

Key Features Senate Bills 29 and 30 As Amended by the Senate Finance Committee (February 16, 2014)

Public Education

- Adds \$59.4 million in General Funds, Literary Fund revenue, and Lottery Proceeds over the \$523.6 million two-year increase proposed in the budget as introduced for Direct Aid to localities for Public Education. (For FY 2015 -- the first year of the next biennial budget, this reflects a GF increase of over 3.4 percent per student over the FY 2014 base budget.)
- Endorses the introduced budget's funding for the scheduled phase-up to the needed full annual employer contributions to the retirement system by FY 2019, adopting the increase of 2.8 percent of payroll over the FY 2014 employer contribution rate.
- For FY 2015, restores about \$40 million:
 - \$28.7 million to partially restore formula inflation updates to recognize more up-to-date non-personal costs such as student transportation, utilities, and health insurance premiums;
 - \$5.0 million to restore half of the Northern Virginia "cost of competing" adjustments for support positions removed in the introduced budget;
 - \$5.7 million due to increased sales tax projections and some technical corrections.
 - This aggregate dollar amount is the equivalent of the state's share of a one percent salary increase for SOQ teachers and support staff. Local school divisions have the flexibility to individually assess whether to address salary increases this year.

- Restores \$7.2 million dollars to maintain PreK spots for at-risk four-year-olds in divisions that used them in FY 2014, and adds \$1.4 million in FY 2016 to increase the funded per pupil amount by 1.7 percent.
- Directs a total of \$6.0 million for planning and implementation for year round schools, especially for lower performing schools.
- Includes \$4.5 million to explore approaches to Strategic Compensation.
- Includes \$3.6 million for instructional specialists in schools not accredited.
- Includes \$1.0 million for Teach for America in Virginia schools.
- Removes the funding for the Opportunity Educational Institution state takeover board.
- Sets aside School Services Agreement incentive funding to encourage certain school divisions to consider alternative operating models.

Higher Education

- Provides a total of about \$183.0 million over the budget approved during the 2013 Session.
- Includes almost \$25.0 million for faculty compensation actions, or the value of a one percent faculty salary increase beginning in the second half of FY 2015 and a one percent bonus in FY 2016.
- Provides \$41.4 million over FY 2014 amounts for undergraduate need-based financial aid. The amendments also contain an additional \$3.9 million for graduate financial aid.

- Includes \$5.4 million to expand the Two-Year Transfer Grant program by providing awards that are on average the difference between the public two-year and four-year higher education institution costs for tuition and mandatory educational and general fees.
- Provides \$14.6 million for higher education research at selected institutions.
- Includes an allocation of an additional \$8.8 million per year, over the introduced budget, for additional research and workforce equipment from the Higher Education Equipment Trust Fund.

Health and Human Resources

- Provides a net increase of \$26 million GF more than the introduced budget for Health and Human Resources, including \$62 million GF in new spending offset by \$36 million GF in proposed savings.
- Includes \$20.2 million GF to enhance the continuum of mental health services available in the Commonwealth and ensure that state mental health facilities are the facility of last resort when an individual is in crisis. Specifically, this initiative includes:
 - \$5.4 million GF for therapeutic assessment or “drop off” centers to triple the number of centers in the Commonwealth from 11 to 36;
 - \$2.4 million GF for permanent supportive housing to provide support services for individuals with mental illness who are living in the community;

- \$2.3 million GF to increase discharge assistance planning dollars to allow 50 to 60 individuals to move from state mental health facilities to the community and free up needed bed space within state mental health facilities;
 - \$2.3 million GF to provide additional support for local private hospitals to serve individuals with mental illness who are in crisis;
 - \$1.5 million GF to improve access to children's mental health services to prevent or respond to crisis situations; and,
 - \$4.4 million to provide additional bed space within state mental health facilities to be the facility of last resort if no other private placement can be found.
- Restores \$35.2 million in total funds (\$17.6 million GF) for Virginia hospitals to offset a reduction of \$60 million GF included in the introduced budget.
 - Adds \$9.4 million to expand access to health care services including:
 - \$5.2 million to restore access to the FAMIS Moms and Plan First program for pregnant women and others who are unable to access care through the health insurance marketplace; and,
 - \$3.8 million to provide comprehensive dental care for pregnant women over age 21 to reduce the cost of premature births and other health conditions that result from lack of dental care.
 - Adds \$2.5 million to restore funding for people with physical disabilities including:

