer Services

- Includes \$1.0 million GF each year for the Agriculture and Forestry Industries Development Fund pursuant to SB 128/ HB 766.
- Provides \$260,226 GF the first year and \$410,226 GF the second year to expand international marketing of VA agricultural products.
- Includes an additional \$40,000 GF each year to provide a total of \$120,000 GF per year to match federal coyote control funding.
- Eliminates a proposed \$8.00 per device fee for the weights and measures program included in the introduced budget; provides additional GF support of \$250,000 in the first year to increase the frequency of inspections.
- Rejects a food inspection fee increase and provides \$125,000 GF each year to partially restore a budget cut supplanted by the proposed fee.



Department of Forestry

- Provides an increase of \$250,000 GF each year for the reforestation of timberlands program.
 - Up to \$120,000 of this amount each year may be used to upgrade DOF's accounts receivable system.
- Authorizes the sale of six DOF-owned buildings with proceeds of the sale of three being retained by the Department to purchase mobile technology equipment to support current field employees.
- Provides \$250,000 GF each year to purchase additional firefighting equipment through the MELP program.



Natural Resources



Natural Resources

- Includes net increases for Natural Resources of \$45.6 million GF for the biennium over HB 1301, as introduced.
 - Restores \$4.1 million GF for Soil and Water Conservation District operations.
 - Restores \$1.2 million GF for State Park operations.
 - Restores \$1.0 million GF for the Virginia Land Conservation Fund.
 - Provides \$2.0 million GF and directs \$2.5 million in bonds (previously approved by the 2008 General Assembly for open space preservation) to be used for Civil War battlefield preservation.
 - Provides \$400,000 GF to restore marine law enforcement funding and provides \$400,000 NGF to restore the funding for the VA Saltwater Sports Fishing Tournament, which was proposed to be eliminated in the introduced budget.
 - Restores \$80,000 GF the first year for Chesapeake Bay education programs.



Water Quality Improvement Fund

- The Senate budget included \$89.5 million in VPBA financing and \$15.0 million in the first year from the WQIF deposit for the state's share of wastewater treatment plant upgrades while the House provided \$45.3 million from the WQIF, as was proposed in the introduced budget.
 - The Conference report provides a total of \$87.6 million cash in FY 2013.
 - \$45.3 million from the WQIF statutory deposit and an additional general fund appropriation of \$42.3 million.
- The Senate budget included at total of \$35.0 million in the first year from the WQIF deposit for agricultural best management practices while the House provided \$5.0 million from the WQIF, as was proposed in the introduced budget.
 - The Conference report concedes to the House position.
 - Both budgets included an addition to \$9.1 million NGF each year from an existing \$10 recordation fee and an adjusted appropriation of \$18.0 million NGF the first year and \$11.6 million NGF the second year from existing prior-year balances.



Department of Environmental Quality

- Eliminates transfer of \$2.3 million NGF each year from Waste Tire Fund to VDOT for highway maintenance and allows DEQ to retain the funds in the first year to supplant a \$2.3 million GF reduction.
 - No appropriation of the fee revenue is included in the second year while language indicates that the 2013 General Assembly should consider eliminating the fee.
- Eliminates \$625,000 GF that was proposed for the Title V Air Permit Program and instead provides language requiring fees to be adjusted appropriately to meet the projected shortfall in the program.
- Restores a total of \$603,567 NGF for recycling grants that were proposed for transfer to the GF in the introduced budget.
- Expresses the intent to continue membership in the Interstate Commission on the Potomac River Basin and restores funding for the Potomac River Fisheries Commission in Central Appropriations.



Transportation



Transportation Actions in HB 1300

- The Conference report reduces the deposit in undesignated FY 2011 general fund balances to the Virginia Transportation Infrastructure Bank to \$28.7 million and directs \$28.7 million for capitalization of the Intercity Passenger Rail fund.
 - Senate had dedicated \$57.3 million to the Intercity Passenger Rail Operating and Capital Fund.
 - House budget included a \$57.3 million deposit to the Infrastructure Bank.
- Additionally, the conference report authorizes a \$9.9 million GF deposit to the Mass Transit Trust Fund for transit's statutory distribution of these balances.
- Includes language to expand the use of Rail Industrial Access Funds related to track improvement projects at the CSX Fredericksburg Yard for public safety projects.



Significant Transportation Actions

- Does not include any language relative to toll abatement for projects under development in Northern Virginia and Hampton Roads.
 - Senate proposed delaying the effective date of tolls levied on the Portsmouth-Norfolk tunnels until January 1, 2014.
 - Senate proposed increasing Commonwealth contributions to Phase 2 of the Dulles Rail project by \$300 million.
 - House rejected these positions.
- Language is contained in both HB 1300 & HB 1301 that prevents contractors or agents of the Commonwealth from providing preferences for project labor agreements.
 - This language was not included in the Senate budget.
- Legislation that passed the General Assembly did not include provisions dedicating increased share of sales tax revenues to the Highway Maintenance and Operating Fund.
 - The conference report eliminated the appropriation of \$110.7 million.



