

**SENATE OF VIRGINIA**

# **Senate Finance Committee**

---

## **Overview of Proposed SFC Amendments**

**SB 29 (Amendments to 2012-14 Budget)**

**SB 30 (2014-16 Biennial Budget)**

**February 20, 2014**



SENATE FINANCE COMMITTEE

# Presentation Outline

---

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



---

# Overview/Resources



# Senate Finance Committee Recommendations

---

- Objectives:
  - Promote and sustain investment in Virginia through support for public education, higher education, and workforce training.
  - Support research and development in higher education and in industry.
  - Support funding for critical mental health services, and for victims of abuse and domestic violence.
  - Creates a mechanism for providing health care coverage to roughly 250,000 uninsured Virginians.
  - Address employee compensation for state employees, faculty, and state supported local employees.
  - Maintain commitment to fully funding our obligations to the VRS.
  - Maintain a structurally balanced budget, with a conservative revenue forecast.



## Recommended Budget Actions: Changes to SB 29, as Introduced

<i>(\$ in millions)</i>	
<b>Resources:</b>	<b>2013-14</b>
Mid-Session Revenue Reforecast	(\$125.0)
Gov's Opportunity Fund Balances	9.0
FACT Fund Balance	5.3
Other balances, revenues, transfers	14.4
<b>Total, Resource Adjustments</b>	<b>(\$96.3)</b>
<b>Net Spending/Savings</b>	<b><u>(\$29.7)</u></b>
<b>Adjustment to Balance Forward in FY 2015</b>	<b>(\$66.6)</b>



## SFC Resource Changes to SB 30, as Introduced

(\$ in millions)	
<b>Resources:</b>	<b>2014-16</b>
Mid-session Revenue Reforecast	(\$15.0)
Sales Tax on Satellite TV Equip.	17.1
Enhanced Compliance/SB 611	16.1
Adjust Amazon Sales Tax Forecast	12.6
Adjust Forecast for Ed Schol. Tax Credits	10.0
ABC Profits	10.1
Other balances, revenues, transfers	17.2
<b>Total, Resource Adjustments</b>	<b>\$68.1</b>



# **SFC 2014-16**

## **General Fund Budget**

---

<b>(\$ in millions)</b>	<b><u>2014-16</u></b>
<b>Resources Available for Approp.</b>	<b>\$37,763.0</b>
Net SFC Resources	\$1.6
<b>Adj. Resources Available</b>	<b>\$37,764.6</b>
Operating & Capital Appropriations	\$37,712.1
Net SFC Spending	\$23.8
<b>Total 2014-16 Appropriation</b>	<b>\$37,735.9</b>
<b>Revised Unappropriated Balance</b>	<b>\$28.7</b>



# Major Actions

## Changes to SB 30, as Introduced

<b>Spending:</b>	<i>(\$ in millions)</i>	<b>2014-16</b>
Health and Human Resources		\$25.9
Public Safety		18.3
Public Education		14.3
Compensation: 1% increase for state/state-supported local, 1/15		49.2
Compensation: 1% bonus for state classified employees, 12/15		19.5
Higher Education Faculty Salary 1% increase & Bonus		24.9
Higher Ed – Financial Aid, Transfer Grant, Workforce Training		20.4
Natural Resources		5.0
<b>Savings:</b>		
Eliminate FY 2016 Rainy Day Fund Deposit		(\$59.9)
Higher Education – reprogram to salaries, financial aid, other		(63.7)
Reprogram Targeted Compensation		(17.8)
Commerce & Trade – reprogram spending		(6.8)





# SB 30: GF Revenue Outlook

---

- Mid-session revenue reforecast: (\$125 million) in FY 2014 and (\$15 million) in FY 2015.
- Fundamentals of the economic outlook remain unchanged.
- Based on “money in the bank” year-to-date, with only five months left in the fiscal year, the Governor recommended a reduction in the forecast.
- About \$90 million of the reduction comes from two volatile sources: non-withholding and corporate income tax.
  - The balance comes from withholding, which has a slight ripple effect into FY 2015.
- Reduced forecast in FY 2014 eliminates need for a FY 2016 Rainy Day Fund deposit, saving \$59.9 million.



---

# Elementary and Secondary Education



# SB 29

---

- Introduced budget reflected a Direct Aid to Public Education **decrease GF by a net \$74.6 million while increasing NGF by a net \$52.7 million** in FY 2014, primarily reflecting an increase in projected Lottery Proceeds, a decrease in Sales Tax revenue, and higher projected enrollments offset by some balances:
  - Updates for Lottery, Sales Tax, and Literary Fund projections.
    - Increase of \$33.0 million in the forecast of Lottery Proceeds for FY 2014 as well as \$22.2 million in available transfers from proceeds earned in FY 2013. General funds are offset by a like amount.
    - Net decrease of \$16.6 million GF based on updated Sales Tax projection.
    - Adds \$2.5 million GF to backfill available Literary Fund revenue used to pay a portion of teacher retirement.
    - **SFC amendments: Reflect an additional \$15.5 million in Lottery proceeds and \$10.9 million in Literary Fund NGF revenue and offsetting GF reductions, both offered by the Governor along with the February 13, 2014 revenue reforecast.**



# SB 29 (Continued)

---

- Enrollment growth, program participation, and balances.
  - Adds \$7.6 million GF to fund an increase of 1,619 students from the latest Fall membership counts and backfills \$4.3 million GF that was transferred from FY 2014 to FY 2013 for higher than projected final enrollments.
  - Reduces funding by \$2.9 million GF across various Special Education regional based programs; \$898,488 GF to reflect actual enrollment in Remedial Summer School and ESL programs; \$474,800 GF based on actual participation levels in the new reading specialists program; and \$332,264 in Governor's Schools balances.
  - Reduces funds by \$9.3 million GF as a result of localities not providing the salary increases to be eligible for the state incentive funding for a 2.0% salary supplement.
  - Captures \$3.0 million (out of \$7.5 million appropriated) in Strategic Compensation Grant initiative balances.
  - **SFC amendments:** Add \$228,997 for one technical correction (student transportation) and reduce funds by \$1.4 million for another technical correction (school-aged population).
- **SFC Amendments:**
  - Revert \$450,000 that had been recently administratively transferred to the OEI.
  - Add \$300,000 to the Virginia School for the Deaf and Blind to backfill for assumed rental income that has not materialized and requires a report.
  - Capture \$800,000 in balances from the College Lab Schools grants initiative.



# Overview of SB 30

## Direct Aid to Localities for Public Education

	FY 2015		FY 2016	
	GF	NGF	GF	NGF
<u>Total \$ (in Millions)</u>				
Base Budget (Ch. 806)	\$5,342.5	\$1,472.4	\$5,342.5	\$1,472.4
Net Change, As Introduced	\$227.4	\$9.9	\$273.0	\$13.3
SB 30, As Introduced	\$5,569.8	\$1,482.2	\$5,615.4	1,485.6
% Change, Over Prior Yr.	4.3%	0.7%	0.8%	0.2%
Plus SFC Amendments	+\$4.2M	+\$35.0M	+\$13.2M	+\$10.0M
	\$39.2M			
<u>\$ Per Pupil (Unadj. ADM)</u>				
SB 30, As Introduced	\$4,498	\$1,197	\$4,505	\$1,192
Net Change, Over Prior Yr.	\$149	(\$1)	\$7	(\$5)
% Change	3.4%	(0.1%)	0.2%	(0.4%)