- \$1.0 million to restore funding for long-term employment support services to enable individuals with disabilities to work in the community;
 - \$700,000 (in addition to the \$300,000 included in the introduced budget) to add \$1.0 million for individuals with brain injuries who need assistance with daily living; and,
 - \$613,732 to restore funding for Centers for Independent Living.
- Adds \$6.8 million GF or \$13.6 million in total funds for a two percent increase for individuals that provide personal care services to vulnerable disabled individuals residing in the community.
 - Retains the proposal included in the introduced budget to offset general fund spending by \$56 million in FY 2016 using enhanced federal funding from a provision in the Affordable Care Act beginning October 1, 2015, but also includes:
 - \$11.9 million in savings by assuming a less dramatic fall-off in tobacco tax revenues than assumed in the introduced budget;
 - \$9.3 million in additional savings for indigent care based on the revised estimates of savings related to the Affordable Care Act; and,
 - \$7.8 million in savings by correcting the appropriations needed to fund the mandatory increase in Intellectually Disabled (ID) and Developmentally Disabled (DD) waiver slots consistent with the U.S. Department of Justice (DOJ) Settlement Agreement.

Marketplace Virginia

- Adds budget language requiring the Secretary of Health and Human Resources to develop and implement a program to allow up to 250,000 low-income uninsured Virginians to purchase health care coverage through a private insurance network based on a commercial insurance product, Anthem's KeyCare 30 Plan, plus traditional and community-based behavioral health services.
- The program will include provisions for payment of premium assistance for participants, cost-sharing up to 5 percent of total household income, requirements for personal responsibility and accountability, to avoid overutilization of emergency care and to promote healthy behaviors, and provisions to promote job search activities.
 - The program will also include provisions for monitoring and oversight of the use of health care services.
- The program creates the Health Reform and Innovation Fund to capture general fund savings from reduced obligations for behavioral health services, inmate health care, and indigent care as a result of providing access to health insurance for low-income Virginians.
 - Funds will be used to provide grants of up to \$3.5 million annually to reduce the rate of growth of health care spending
- The program also establishes the 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.

- Finally, the program will terminate if revenues received by the Taxpayer Recovery Fund are less than the commitments set forth in federal statute.
- The program will recapture an estimated \$1.7 billion each year to provide access to health care for 250,000 uninsured Virginians.
- The program will also improve access to traditional mental health services, such as hospital care, counseling, and medications, as well as “non-traditional” behavioral health services that allow individuals to live in the community with more intense treatment and support services. The value of those services is estimated at more than \$200 million per year.
- The program will reduce the Commonwealth’s reliance upon \$137 million in annual general fund spending to provide uncompensated care at Virginia hospitals, and instead provide access to primary health care services.
- The program will also result in savings of hundreds of millions of dollars for providers now delivering uncompensated care.

Transportation

- Directs approximately \$25.0 million in FY 2008 undesignated Commonwealth Project Revenue bond proceeds to five strategic investment priorities, including:
 - \$10.0 million for planning the expansion of Hampton Roads light rail services to Naval Station Norfolk and complimentary services to communities in Hampton and Newport News;
 - \$4.0 million for construction of a designated runway for unmanned aerial systems at the Wallops Flight Facility;

- \$4.0 million for completion of a Locally Preferred Alternative for the Route 1 corridor in Prince William and Fairfax;
 - \$2.0 million to support core capacity expansion planning for the Virginia Railway Express; and,
 - \$4.5 million for construction of the Route 615/522 intersection to support the opening of Powhatan State Park.
- Accelerates the economic potential of the Port of Hampton Roads by authorizing \$7.0 million in transportation funding for initiating planning for deepening the Hampton Roads Harbor channel to 55 feet and the Elizabeth River Channel to 45 feet.
 - Equalizes tax rates and improves citizen convenience for owners of diesel passenger vehicles by reducing registration fees for these vehicles.

Agriculture, Forestry and Natural Resources

- Provides \$31.4 million in FY 2015 for agricultural best management practices to control nonpoint source water pollution.
- Provides \$20.0 million in bonds for the Stormwater Local Assistance Fund for grants to support local water quality projects.
- Provides a total of \$6.9 million for reforestation of timberlands.
- Provides \$4.0 million for oyster restoration projects.
- Provides an increase of \$2.75 million for State Park operations.
- Includes \$2.5 million for the Governor's Agriculture and Forestry Industries Development Fund.

- Provides \$2.0 million for the Dam Safety Program for rehabilitation of flood control dams owned by Soil and Water Conservation Districts.