Actions Related to 2012 Legislation

- The Conference report also takes 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 as well as associated financial penalties.
 - Reestablishes the definition of “nonrecurring expenditures” to ensure that only 67 percent of undesignated GF balances can be assigned to transportation.
- Does not include language directing the Secretary of Transportation conduct studies related to devolution of the secondary roadway network or the creation of a new Northern Virginia Metropolitan Planning Organization (MPO).
 - Studies were initially included in the enactments of the Governor’s transportation legislation, but removed by both chambers.
 - The House budget contained language related to these studies.



Other Transportation Actions

- The Conference report provides a \$7.5 million annual appropriation for the Virginia Commercial Spaceflight Authority (VCSFA) from the TTF, consistent with legislation that passed the General Assembly. Additionally, the Secretary of Transportation is authorized to acquire capital assets related to the Wallops Flight Facility for the VCSFA.
 - The House proposed \$15 million each year.
 - The Senate proposed \$1.5 million each year.
- Conference amendments endorse the Governor's proposed fee increases for the Department of Motor Vehicles generating approximately \$9.9 million annually.
- The amendments appropriate new revenues generated from Overweight Truck penalties of approximately \$4.5 million each year from legislation that passed the General Assembly.



Rail and Public Transportation

- The Conference amendments provide funding for several high-priority and innovative transit projects.
 - High-speed commuter ferry planning in Hampton Roads,
 - Commuter Express Bus Services in Chesterfield, and
 - Passenger rail “bus-bridge” from Lynchburg to Roanoke.
- Additional language establishes a two year limit on any earmarks that provide greater than formula assistance to any transit system or project.
- The Conference amendments separate the cost of funding Park and Ride lots and Transportation Demand Management Projects on the I-95 HOT corridor project between DRPT and VDOT.
 - Estimated cost of \$193 million over 20 years.



Minor Transportation Actions

- The Conference report directs the Joint Commission on Transportation Accountability to study of SWAM Procurement.
 - The Senate budget did not address this issue.
- The Conference report authorizes the Department of Motor Vehicles to collaborate with the University of Virginia in developing a virtual reality driving simulator
 - The Senate budget did not address this issue.
- The amendments reduce the highway maintenance payments to Arlington County by \$100,000 to reimburse VDOT for legal costs incurred in the defense of former Secretary of Transportation.



General Government



Overview of Technology

- The Conference amendments in FY 2013 and FY 2014 *reduce by \$4 million* the Governor's proposed new spending of \$13.3 million GF within Central Accounts to address increased technology costs.
 - Impact of rate structure on small and mid-sized agencies.
 - Address agency Voice Over Internet transition costs.
- The amendments eliminate proposed biennial expenditure of \$2.3 million GF for marketing and diversification of the Commonwealth's modeling and simulation, and cyber security industries.
 - The Conference report authorizes this funding to be provided from any Commonwealth Research and Commercialization Fund (CRCF) Program balances.
- Additionally, the Conference report authorizes university research consortia be eligible to apply for funding from the CRCF.



Other Technology Actions

- The Conference report contains language requiring Department of Accounts to certify to Auditor of Public Accounts that Commonwealth standard vendor data tables are complete and implemented in the statewide roll-out prior to accessing \$60 million line of credit.
- The amendments also incorporate a series of technical modifications to the cumulative \$90 million in lines of credit and working capital advances for information systems development projects.
 - \$30 million for Commonwealth Performance Budgeting.
 - \$60 million for Cardinal Financial ERP.



FACT Fund

- **Senate:** Provided \$30 million in FY 2012 with \$7.5 million to be used for BRAC, plus other contingent appropriations. A proposed deposit in FY 2014 was eliminated.
- **House:** Also provided \$30 million in FY 2012 with \$7.5 million to be used for BRAC. Removed \$20 million in FY 2014 and funded with balances.
- **Conference:** Left \$30 million in FY 2012 with \$7.5 million to be used for BRAC, plus other contingent appropriations. Removes \$20 million for FY 2014 and funds it with potential FY 2013 balances.
 - Establishes an advisory committee to recommend specific uses of the FACT Fund.



Treasury Board Debt Service

- **Senate:** No Action.
- **House:** Reduced Treasury Board debt service by (\$18.7) million.
 - (\$13.4) million GF from assumptions of lower interest rates, later issuance date, and reduced amounts of tax-supported debt.
 - (\$5.3) million GF from an increase in the out-of-state capital fee.
- **Conference:** Reduced Treasury Board debt service by (\$12.4) million.
 - (\$8.1) million GF from assumptions of lower interest rates, later issuance date, and reduced amounts of tax-supported debt.
 - (\$5.3) million GF from an increase in the out-of-state capital fee.