}

**\$62.4M**



<b><u>Introduced Budget</u> Actions for Direct Aid (\$ in Millions)</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Total</b>
Rebenchmarking (including retirement rates)	\$267.3	\$316.8	\$584.1
Backfill Literary Fund Revenue	18.1	14.7	32.9
Resume Literary Fund Loans for School Construction	10.0	10.0	20.0
Instructional Specialists in Schools Not Accredited	1.8	1.8	3.6
Update National Board Certification	0.6	0.6	1.2
Combine Year Round Schools and Other Alternatives	0.6	0.6	1.2
New Teach for America Grants	0.5	0.5	1.0
Expand Communities in Schools to Petersburg	0.3	0.3	0.5
Expand Positive Behavioral Intervention	0.3	0.3	0.5
Expand PlugGEDInVA	0.2	0.2	0.5
Expand GReat Aspirations Scholarship Program	0.2	0.2	0.4
Eliminate Support for Cost of Competing Adjustment	(10.2)	(10.5)	(20.7)
Estimate Non-Participation Savings for PreK	(24.2)	(24.3)	(48.5)
Eliminate Inflation Update for FY 2012 Spending	<u>(38.1)</u>	<u>(38.3)</u>	<u>(76.4)</u>
<b>TOTAL</b>	<b>\$227.4</b>	<b>\$272.9</b>	<b>\$500.3</b>

<u>Introduced Budget, Rebenchmarking (\$ in Millions)</u>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Total</b>
Retirement Contribution Rates	\$84.2	\$84.5	\$168.7
Federal Revenue Deduct	52.0	52.0	103.9
Base Year Expenses for Non-Personal Support	39.4	39.8	79.2
Inflation Factors for Non-Personal Support	37.7	37.9	75.6
Lottery-Funded Programs	32.9	39.7	72.6
Health Care Premiums	26.7	26.7	53.4
Reset PreK Non-Participation Estimate to 0%	23.4	23.4	46.8
Student Transportation	18.2	18.8	37.0
Composite Index	18.3	18.5	36.8
SOL Failure Rates and Free Lunch	17.8	18.0	35.7
Other Student Membership Enrollments	5.6	26.5	32.1
Sales Tax Forecast & Basic Aid Offset	6.1	25.6	31.7
Incentive and Categorical Programs	(0.6)	(0.2)	(0.8)
Funded Salaries and Positions	(0.7)	(0.7)	(1.5)
Lottery Forecast to \$500M and Offset GF	(38.0)	(38.0)	(76.0)
Remove FY 2014 One-Time Funding	<u>(55.6)</u>	<u>(55.6)</u>	<u>(111.3)</u>
TOTAL	\$267.3	\$316.8	\$584.1

<b>SFC Amendments to Direct Aid, in Item 136</b>	<b>FY 2015</b>	<b>FY 2016</b>
Technical Correction – K-3 Class Size Reduction Prog. (GOV)	\$2.3	\$2.3
Technical Corrections – Transportation and Composite Index	0.4	0.3
Update Sales Tax Revenue Projections and Legislation\$39.4M=	3.0	3.2
Partially Restore Inflation Update of Costs	28.7	29.0
Partial Restoration of N. VA. Support COCA (GOV)	5.0	0.0
PreK – Continue Hold Harmless for Slots Used, Increase PPA	3.6	5.0
Incentive for School Services Agreement – See Language	1.0	0.6
Virtual Virginia On-line Course Development	0.2	0.2
Increase Funding Cap for Governor’s Schools	0.2	0.2
Full-day Governor’s Schools Formula – Report Date	0.3	0.0
eLearning Backpack Initiative – Add 12 High ESL Schools	0.0	0.3
GF Offset to NGF Lottery Proceeds	(10.0)	(10.0)
GF Offset to NGF Literary Fund Revenue (GOV)	(25.0)	0.0
Teacher Staffing in Juvenile Detention – Report	(0.3)	(0.3)
\$4.5M in FY 2015 Strategic Compensation Grants – Language	(3.0)	(7.5)
Use 3-Year Average Free Lunch for K-3 Class Size Program	(5.2)	(5.2)
Literary Fund – Redirect School Construction Loan Allocations	(2.5)	(10.0)



## Other SFC Amendments to Direct Aid to Public Education

---

Other SFC Amendments to Direct Aid (\$ in millions)	FY 2015	FY 2016
\$3M Year Round Schools Start-up and Planning	\$2.4	\$2.4
Increase Project Discovery Post-Secondary Access	1.0	1.0
Achievable Dream Extended Day/School Year Program	1.0	1.0
Early Childhood STEM Pilots	0.3	0.3
Increase to \$1M Teaching Scholarships for Top Students	0.3	0.3
STEAM Academy Phase 2 Planning for Residential HS	0.3	0.0
Increase STAR IT Computer Refurbishment	<0.1	<0.1
Western Virginia Public Education Consortium	<0.1	0.0



## Retirement Contribution Rate Up 2.84% of Payroll; Funded at 80%, Per Statutory Phase-In Schedule

- Consistent with introduced budget, adds \$84.2 million GF the first year and \$84.5 million GF the second year for the state's share of the cost from increasing the professional "teacher" rate to **14.50 percent for the employer contribution, up from 11.66 percent in Chapter 806.**
  - Reflects the six-year phase-in to full VRS Board approved rates as required in Chapter 823 of the 2012 Acts of Assembly, reform legislation and is shown in the table below.
  - Also includes 1.38 percent for the payback over ten years due to the decision of the 2010 General Assembly to defer the portion of the contribution rate attributable to the unfunded liability rate. The 10-year repayment schedule will be completed in FY 2022.

	FY 13-14	FY 15-16	FY 17-18	FY 19-20
Teachers VRS Employer Contribution Rate	69.5%	79.7%	89.9%	100.0%



## Restore 75 Percent of the Non-Personal Inflation Update *Leave to School Divisions Decisions as to FY 15 Salary Increases*

---

- The introduced budget proposed saving \$38.1 million GF the first year and \$38.3 million GF the second year by eliminating the update of the FY 2012 base year non-personal costs, including textbooks, pupil transportation, utilities, insurance, and health care premiums, up to the beginning of FY 2015.

	2014-16 Biennium
FY 2012 ("Base Year")	Prevailing actual spending
FY 2013	SB 30, as Intro: Inflation update eliminated
FY 2014	SB 30, as Intro: Inflation update eliminated
FY 2015	No "prospective" inflation provided
FY 2016	No "prospective" inflation provided

- **SFC Amendments:** Restore 75 percent of the adjustment for inflation to provide additional funding to all school divisions.
  - Some school divisions may elect to direct these additional resources towards salary increases or bonuses, while others may use them towards retirement contribution rate increases or other school expenses. For illustrative purposes, the state's share of a one percent salary increase for SOQ teachers and support staff would be about \$40 million per year.



## Protect Preschool Initiative Slots Actually Used from Loss Due to 2012 Session Change

---

- **2012 Session:** Adopted budget reflected savings proposed in the introduced budget of \$26.7 million in 2012-14 biennium by changing the estimate of four-year-olds to the projected number of kindergarten students.
  - For FY 2013 and FY 2014, “held harmless” for the change by funding the number of slots in each school division as the higher of 1) the calculated slots using projections of four-year-olds from the Virginia Employment Commission or 2) the actual number of slots used in FY 2014.
- **2014 Session:** Introduced budget ended the hold harmless, with in 32 school divisions (including Arlington, Bedford, Prince Edward, Scott, Lynchburg, Newport News, Norfolk, Petersburg, Portsmouth, Suffolk) to lose slots beginning in FY 15 that they had been using in FY 14.
- **SFC amendments:** Restore \$3.6 million each year to continue to provide a minimum floor of slots actually used as of FY 2014. In addition, the amendments provide an additional \$1.4 million the second year to increase the \$6,000 per pupil amount by \$98 and update for Head Start losses one year early. Existing language allows DOE to award start-up grants if any balances remains at year end.



# Incentive for School Services Agreement

---

- **Item 136 #11s:** Provides \$1.6 million in support of transitional incentive costs of a School Services Agreement (SSA) and Tuition Contract to be negotiated between Petersburg and Chesterfield. Upon signature of an MOU by the two local governments and two school divisions, the parties may jointly apply for transitional incentive costs which may be based on part of the difference in per pupil spending between the two school divisions.
  - Parameters of the Agreement may include components included in the long-standing Fairfax County and City SSA, under which Fairfax County Public Schools manages and operates the schools, hires and pays staff and develops curriculum, while the City School Board and Superintendent are responsible for the management of the contract and the city-owned buildings.
  - For FY 2012, total operating spending from all sources for Chesterfield Schools was \$8,755 per pupil (with FY 2012 enrollment of 58,432 students), compared with \$10,655 per pupil in Petersburg (4,104 students), which includes on-going federal School Improvement Grant allocations to raise achievement in persistently lowest achieving schools.
  - This is in order to benefit from the operational efficiencies that can allow more resources to support improved student achievement levels and in lieu of transferring certain Petersburg City Schools to the Opportunity Educational Institution.