Economic Development

- Provides over \$129.7 million for economic development incentive payments.
- Includes an additional \$8.0 million for the Housing Trust Fund, a \$2.0 million increase for rapid re-housing assistance, as well as funding to improve the collection of data to better serve the homeless population.
- Provides \$2.8 million to expand tourism marketing in broadcast and outdoor advertising, and online marketing efforts.

Public Safety

- Adds a total of \$4.0 million GF over two years for sexual and domestic violence programs, and directs the Office of the Attorney General to lead a task force to review the current organizational and administrative arrangements for the various grant programs in this area.
- Implements the new lifetime concealed handgun permitting system, pursuant to Senate Bill 608, which will transfer the process for approving the permits from the Clerks of the Circuit Courts to the Department of State Police.
 - Revenues from this new program are estimated at 8.7 million GF over the biennium, and start-up and recurring expenses are estimated at \$6.0 million. The revenues in

excess of expenditures for this program are used to restore the base budget for State Police.

- Provides \$775,170 GF and five positions over the biennium to enable the Department of Emergency Management to review local disaster preparedness plans, as required by SB 381, which transfers homeland security functions from the Secretary of Veterans Affairs and Homeland Security to the Secretary of Public Safety.
- Includes \$179.5 million GF the first year and \$186.7 million GF the second year for HB 599 state aid to localities with police departments. Language is added governing the allocation of the funds, so that no locality will receive less than the FY 2014 base allocation, but new funds (above the FY 2014 base amount) will be distributed according to the statutory formula.
- Allocates an additional \$1.0 million NGF each year to combat internet crimes against children (ICAC), generated by an increase in ICAC fees (added as court costs on all felonies and misdemeanors) from \$10 to \$15, pursuant to Senate Bill 262.
- Authorizes the Department of Corrections to convert the Culpeper Juvenile Correctional Center into a women's facility.
 - Provides for a portion of the savings from the transfer (over \$12.5 million GF over two years) to be used by the Department of Juvenile Justice to increase placements of juveniles in local and regional detention facilities and independent living programs, and increase mental health treatment for juveniles leaving state facilities and who are under the supervision of the juvenile court services units, and related programs.
- Adds \$480,000 GF each year for the Virginia National Guard to acquire radios that are compatible with the State Agencies Radio System (STARS), so the National Guard can

communicate effectively with State Police and other first responders during an emergency.

Virginia's Court System

- Includes funding for 401 judgeships as of July 1, 2014, and 399 judgeships as of July 1, 2015, based on the judicial workload and staffing study conducted over the past two years by the National Center for State Courts (NCSC).
 - Senate Bill 443 provides for the authorization of 429 total judgeships based on the NCSC report, and the budget language provides funding consistent with this legislation. As additional funds become available, Senate Bill 443 provides the road map for adding additional judges, up to the total authorization of 429.
- Adds \$1.0 million GF each year for the Virginia Legal Services Corporation for legal aid for indigent defense in civil cases, to offset the loss of funding from other sources.

Employee Compensation

- Recognizes the outstanding contributions of Virginia's public sector workforce by providing a one percent cost of living adjustment and a one percent bonus payment in addition to several strategic adjustments that target entry level positions in Sheriffs' offices and state courts.
- Includes \$49.2 million for a one percent salary increase for state employees and state-supported local employees:
 - State employees and state-supported local employees will see this increase in their December 31, 2014 paychecks;

- Funds are included for a similar increase for faculty at Virginia's institutions of higher education.
- Includes \$19.5 million for a one-time bonus payment in December 1, 2015.
- Does **not** include any further changes to the retirement programs for current state and local employees.
 - Continues the phase-in toward full payment of the VRS board's employer contribution rates.

General Government & Technology

- Maximizes the economic potential of Virginia's longstanding investments in commercial aerospace on the Eastern Shore by providing \$2.0 million for activities that improve the regulatory environment compliment to attract and promote the development of unmanned technology applications and companies, federal research at facilities located in the Virginia.
- Strengthens investments in Virginia high-tech entrepreneurs by increasing the total investment in the Growth Accelerator Program to \$4.5 million in each year.
- Adds over \$614,000 each year for the Virginia Wounded Warrior program in the Department of Veterans Services.

Capital Outlay

- Authorizes up to \$300 million in bonds 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.
- Provides a total of \$150 million in bonds for critical maintenance reserve projects throughout state government to help reduce the substantial maintenance reserve backlog at colleges and universities, mental health and correctional facilities, state parks, and state office buildings.