Compensation Board

- **Senate:** No Action
- **House:** Reduced funding for locally elected constitutional officers by (\$5.9) million.
 - (\$3.8) million GF from a lower cap on reimbursements to localities for VRS retirement contributions.
 - (\$2.1) million GF from a reduction in funding for career development programs.
- **Conference:** Reduces funding for locally elected constitutional officers by (\$2.1) million GF from a reduction in funding for career development programs.



Capital Outlay



Tax-Supported Debt

- **Senate:** Increased overall tax-supported debt by \$122.9 million.
- **House:** Reduced tax-supported debt by \$96.4 million.
- **Conference:** Reduced overall tax-supported debt by (\$16.2) million compared to the budget as introduced.

Purpose	GF Supported Bonds (\$ Millions)			
	Introduced	House	SFC	Conference
Higher Education Equipment Trust Fund (HEETF)	\$112.2	\$112.2	\$124.4	\$118.3
Water Quality Projects	\$0.0	\$0.0	\$89.5	GF
Equipment	\$39.6	\$39.6	\$32.7	\$31.5
Maintenance Reserve	\$100.1	\$100.1	\$102.5	\$102.9
Capital Projects (Includes Ft. Monroe)	\$100.4	\$4.0	\$129.8	\$83.4
Total: GF Supported Bonds	\$352.3	\$255.9	\$479.0	\$336.1



Hampton Roads Veterans Care Center

- **Senate:** Provides for a Treasury Loan of up to \$28.5 million to be used in the event that the federal government authorizes its share of the Hampton Roads Veterans Care Center.
- **House:** Provides \$250,000 GF for preplanning of the Hampton Roads Veterans Care Center.
- **Conference:** Provides \$8.6 million GF and a Treasury Loan of up to \$28.5 million to be used in the event that the federal government authorizes its share of the Hampton Roads Veterans Care Center.



Maintenance Reserve

- **Senate:** Removed \$100.4 million from tax-supported bond proceeds for traditional capital projects from Maintenance Reserve.
 - Left \$102.5 million for traditional Maintenance Reserve, as proposed in the budget as introduced.
 - Corrected an error in funding for George Mason University.
- **House:** Removed \$96.4 million from tax-supported bond proceeds for traditional capital projects from Maintenance Reserve.
 - Left \$100.1 million for traditional Maintenance Reserve, as proposed in the budget as introduced.
 - Left \$4.0 million for the Fort Monroe.
- **Conference:** Removes \$95.7 million from tax-supported bond proceeds for traditional capital projects from Maintenance Reserve.
 - Leaves \$102.9 million for traditional Maintenance Reserve.
 - Corrects an error in funding for George Mason University.
 - Leaves \$2.0 million for the Fort Monroe in FY 2013.



Project Preplanning

- **Senate:** Provided \$14.0 million from the Planning Fund to preplan 56 future capital projects.
- **House:** Eliminated the \$14.8 million recommended in the budget, as introduced for preplanning of 59 future capital projects.
- **Conference:** Eliminates the \$14.8 million recommended in the budget, as introduced for preplanning of 59 future capital projects.



Project Detailed Planning

- **SFC:** Provided \$6.6 million GF and \$31.3 million NGF for detailed planning of 18 future capital projects.
- **House:** Provided \$600,000 GF and \$30.6 million NGF for detailed planning of 29 future capital projects.
- **Conference:** Provides \$41.5 million (All Funds) in the Central Appropriations for from detailed planning of 32 capital projects.
 - Half of the NGF amount is to come from resources available to the agencies and institutions.
 - Agencies and institutions will be reimbursed for the NGF costs when the project is authorized for construction.
 - \$500,000 is provided in a separate appropriation to plan for a permanent memorial to Emancipation and Freedom



Major Detailed Planning Projects

Major detailed planning projects include:

- Renovation of the Rotunda at the University of Virginia,
- Construction of the Corps Physical Training Facilities Phase I at VMI,
- Construction of a new classroom building at Virginia Tech,
- Construction and renovation of the Information Commons and Libraries at Virginia Commonwealth University,
- Construction of a new academic building at Radford University,
- Replacement of Brown Hall at Norfolk State University,
- Construction of Academic VII / Research III, Phase I at George Mason University,
- Construction of six high priority buildings at Virginia's Community Colleges, and
- Renovation of the 9th Street Office Building in Richmond, and
- Construction of a permanent memorial to Emancipation and Freedom.
- A complete list of detailed planning authorizations for projects supported by the general fund is set out in the conference report.



Project Construction, Renovation, and Repair

- **Senate:** Provided \$129.8 million from tax-supported bond proceeds for 34 capital projects.
- **House:** Provided \$27.5 million GF for 15 capital projects.
- **Conference:** Provides \$100.9 million from tax-supported bond proceeds for 35 capital projects, including:
 - Renovation of the Brafferton at the College of William and Mary,
 - Repairs and upgrades to state-owned dams,
 - Construction of a new veterans care facility in Hampton Roads, and
 - Acquisition of a new research vessel for the Virginia Institute for Marine Science.
 - A complete list of construction and renovation projects supported by the general fund is set out in the conference report.