# Department of Education and Office of the Secretary of Education

---

Introduced Budget Increases	FY 2015	FY 2016
DOE – New Center for Excellence in Teaching at GMU	\$0.3	\$0.3
DOE – Academic Reviews	0.3	0.3
DOE – PBIS (Effective School-wide Discipline Training)	0.1	0.1
DOE – Phonological Awareness Literacy Screening (UVA)	0.1	0.1
SFC Amendments	FY 2015	FY 2016
DOE – Testing Savings from Reducing Gr. 3 SOLs (SB 270)	(0.9)	(0.9)
DOE – Restore Education Commission of the States Dues	0.1	0.1
DOE – Plan Statewide IEP (Special Ed) Database	0.2	
SOE – Public Media One-Time Project	0.2	
SOE – Remove College Lab Schools Planning Grants	(0.6)	
OEI – Eliminate State Takeover Entity	(0.6)	(0.6)



# Other Education Agencies

## Introduced Budget Changes, and SFC Amendments

---

- *Jamestown-Yorktown.* Adds \$802,584 GF for operating the larger facility in Yorktown; \$326,525 for planning 2019 commemorations; and \$109,554 security equipment. Saves \$122,000 GF based on operating efficiencies and reduced advertising.
  - **SFC Amendments:** Adds \$185,000 GF each year for costs of the new museum at Yorktown, technology costs, and ship maintenance.
- *Virginia Museum of Fine Arts.* Reduces funding by \$172,282 GF for various actions; adds \$728,884 NGF and 19 FTE to convert part-time to full-time positions.
  - **SFC Amendments:** Adds \$271,803 GF each year to convert critical positions to full-time.
- *Science Museum of Virginia.* Adds \$444,794 GF and 2 FTE for statewide STEM-related instructional activities; \$100,000 GF and NGF for operation and content of the digital domes in Richmond and Danville.
- *Virginia Commission for the Arts.* Adds \$137,000 GF the first year for facility maintenance in Central Virginia.
  - **SFC Amendments:** Adds \$125,000 GF each year for grants to arts organizations.
- *Library of Virginia.*
  - **SFC Amendments:** Adds \$500,000 GF each year for aid to public libraries.
- *Frontier Culture.*
  - **SFC Amendments:** Adds \$160,000 GF each year for additional part-time staff and authorizes Governor to approve land transfer.



---

# Higher Education





# Overview of Higher Education – SB 30

---

- Adds \$183.0 million GF over the biennium over the base budget.
- Provides almost \$25.0 million GF for an additional one percent faculty salary increase starting in January 2015 and a one percent bonus in FY 2016. Corresponding funding for higher education classified employees of \$10.3 million GF is included in Central Accounts.
- Includes an additional \$13.0 million over the biennium for increased need-based undergraduate financial aid, bringing the total funding to \$41.4 million over the biennium.
- Provides \$3.9 million GF over the biennium for graduate financial aid.
- Provides \$5.4 million GF over the biennium to expand the transfer grant awards to approximate the difference between two-year and four-year mandatory educational and general tuition and fees.



# Overview of Higher Education – SB 30 (continued)

---

- Includes about **\$5.1 million for workforce development and veterans initiatives**, including \$2.0 million for certification and licensure incentives.
- Provides **\$13.5 million for base adequacy** over the biennium.
- Includes **\$21.7 million for research and institution specific initiatives** over the biennium.
- Provides an additional **allocation of \$8.8 million for research and workforce equipment** under the Higher Education Equipment Trust Fund (HEETF), over the introduced budget, in each year.
- Redirects about **\$34.7 million from the degree incentive allocation** included in the introduced budget.
- Redirects over **\$21.0 million or 100% of the enrollment growth funding** included in the introduced budget.
- Redirects about **\$3.1 million from the tuition assistance grant program** by level funding awards at \$3,100 for undergraduates.



# Summary of Proposed Amendments

GF Actions for the 2014-16 Biennium - (\$ in millions)			
Action/Initiative	SB30	SFC Amend	Total
1% HE Salary Increase & 1% Bonus (Classified in Cent. Accts.)	\$0	\$35.3	\$35.3
HE Centers/JLAB/VIMS/EVMS	11.3	1.5	12.8
Degree Incentive Allocation	63.0	(34.7)	28.3
Base Adequacy	13.5	0	13.5
Enrollment Growth	21.0	(21.0)	0
Research & Institution Specific Initiatives	21.7	0	21.7
Undergraduate & Graduate Financial Aid/Transfer Grant	31.5	18.4	49.9
Tuition Assistance Grant	6.2	(3.1)	3.1
VCCS Workforce Development/Veterans Initiatives/Puller Clinic	4.1	1.3	5.4
VIVA / VT-Ext. O&M / VT-ext & VSU-ext. positions	5.9	0	5.9
ODU Technology / 4VA Expansion	3.6	(3.6)	0
Grad. Nurs. Con., GMU support/Lyme Dis, CCAL VCU, HE Procure. Coop., VA Military Surv., RU Learn. Lab, VSU Summer STEM, VCCS dual Pilot & rent, VCU Wilder & Ed. Policy, UVA-VFH, HEETF, SCHEV ops., & UMW BSN comp	2.7	4.4	7.2
<b>TOTAL</b>	<b>\$184.5</b>	<b>\$(1.5)</b>	<b>\$183.0</b>



# Other Actions

---

- Selected language amendments:
  - Part IV language changes include some updates, technical changes, a change to the Virginia College Savings Plan's Executive Director's compensation stipulations, extension of the current Level III management agreements, and a cap on the use of state funds for athletic coaching salaries.
  - The reallocation increase of an additional 2 percent under each institution has been eliminated.
  - The proposed language **to implement and restrict the proposed funding methodologies** to set percentages for base adequacy, financial aid, enrollment growth, degree incentive funding and research and initiatives included in the introduced budget has been eliminated.



---

# Health and Human Resources



# Overview of SB 29 (Caboose)

---

- The introduced budget proposed net general fund savings of **\$169.7 million** in FY 2014 compared to Chapter 806, 2013 Acts of Assembly.
  - Almost all of the savings -- **\$174.2 million GF** -- result from lower projected spending on health and long-term care program within the Department of Medical Assistance Services and revenue to the Virginia Health Care Fund (VHCF) that are offset by small increases for child welfare services and child support enforcement.
- The **SFC's amendments** reduce net general fund spending by an additional \$7.6 million GF including:
  - \$5.8 million from a federal bonus related to children's health insurance;
  - \$1.8 million due to delayed approval of an exceptional rate increase; and
  - \$1.4 million reflecting revised costs for eligibility operations.
- These savings are offset by \$1.4 million GF in indigent care costs from delayed roll-out of health care coverage under the ACA.



# Overview of Health and Human Resources

- The Governor's proposed amendments in HHR included a **net increase of \$823.8 from the general fund (7.3 percent)** and a **net increase of \$678.1 million from non-general funds (4.4 percent)** for the 2014-16 biennial budget compared to Chapter 806.
- The **SFC's amendments** provide a net increase of \$25.9 million GF that is comprised of \$61.5 million in spending offset by \$35.6 million GF in proposed reductions.
  - The largest proposed increase relates to a \$20.2 million package of mental health services and \$17.6 million to restore 50% of the inflation adjustment that was removed from the introduced budget.
  - Offsetting savings include \$11.8 million from additional tobacco taxes to the Virginia Health care Fund, \$9.4 million from savings related to the Affordable Care Act and \$7.8 million by adjusting the number of waiver slots included in FY 2015.



# Behavioral Health Services

---

- The introduced budget included \$38.6 million GF for behavioral health services; the **SFC preserves** these funding amounts.
  - Of that total, \$12 million does not expand but preserves access to care.
- The **SFC provides** an additional \$20.2 million GF including:
  - \$5.4 million to double the number of therapeutic assessment centers that will be created in this budget 12 to 24;
  - \$4.4 million to ensure state facilities are the provider of last resort when an appropriate community placement cannot be found within 24 hours;
  - \$2.4 million to support 100 individuals needing Permanent Supportive Housing;
  - \$2.3 million for discharge assistance planning to move individuals from state mental health facilities to the community and free up state facility space;
  - \$2.3 million to ensure access to private hospital services when an individual is in crisis; and
  - \$1.5 million to improve access to child psychiatry and crisis response services.





# Provider Capacity and Quality Care

---

- The introduced budget included general fund savings of \$60 million by eliminating an inflationary adjustment for hospitals and continuing a reduction to indigent care for the state's teaching hospitals.
- The **SFC adds** back \$17.6 million GF and \$17.6 million NGF to restore 50 percent of the inflation reduction for hospitals.
  - Inflation that has been foregone by the state's teaching hospitals will be fully restored in FY 2016.
- The **SFC also adds** \$6.8 million GF and \$6.8 million NGF for a 2 percent increase for personal care services provided primarily for home- and community-based waiver recipients in FY 2016.
  - Budget language requires the Department to review the Medicaid policies in other states that provide paid sick leave for personal care providers.



# Expand Access to Health Care Services

---

- The SFC's amendments provide \$10.0 million GF to expand or maintain access to health care services including:
  - \$5.2 million to restore funding for the FAMIS Moms program for women who are unable to enroll in the health insurance marketplace;
  - \$3.8 million to provide comprehensive dental care for pregnant women to prevent pre-term births and higher health care costs;
  - \$600,000 to restore funding for three Poison Control Centers; and
  - \$399,935 the second year to create a pilot program to expand access to dental services for children on Medicaid and FAMIS.



# Social Services

---

- The **SFC's amendments** provide \$3.4 million GF and \$5.7 million from the federal TANF block grant for a variety of social services including:
  - \$1.0 million to re-establish funding for the Caregiver's Grant Program;
  - \$750,000 to support services provided by Northern Virginia Family Services;
  - \$500,000 GF and \$500,000 from federal TANF funds to expand support services for victims of domestic violence;
  - \$500,000 GF and \$500,000 from federal TANF funds to increase access to services provided by community action agencies;
  - \$425,708 GF and \$4.7 million from federal TANF funds for a one-time 2.5 percent increase in TANF assistance payments; and
  - \$138,000 for an additional child advocacy center.



# Services to People with Disabilities

---

- The **SFC's amendments endorse** the proposal to spend \$3.3 million GF in FY 2014 and \$2.7 million GF in FY 2015 to build community capacity for individuals transitioning out of the training centers.
  - The SFC's amendments also provide access to an additional \$5.8 million from the DBHDS Trust Fund to ensure adequate services and quality providers are available to serve this vulnerable population.
- The **SFC's amendments also provide** \$2.5 million GF to restore funding for people with disabilities including:
  - \$1.0 million to assist individuals needing long-term employment support services to work in the community;
  - \$700,000 to provide services to more individuals with brain injuries;
  - \$613,732 to restore funding for centers for independent living; and
  - \$200,000 to expand vocational rehabilitation services at Didlake.



# Targeted Reductions

<b>Targeted Reductions from SFC Amendments for the 2014-16 Biennium - (\$ in millions)</b>	
Adjust funding to the Virginia Health Care Fund	(\$11.8)
Revised Estimate of ACA Savings Related to Indigent Care	(9.3)
Adjust funding for Mandatory ID and DD Waiver Slots	(7.8)
Eliminate Increase for CHKD Supplemental Payments	(2.8)
GF Savings from Fostering Connections Program	(1.4)
GF Savings from Adoption Subsidy Negotiations	(1.2)
Redirect Auxiliary Grant Savings to Supportive Housing	(1.0)
Remove Funding to Greater Richmond ARC for Park	(0.3)
<b>TOTAL, Targeted Reductions</b>	<b>(\$35.6)</b>



# Marketplace Virginia

- The SFC includes amendments that:
  - Require the Secretary of Health and Human Resources to develop and implement a program to allow uninsured Virginians to purchase health care coverage through a competitive insurance marketplace. The program includes:
  - **(i) requirements for a health benefit package based on the Anthem KeyCare 30 Plan.**

Anthem KeyCare 30 Plan				
Outpatient services	Emergency care	Hospital care	Prescription drugs	Maternity and Newborn Care
Behavioral health & substance use disorders	Rehabilitative & Habilitative Services	Prevention, wellness and chronic pain management	Laboratory services	Pediatric care

- **(ii) requirements to include traditional and non-traditional community-based behavioral health services.** This provision allows Virginia to free up \$29 million GF each year using federal funds instead of state dollars for CSBs.



# Marketplace Virginia (continued)

---

- Additional provisions include:
  - (iii) systems for determining eligibility for participation in the program.
  - (iv) provisions for payment of premium assistance for participants.
  - (v) requirements for cost-sharing of up to 5 percent of total household income for health care expenses, as appropriate. For example:
    - Up to 10 percent of cost for outpatient services;
    - Higher copayments for non-emergency use of the ER; and
    - Higher copayments for preferred versus non-preferred drugs.
  - (vi) requirements for personal responsibility and accountability to reduce overutilization of emergency care and to promote healthy behaviors. This provision is designed to ensure appropriate utilization of resources.
  - (vii) provisions for participation in work search activities for participants not currently employed with some exceptions.
  - (viii) provisions for monitoring and oversight of the use of health care services to ensure appropriate utilization.



# Marketplace Virginia (continued)

---

- Additional provisions include:
  - (ix) establishment of a Health Reform and Innovation Fund to consist of projected general fund savings, identified in consultation with the Secretary of Finance, that are attributable to coverage for program participants related to behavioral health services, inmate health care and indigent care and used to provide grants of up to \$3.5 million annually to reduce the rate of growth of health care spending. In fiscal year 2016, \$171 million could be deposited into the Fund by leveraging general funds with recovered federal dollars.
  - (x) establishment of a Taxpayer Recovery Fund to consist of taxes and other payments paid by residents of the Commonwealth to the federal government and recovered by the Commonwealth and used to support the program. Used to recapture an estimated \$1.7 billion each year for health care services to uninsured Virginians.
  - (xi) a provision for termination of the program if revenues received by the Taxpayer Recovery Fund are less than the commitments set forth in federal statute.





# Benefits of Marketplace Virginia

---

- The **SFC's amendments** that create Marketplace Virginia will allow the Commonwealth to:
  - Recapture revenues to the Virginia Taxpayer Recovery Fund to provide access to health care for up to 250,000 uninsured residents; and
  - Enroll these individuals in managed health care plans and potentially build upon VCU's success reducing emergency room visits and inpatient stays through a community-based primary care model for the uninsured.
- The plan provides access to an average of **\$202 million per year** to improve the care and treatment of individuals living with mental illness and substance use disorders including:
  - Traditional psychiatric services including inpatient hospital services, mental health counseling and medication management; and
  - Community-based mental health services for intensive community treatments and support.
- Virginia can also reduce the need to pay \$137 million GF each year for indigent care and other obligations with additional federal funding.



# Other Amendments Related to Marketplace Virginia

---

- The SFC's amendments also:
  - Remove the requirement that the Medicaid Innovation and Reform Commission (MIRC) recommend and approve Medicaid reform proposals and must approve by an affirmative vote an expansion of Medicaid to newly eligible individuals.
    - Most of the Phase 1 reforms are underway or progressing without delay.
    - Many of the Phase 2 reforms are designed to make Medicaid more commercial-like, reward value and not volume, and encourage flexibility to promote innovation and improve the quality of care provided; these reforms are also advancing.
    - Phase 3 requires DMAS to seek reforms to include remaining populations -- long-term care and home- and community-based waiver services -- into cost-effective managed and coordinated care; these reforms revolve around our most vulnerable populations in Medicaid therefore DMAS was asked develop reforms.
  - As Governor McDonnell noted in his State of the Commonwealth address in January:
    - “We are launching Commonwealth Coordinated Care [Dual Eligible project] to better facilitate care for those eligible for both Medicaid and Medicare. We’ve saved taxpayer dollars by expanding managed care for Medicaid statewide. **Our Medicaid reforms are saving hundreds of millions annually.**”



# Other Amendments Related to Marketplace Virginia (continued)

---

- Finally, the **SFC's amendments**:
  - Require the Secretary of Health and Human Resources to apply for available federal funding for the purpose of establishing and operating marketplace Virginia to include but not be limited to eligibility, enrollment, consumer assistance, plan management and financial management.
    - This provision gives the Commonwealth the option, if we choose, to gain better control over our health insurance marketplace.
    - Virginia already has a “partnership model” with the federal government; we may want to build upon that in the future.
  - Repeal the second enactment of Chapter 679 of the Acts of Assembly of 2013 related to the creation of a health benefit exchange.



---

# Public Safety



# Secretary of Public Safety

---

- SB 381 moves the homeland security function (formerly the Office of Commonwealth Preparedness) from the Secretary of Veterans Affairs and Homeland Security, to the Secretary of Public Safety.
  - In response to the 2013 JLARC report on disaster preparedness; and,
  - Creates unified chain of command for emergency response.
- The two cabinet secretaries will be:
  - Secretary of Public Safety and Homeland Security; and,
  - Secretary of Veterans and Defense Affairs.
- SB 381 provides for the Governor to move the necessary funds and positions administratively.



# Overview of SB 29

---

- Department of Juvenile Justice
  - *Culpeper Juvenile Correctional Center.* Captures a savings of \$1.8 million GF in FY 2014 by freezing positions in anticipation of closing this facility, along with closing two halfway houses (in Hampton and Staunton).
    - The Culpeper facility will be turned over to the Department of Corrections (DOC) to be operated as a women's correctional center.
- Department of State Police
  - *Operating Funds.* Provides \$3.0 million NGF from uncommitted Safety Fund balances to cover the cost of purchasing patrol vehicles and maintaining the department's aircraft.



# Adult Corrections

---

- Department of Corrections (DOC)
  - **River North Correctional Center.** Adds \$5.6 million GF/year to annualize the cost of this facility in Grayson County, which opened in October 2013.
  - **Inmate medical costs.** Adds \$4.8 million GF the first year and \$9.7 million GF the second year, offset by projected Medicaid savings of \$2.8 million the first year and \$2.9 million the second year.
  - **Culpeper Women's Correctional Center.** Adds \$12.4 million GF the first year, \$12.7 million GF the second year, and 191 positions for DOC to operate the former juvenile facility as a women's correctional facility.
    - Transfer of women from VCCW (Goochland County) will enable DOC to expand capital projects for upgrading older VCCW buildings.
- Virginia Parole Board
  - **Geriatric Release.** Adds language directing the board to conduct annual reviews of those offenders eligible for geriatric conditional release.



# Department of Juvenile Justice

---

- **Transfer of Culpeper.** Closes Culpeper Juvenile Correctional Center and authorizes the transfer of this facility to DOC to be operated as a women's correctional facility, including:
  - Closing Culpeper JCC as of July 1, 2014, along with two remaining halfway houses (Hampton and Staunton), due to low utilization;
  - Restoring the Community Placement Program - 40 beds in selected local or regional juvenile detention centers, at \$200 per day, (\$2.9 million GF /year);
  - Adding \$2.4 million first year and \$3.2 million second year for mental health treatment for juveniles leaving the facility and in the community;
    - Funds provided through the juvenile court services units.
  - Restoring the Second Chance grant program at Tidewater Juvenile Detention Center, which was discontinued, (\$312,000 first year/\$375,000 second year);
  - Starting a short-term independent living program, with 50 housing placements for juveniles age 18 or older, at \$400 per month (\$240,000/year).





# Dept. of Criminal Justice Services

---

- **HB 599** – Adds \$7.1 million GF the first year and \$14.2 million GF the second year, consistent with the projected increase in GF revenues.
  - This represents a 4.1% increase the first year and 4.0% the second year above the current FY 2014 appropriation of \$172.4 million.
  - Committee added language governing distribution of funds -- localities receiving funds would be held harmless at the actual FY 2014 level; all new funds would be distributed according to the statutory formula.
- Adds \$1.4 million the first year and \$2.6 million the second year for **sexual and domestic violence programs** (with AG study of grants administration).
- Adds \$750,000 GF each year for grants to localities for **school resource officers or school safety officers**.
- Adds \$500,000 GF each year for existing **victim-witness programs**.
- Restores \$200,000 GF each year for the **Court Appointed Special Advocates (CASA) program**.



# VDEM, Military Affairs

---

- Department of Emergency Management
  - **Review of Local Plans.** Adds five positions to review local disaster response plans (SB 381), in response to 2013 JLARC report on Disaster Preparedness.
  - **Sheltering Coordinator.** Adds one position responsible for coordinating all state and local emergency sheltering services, based on the JLARC report.
- Department of Military Affairs
  - **Armory Maintenance.** Adds \$5.0 million NGF each year from federal funds to maintain state armories and facilities.
  - **STARS.** Adds \$480,000 GF each year for radio equipment for the National Guard, to be compatible with State Agencies Radio System (STARS), with financing through the Master Equipment Lease Program (MELP).



# State Police

---

- **SFC Implements** the new lifetime concealed handgun permitting system, under the Department of State Police, pursuant to **SB 608**.
  - Transfers function from Circuit Court Clerks to State Police;
  - Currently about 355,000 permits, 28,000 new permits each year;
  - Currently a 5-year renewable permit; fee remains same for renewals, but fee for new permits will be \$100 (all fees deposited into general fund);
  - Projected GF revenues exceed expenses first two years by \$2.7 million;
  - Committee amendment provides 15 positions to administer the program.
- **SFC Adds** \$2.4 million NGF the first year (from Insurance Fraud and HEAT Funds), and \$2.8 million GF the second year to restore the base budget.
  - When combined with \$1.7 million GF added each year in introduced budget, this provides sufficient resources to cover the agency's costs for gasoline and purchase of patrol vehicles.



# State Police

---

- **Firearms Transaction Program.** SFC Includes \$540,000 GF and 8 positions each year to manage increased workload in handling criminal background checks for purchases of firearms.
  - Additional \$3.0 million in GF revenues over three years from this program.
- **Aircraft Purchase.** Includes \$1.6 million NGF the first year for purchase of a replacement fixed-wing aircraft.
  - NGF are from Asset Forfeiture funds (from the OxyContin settlement).
- **Restoration of Rights.** Adds three positions to address the increased workload associated with automatic restoration of civil rights for felons convicted of non-violent crimes.



# Forensic Science, ABC

---

- Department of Forensic Science
  - **Funding for Vacant Positions.** SFC Adds almost \$1.2 million GF over two years to fill seven vacant scientist positions, to reduce case backlogs.
    - One position dedicated to analyze Physical Evidence Recovery Kits (SB 658).
- Department of Alcoholic Beverage Control
  - **New Stores.** Provides \$1.0 million NGF and 23 positions the first year and \$2.8 million NGF and 45 positions the second year to open seven new stores the first year and seven more (for a total of 14 stores) the second year.
  - **Increased Merchandise for Resale.** Adds \$19.6 million NGF the first year and \$40.2 million the second year to reflect the anticipated increase in purchases of merchandise for resale in ABC stores statewide.
  - **Technology.** Adds \$2.25 million NGF the first year and \$3.0 million NGF the second year to upgrade agency computer systems for financial management, case management, and licensing.



---

# Veterans Affairs and Homeland Security



# Veterans Services

---

- Secretary of Veterans Affairs and Homeland Security
  - **SB 381** – Becomes the Secretary of Veterans and Defense Affairs.
  - Provides \$3.1 million NGF the first year as the NGF portion of the \$7.5 million state contribution to address encroachment at Oceana in FY 2015.
    - The GF share (\$4.4 million) is included in the FACT fund.
- Department of Veterans Services
  - **Wounded Warrior Program.** Adds over \$0.6 million GF each year, and \$0.4 million NGF each year, to increase the annual grant to the five Community Services Boards (CSBs) that manage the regional consortia.
  - **Benefit Services Field Offices.** Adds \$0.2 million GF each year and one position to open a new field office in Fredericksburg and convert four administrative positions to claims agent positions.



# Veterans' Initiatives

Agency	Program	GF (2 years)
SCHEV, Colleges	Veterans and Military Educational Module and Consortium	\$1.6 million
SCHEV	SB 481-Military Survivors/Dependents Education Program	\$145,000
William & Mary Law	Puller Veterans Benefits Clinic	\$341,250
DHCD	Homelessness (includes veterans)	\$10.7 million
DVS	Wounded Warrior Program	\$1.2 million
DVS	Americorps Grant (replace federal \$)	\$238,488
DVS	Benefits Field Offices	\$314,280
DVS	Transition Assistance	\$300,000
DVS	Virginia War Memorial	\$300,333





---

# Judicial Department and Executive Offices



# SB 29 and 30, As Introduced

---

- Judicial Department
  - **SB 443** authorizes a total of 429 judgeships in the Circuit, General District, and Juvenile and Domestic Relations District Courts, based on the judicial caseload study by the National Center for State Courts.
    - SFC proposed budget eliminates the \$3.9 million reversion each year (savings from not filling **vacant judgeships**), and provides funds for a total of 401 judgeships as of July 1, 2014, and 400 as of July 1, 2015 (*see attached spreadsheet*).
  - **Criminal Fund** (\$1.0 million GF in SB 29; \$2.7 million each year in SB 30).
  - **Legal Services Corporation of Virginia** – SFC adds \$1 million each year GF for legal aid (civil indigent defense), to offset reductions in other sources of funding.
  - \$50,000 GF the first year for the **judicial performance evaluation project**.



# Compensation Board

---

- SB 29:
  - \$4.5 million GF in FY 2014 for jail per diems (but no increase in SB 30).
- SB 30:
  - \$4.6 million GF the first year and \$7.8 million GF the second year to open the new RSW Regional Jail and expansion of the Southwest VA Regional Jail;
  - 48 jail deputies to address overcrowding (100% + over BOC rated capacity);
  - 29 law enforcement deputies the first year and a total of 62 the second year (to meet the 1:1500 standard);
  - \$4.7 million GF/year – 2% salary increase, deputy sheriffs (grades 7 and 8);
  - \$0.4 million GF/year – 4% salary increase for Circuit Court Deputy Clerk I positions and 2% for Deputy Clerk II positions;
    - *Note: District Court deputy clerks – 2% salary increase in Central Appropriations (grades 6, 7, and 8).*
  - \$2.1 million GF/year for the second phase of the increase for all Assistant Commonwealth's Attorneys (raising the starting salary to \$52,000).



# Compensation Board

---

- Career development program – **SFC funds** \$3.0 million over two years to fund about half of the number of officers and deputies who have qualified for the salary increases, but for whom funding has been unavailable:
  - Master Deputies Program (in Sheriffs offices);
  - Assistant Commonwealth’s Attorneys;
  - Clerks and Deputy Clerks of the Circuit Court;
  - Commissioners and Deputy Commissioners of the Revenue; and,
  - Treasurers and Deputy Treasurers.
- **SFC adds** language to clarify the Commonwealth’s Attorneys’ collection process for court fines, costs, etc., to require a standard 17 percent fee.
- **SFC adds** language to clarify the reversion to the Literary Fund of local revenues generated by the enforcement of local ordinances, above a certain threshold, based on the report of the State Inspector General.



---

# Commerce and Trade



# Economic Development Incentive Payments (EDIP)

- Senate actions provide a net of \$58.4 million GF in FY 2015 and \$71.4 million GF in FY 2016.
  - \$11.8 million GF each year for the Governor's Opportunity Fund and \$4.8 million GF each year for the Commonwealth Research Commercialization Fund (same levels provided in the 2012-14 biennium).
  - \$4.75 million GF the first year and \$3.0 million the second year for the Motion Picture Opportunity Fund (an increase of \$1.75 million first year only).
  - Funding for performance based grants based on projected progress:

Performance Grant (\$ in millions)	FY 2015	FY 2016	Total
Major Eligible Employer	\$6.8	\$6.8	\$13.6
Semiconductor Manufacturing	5.4	3.8	10.8
VA Investment Partnership	3.9	3.6	7.5
Aerospace Engine Facility Incentive	0.6	13.8	14.4
Advanced Shipbuilding Training Facility	8.0	7.6	15.6
VA Economic Development Incentive Grant	4.5	5.9	10.4
VA Jobs Investment Program	5.7	5.7	11.4



# Major Senate Adjustments to EDIP

---

- Provides an increase of \$1.6 million GF each year for performance-based payments from the Biofuels Production Fund.
- Realizes GF savings from prior year balances:
  - (\$9.0 million) from Governor's Opportunity Fund;
  - (\$2.5 million) from Life Sciences Initiative
  - (\$500,000) from VA Jobs Investment Program
- Recalculation of payments for Aerospace Engine Facility Initiative results in savings of (\$5.5 million) GF in second year based on updated information of when performance-based payments will be due.
- Savings of (\$2.0 million) GF in second year from MEI Site Fund project not coming to fruition.



# Department of Housing and Community Development

---

- Provides \$4.0 million GF each year for the Housing Trust Fund, which was originally capitalized with \$8.0 million in FY 2014 from revenues generated from settlements with mortgage servicing firms.
- Also provides \$1.0 million GF each year for rapid re-housing programs and \$585,413 GF the first year and \$91,782 GF the second year to improve data collection on homelessness.
- Includes \$172.3 million NGF each year and 1.5 FTE positions to administer the federal funded Section 8 Housing Assistant Payments Contract under agree with the U. S. Department of Housing and Urban Development. DHCD will not manage the program but serve as a pass-through entity through which the funding will be provided to an outside vendor.
- **SFC provides** \$500,000 GF second year for Accessible Housing Grant Fund (**SB 62**).
- **Savings** of (\$250,000) GF each year from entrepreneurial accelerator.





# Fort Monroe Authority

---

- SB 29 provides an increase in the Department of Housing and Community Development of \$701,620 GF in FY 2014 to bring the total Fort Monroe operating appropriation to \$5.8 million GF.
- SB 30 creates Fort Monroe Authority as a stand-alone agency and proposes \$6.7 million GF the first year and \$5.5 million GF the second year for operations of the former U. S. Army installation.
- SB 30 also provides \$22.5 million in VPBA bonds for the Authority's capital outlay needs for a variety of maintenance projects to include roof, elevator and utility repairs.
  - The capital funding is to be administered through the Department of General Services.
- **SFC eliminates** proposed cap on Payment in Lieu of Taxes, which will now be set as directed in existing Code.



# Other Commerce & Trade Actions

---

- Establishes the Department of Small Business and Supplier Diversity to implement legislation approved in 2013 to merge the Department of Business Assistance and the Department of Minority Business Enterprises.
  - Provides \$5.9 million GF and \$1.7 million NGF each year and 41 FTE positions.
- Provides an increase of \$1.4 million GF each year in the VA Tourism Authority to increase advertising and marketing.
- Provides \$1.3 million GF each year for the Commonwealth Center for Advanced Manufacturing for workforce development.
- Includes \$1.0 million GF each year in the Department of Mines, Minerals and Energy to support offshore wind energy development.



---

# Agriculture and Forestry



# Department of Agriculture and Consumer Services

---

- Includes \$531,325 GF the first year and \$379,736 GF the second year to upgrade the agencies computer security programs.
- Provides \$262,409 GF the first year and \$270,047 GF the second year to enhance the food safety inspection program .
- Provides an increase of \$250,000 GF each year for the Governor's Agriculture and Forestry Industries Development Fund.
- Provides \$267,768 GF the first year and \$220,038 GF the second year to enhance Weights and Measure Inspection program, which will continue to increase the frequency of inspection of these devices.



# Department of Forestry

---

- Provides an additional \$485,782 GF the first year and \$999,500 GF the second year, which will fully fund the state's commitment to the Reforestation of Timberlands program. Also provides an additional \$200,000 NGF each year for the program based on projected revenues from increased sales of Virginia's forest products.
  - Language continues the prior authorization to utilize funds from the Reforestation of Timberlands program to complete the ongoing project to replace the agencies accounts receivable system, which is used to track these NGF revenues.
- Provides \$500,000 GF each year for debt service that allows the Department to purchase \$4.4 million in new forest firefighting equipment through the Master Equipment Lease Program..



---

# Capital Outlay



# Capital Outlay

---

- **SFC authorizes** up to \$300 million in bonds in SB 29 for the Capitol Complex Infrastructure, Safety and Security Project, which will include:
  - Demolition and replacement of the outdated, unsafe General Assembly Building on the same site;
  - Renovation of the Old City Hall, a National Historic Landmark; and,
  - Construction of a 500+ space parking deck at Ninth and Broad Streets, which will connect to the new GAB with an elevated pedestrian walkway over Ninth Street.
- **SFC provides** a total of \$150 million in bonds in SB 30 for critical maintenance help reduce the maintenance reserve backlog at colleges and universities, mental health and correctional facilities, state parks, and state office buildings.
- Approves \$21.1 million the first year in SB 30 in VPBA/VCBA bonds for furnishing and equipment for capital projects nearing completion.
- Includes a net \$55.1 million in SB 30 in VPBA/VCBA bonds for capital projects in various agencies that were determined to be critical life, health or safety projects.



---

# Natural Resources





# Water Quality Improvement

---

- Includes \$31.5 million GF the first year representing the statutorily required deposit to the Water Quality Improvement Fund.
  - \$23.9 million, or 75 percent, is provided to the Department of Conservation and Recreation:
    - \$18.2 million for the Natural Resources Commitment Fund for agricultural best management practices;
    - \$3.0 million to the WQIF reserve fund;
    - \$1.6 for Soil and Water Conservation District for technical assistance; and,
    - \$1.2 million for other nonpoint source projects.
  - \$7.6 million, or 25 percent of the deposit is provided to the Department of Environmental Quality for stormwater and other nonpoint source grants.
    - \$1.0 million to the WQIF reserve fund.
- Included in Capital Outlay is \$20.0 million in bonds the first year for grants to local governments for stormwater management projects.



# Other Natural Resources Actions

---

- Retains the increased general fund transfer to the Game Protection Fund of \$2.4 million each year in FY 2014, FY 2015 and FY 2016 from increased sales taxes on hunting and fishing related equipment, and by \$2.0 million in FY 2014 and \$2.2 million each year in FY 2015 and FY2016 from increased watercraft sales taxes.
- **Committee amendments** also include an additional \$2.75 million GF for state park operating expenses.
- **SFC includes** an additional \$2.0 million GF to begin to address funding needs for high-hazard dams maintained by the Soil and Water Conservation Districts.
- Retains \$2.0 million GF each year for the Virginia Land Conservation Fund.



# Other Natural Resources Actions

---

- **Committee amendments** authorize the Virginia Waste Management Board to adjust fees annually by the Consumer Price Index.
- **SFC includes** funding necessary for annual dues payments to the Interstate commission on the Potomac River Basin.
- Provides \$1.0 million in VPBA bonds for the City of Alexandria Combined Sewer Overflow project in FY 2014 in SB 29.
- Transfers \$2.1 million GF and \$9.2 million NGF in FY 2015 and FY 2016 and 83.0 FTE positions from DCR to DEQ to implement legislation approved in 2013 that transferred responsibility for the stormwater management program.



---

# Compensation



# Employee Compensation Actions

---

- **Committee amendments** to SB 30 include \$116.7 million GF to provide a series of both broad-based and targeted salary actions for state and state supported local employees, including higher education faculty and compensation board positions (except elected officials).
  - Includes a one-percent salary increase for all state and state supported local positions that employees will see in their Jan 1, 2015 paycheck.
  - Includes a one-time, one-percent bonus for classified staff on December 1, 2015.
  - Provides targeted base-compensation adjustments for entry level employees in local Sheriff's departments and state courts.
  - Eliminates proposed increase for other high-turnover positions and contingent two percent bonus.
- Endorses actions included in SB 30, as introduced, to address the recommendations of the 2013 employee compensation workgroup.
  - DHRM online exit interview, statistical software, and benchmark data.
  - Funding for JLARC update of employee total compensation assessment.



# Proposed Employee Compensation Actions

## (General Fund \$ in millions)

Employee Compensation Actions – Cumulative Actions	
Description	SB 30
State Employees Salary FY 2015 (1.0 %)	\$49.2
State Supported Locals Salary FY 2015 (1.0 %)	Included above
State Employee Bonus FY 2016 (1.0 %)	19.5
District Court Deputy Clerks (2.0 %)	1.5
Deputy Sheriffs, Grade 7 & 8 (2.0 %), + career development	11.1
Assistant Commonwealth Attorneys, + career development	4.7
Circuit Court Deputy Clerks, + career development	1.2
Higher Ed. Faculty (Base Adjustment + Bonus)	25.0
K-12 Strategic Compensation	4.5
TOTAL, Employee Compensation Amendments	\$116.7



# Employee Health Insurance

## (General Fund \$ in millions)

---

Employee Health Insurance Actions	
Description	SB 30
FY 2014 Premium Increases – As Introduced	\$83.2
Funding for UVA Health Plan – As Introduced	0.7
TOTAL, Employee Health Insurance	\$83.8



# Retirement System

## Employer Contribution Rates

---

- Consistent with the introduced budget, included funding for increased employer contribution rates to the Virginia Retirement System as shown below, as well as for Other Post-Employment Benefits:
  - Rates are based on the scheduled phase-in of the VRS Board certified rates as specified in Chapter 823 of the 2012 Acts of Assembly and also include the payment for the 10-year payback of deferred contributions.

	Retirement Rate	FY 2015	FY 2016
VRS - State Employees	12.33%	\$58.5	\$58.5
SPORS	27.63%	\$2.6	\$2.6
VALORS	18.24%	\$10.7	\$10.7
SPORS	51.66%	\$3.8	\$3.8
VRS - Teachers	14.50%	\$80.7	\$81.9





# Other Central Account Actions

---

- Introduced amendments to SB 29 and SB 30 included savings from management actions in FY 2014 of \$3.8 million \$3.4 million in FY 2015 and \$3.7 million in FY 2016
  - Several **SFC actions** restore some of the cuts for the Department of Education, the Jamestown-Yorktown Foundation, and the outdoor advertising program.
- **SFC amendments** include \$11.0 million GF in the biennium for the planning, design and construction of the Pavilion at Lumpkin's Jail as well as improvements to the Richmond Slave trail.
  - Splits the funding included in the introduced budget over both years of the biennium.
  - Local matching funding of \$5.0 million is required.
- **SFC eliminates** language requiring that tax refunds be provided electronically and provides \$400,000 GF in funding to allow taxpayers to again receive tax refund checks.



# Central Account Savings Actions

---

- **SFC recognizes** \$2.2 million GF in judicial retirement resulting from the passage of SB 170.
  - Increases the mandatory retirement ages of judges by three years.
- **SFC captures** savings of \$5.3 million GF by controlling the assumed growth in agency IT consumption.
- **SFC includes** language reverting \$5.2 million in undesignated and unobligated FACT Fund balances to the general fund.
  - Keeps in tact the out-year commitments to NAS Oceana and the Virginia Tech Mid-Atlantic Aviation Partnership.



---

# Transportation



# Overview of SB 29 (Caboose)

---

- SB 29, as introduced, contained language authorizing the reappropriation of \$31.1 million in 2008 Commonwealth Project Revenue Bond Balances to the Transportation Partnership Opportunity Fund (TPOF).
  - **SFC amendments** dedicate approximately \$25.0 million of this funding for five strategic investment priorities, including:
    - \$10.0 million for planning the expansion of fixed guideway transit services to Naval Station Norfolk as well as communities in Hampton and Newport News,
    - \$4.0 million for construction of a dedicated UAS runway on Wallops Island,
    - \$4.0 million to complete the Route 1 corridor Locally Preferred Alternative analysis in Fairfax and Prince William,
    - \$2.0 million for core capacity planning needs of the Virginia Railway Express; and
    - \$4.5 million for construction of intersection improvements to support opening of Powhatan State Park.



# Overview of Transportation

---

- **SFC language amendments** in both the Office of the Secretary and the Department of Transportation direct reporting to the General Assembly on (i) improved methods to provide assistance for local transportation projects and (ii) pavement conditions and maintenance expenditures in the Richmond District.
- **SFC includes** funding for providing air quality assessment and monitoring at the terminus of the 1-395 express lanes project.
- **SFC increases** the allocation to the Office of Intermodal Planning and Investment by \$2.5 million NGF in each year.
- **SFC provides** \$400,000 NGF over the biennium in support of the Richmond-Petersburg Express bus service.
- **SFC directs** funding of the Shortline Railway Preservation Fund from the Rail Enhancement Fund.



# Port of Virginia

---

- **SFC includes** language authorizing the Secretary to transfer \$3.5 million NGF in each year in support of dredging the Norfolk Harbor to 55 feet and the Elizabeth River Channel to 45 feet as the Commonwealth prepares for post-Panamax shipping environment.
- **SFC provides** base funding of \$1.0 million GF in each year for the Port of Virginia Economic Development Zone Grant program.
  - Used to provide grants to qualified companies locating or expanding within the economic development zone.
- Retains increases in payments in lieu of taxes to host cities by 5 percent, bringing the total payments to \$2.2 million in FY 2015 and \$2.3 million in FY 2016.
- The amendments also authorize \$37.7 million NGF for APM Terminal Equipment purchases.
  - **Committee amendments** eliminate \$90 million NGF capital projects that were erroneously included in the introduced budget.



# Other Transportation Initiatives

---

- Retains \$0.8 million NGF in FY 2015 and \$1.7 million NGF in FY 2016 to provide an operating appropriation for a new DMV customer service center in Northern Virginia.
- Language clarifying that changes to motor fuels sales taxes approved in HB 2313 do not apply to aviation fuels is included in Part 4 in both SB 29 and SB 30.
- **Committee amendments** reduces the vehicle registration fee for owners of diesel passenger vehicles by \$20.00.
  - Eliminates the HB 2313 requirement that owners of these vehicles submit receipts for reimbursement of the higher rate of taxation on diesel fuel.



---

# General Government





---

# Technology



# Overview of Technology

---

- **SFC provides** the Secretary of Technology \$1.0 million GF in each year to support a comprehensive working group to review of Virginia's regulatory and business climate in advancing strategic investments in unmanned technologies.
- **SFC includes** \$4.5 million GF in each year to the Center for Innovative Technology for the Growth Accelerator Program.
  - Provides \$1.0 million GF for support of CIT efforts in identifying and mapping localities and populations that lack broadband access.
  - Provides \$2.0 million in support of efforts in recruiting cyber security and modelling and simulation businesses to Virginia.
- **SFC directs** the Chief Information Officer to report on the progress towards retirement of systems using 1970s mainframe technologies.



# Other Technology Initiatives

---

- Retains amendments seeking to provide increased transparency into Virginia's statewide technology contract and replacement of sum sufficient appropriations:
  - Eliminates three sum sufficient appropriations to VITA by providing appropriations totaling \$341.8 million NGF in each year for vendor payments, optional technology services, and administrative overhead.
  - Includes \$396,436 GF in FY 2015 and \$5.0 million GF in FY 2016 for increases in 109 line agency budgets to support increased vendor charges including contractually required cost of living increases.
  - Increases the amount of telecommunications expenditure by \$3.4 million NGF in FY 2015 and \$18.2 million NGF in FY 2016
- Includes several actions related to improving business functionality at VITA, including:
  - Funding for a telecommunications management and billing system to enhance agency service ordering and cost recovery.
  - Funding for development of an information sourcing strategy for contract transition at the conclusion of the current managed services agreement.



---

# Administration



# Overview of Administration

---

- Endorses amendments to increase the NGF appropriations to the central service agencies agencies by \$1,225.8 million in FY 2015 and \$1,227.3 million in FY 2016 primarily from a significant policy change regarding traditionally “sum sufficient” appropriations.
  - This increase is driven by a more accurate reflection of appropriations for employee health insurance and services provided to line agencies by the Department of General Services.
- **Committee amendments** provide approximately \$90,000 GF in the biennium to the State Board of Elections to implement the absentee voter provisions of SB 11 (Puller) and the voter crosscheck provisions SB 191 (Edwards).



# Other Initiatives in Administration

---

- Within the Department of Human Resources Management, \$2.7 million GF is included in each year to replace the current personnel system which is 30 years old and mainframe based.
- Includes \$225,000 in FY 2015 and \$175,000 in FY 2016 to implement several the recommendations of the 2013 Employee Compensation Workgroup:
  - Online exit interview for employees leaving service.
  - Statistical software for analysis of employee data.
- Consistent with policy actions related to “sum sufficient” appropriations, includes \$590,3535 in each year for direct GF appropriations to the human resources shared services center.
  - Provides services for smaller agencies that do not have in-house HR staff.



---

# Finance



# Overview of Finance

---

- Includes an additional \$200,000 GF in FY 2014 for payments of Tennessee Valley Authority payments in lieu of taxes.
  - The increase payment level is carried forward into SB30.
- Within the Department of Taxation, includes an increase of \$232,616 in FY 14 to fund additional compliance collection staff. This initiative is continued in the 2014-16 biennium.
  - Revenues from this initiative of \$747,531 are assumed for FY 14 and \$10 million in both FY 2015 and FY 2016.
- **SFC debt service savings** of \$3.6 million GF are assumed within the revenues included for redistribution in FY 2014 from lower than anticipated interest rates and offsetting of Grayson with NGF for 2014 VCBA and VPBA issuances.
  - Additionally \$5.0 million is moved to second year to adjust timing on assumed debt service based on capital outlay actions.





# Overview of Finance

---

- Includes language directing the Secretaries of Finance and Administration to convene a workgroup for the purposes of identifying options to improve the Commonwealth's current method of maintaining state property data.
- **SFC directs** the integration of the Commonwealth's current electronic procurement system into the replacement accounting system.
- **SFC includes** language directing the Secretary of Finance to work with the Chairmen of Senate Finance and the House Appropriations and House Finance committees on assessing the strengths and weaknesses of the current timing of the appropriations process.
- **SFC provides** \$158,000 GF in each year for increased operational support for the secretary's office.



# Revenue Stabilization Fund Deposit

---

- **SFC eliminates** \$59.9 million for the estimated FY 2016 deposit to the Revenue Stabilization as a result of the February revenue reforecast.
  - Provides \$243.2 million GF for the FY 2015 deposit to the Fund.
    - Includes the \$95.0 million amount reserved for the FY 15.
- A series of amendments is included to both replace “sum sufficient” appropriations and increase the amounts provided for the operations of the central accounting system and the performance budgeting system
  - Combined actions provide \$2.2 million GF and \$19.4 million NGF in FY 2015 and \$3.3 million GF and \$18.6 million NGF in FY 2016.
  - Includes an additional 5.0 FTE in FY 2015 and 11.0 FTE in FY 2016 for financial analysis and reporting staff as well as staffing required to support standardized vendor database.

