

SENATE OF VIRGINIA

Senate Finance Committee

Overview of Proposed SFC Amendments

SB 5003 (2014-16 Biennial Budget)

April 8, 2014



SENATE FINANCE COMMITTEE

Presentation Outline

- ☐ **Overview/Resources**
- ☐ **K-12 Public Education**
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- ☐ **Health and Human Resources**
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- ☐ **Natural Resources**
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- ☐ **General Government**
- ☐ **Employee Compensation/Retirement**



Overview/Resources



Senate Finance Committee Recommendations

- Objectives:
 - Promote and sustain investment in Virginia through support for public education, higher education, and workforce training.
 - 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.
 - Support research and development in higher education and in industry.
 - Address employee compensation for teachers, 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.



Major Changes from SB 30

- Updates resources to reflect final fiscal impact of bills and additional available balances.
- Incorporates Marketplace Virginia costs and savings into the budget bill:
 - Appropriates general funds for administrative expenses.
 - Reserves \$188 million GF in savings to the Va. Health Reform & Innovation Fund (created in 2013 Session.)
 - Directs \$17.1 million GF in savings to 500 additional ID waivers.
- Provides a 2 percent base salary increase, effective March, 25 2015, for state classified employees and faculty, and April 1, 2015 for teachers and state supported locals.
- Provides up to \$17.0 million GF (\$8.5 million GF in FY 16 and up to \$8.5 million from FY 15 balances) in state subsidies to local governments for local employees covered under the Line of Duty Act.



SB 5003: GF Revenue Outlook

- Fundamentals of the economic outlook remain unchanged.
- Mid-session revenue reforecast: (\$125 million) in FY 2014.
 - Based on “money in the bank” as of mid-February, the Governor recommended a reduction in the forecast.
- About \$90 million of the reduction came from two volatile sources: non-withholding and corporate income tax.
 - Balance from withholding, which has a slight ripple effect into FY 2015, with a reduction of \$15 million.
- Year-to-date, FY 2014 revenues continue to lag the adjusted forecast, although withholding is looking stronger.
- Reduced forecast in FY 2014 eliminates need for a FY 2016 Rainy Day Fund deposit, saving \$59.9 million.



SFC Resources

SB 5003, as Introduced

(GF \$ in millions)

Resources:	2014-16
Mid-session Revenue Reforecast	(\$15.0)
Increase Motion Picture Tax Credit	(8.0)
Increase R&D Tax Credit	(2.0)
Sales Tax on Satellite TV Equip.	19.1
Adjust Amazon Sales Tax Forecast	12.6
ABC Profits	11.2
Adjust Forecast for Ed Schol. Tax Credits	10.0
Enhanced Compliance/SB 611	6.3
SCC Balances	6.0
Other balances, revenues, transfers	<u>13.4</u>
Total, Resource Adjustments	\$53.6



SFC 2014-16

General Fund Budget

(GF \$ in millions)	<u>2014-16</u>
Resources Available for Approp.	\$37,705.1
Net SFC Incremental Resources	\$53.6
Adj. Resources Available	\$37,758.7
Operating & Capital Appropriations	\$37,712.0
Net SFC Spending	\$38.8
Total 2014-16 Appropriation	\$37,750.8
Revised Unappropriated Balance	\$7.9



Elementary and Secondary Education



K-12

Key Changes from SB 30

- **With SFC amendments SB 5003 reflects a net increase for Direct Aid to Public Education of \$52.1 million GF above Senate amendments to SB 30.**
- Includes \$100.9 million over the biennium for the state's share of a 2% salary increase.
 - Partially offset by providing \$9.6 million towards restoring inflation (25% in the first year only), compared with \$57.7 million in SB 30 (75% in both years).
- Reflects other changes due to amendments proposed in SB 5003 as introduced:
 - Provides \$10.0 million for Literary Fund school construction loans in FY 2016 (a net change of \$2.5 million GF from SB 30 amendments).
 - Funds Strategic Compensation Grants at \$2.5 million in FY 2015 (compared with \$4.5 million in SB 30 amendments).
 - Provides an increase for Jobs for Virginia's Graduates of \$200,000 each year.
 - Updates the cost of competing adjustment amendment slightly to \$5.4 million in FY 2015.
 - Updates the sales tax revenue for K-12.
 - Updates SOL savings to reflect passage of bills.
 - Includes language in the Department of Human Resource Management, to facilitate the optional election of school divisions to participate in state employee health insurance plan effective July 1, 2015.



State's Share of a 2% Salary Increase for SOQ-Funded Positions Effective April 1, 2015, with Significant Flexibility

- Provides \$20.1 million the first year and \$80.8 million the second year for the state share of a payment equivalent to a 2.0 percent salary increase, effective April 1, 2015, for funded SOQ instructional and support positions.
 - School divisions must certify to the Department of Education that the state share of funding received by the locality will be expended prior to June 30, 2015, solely for providing salary increases to instructional and support positions in the first year. For purposes of receiving the state share of funding, **school divisions may provide salary increases less than 2.0 percent** as long as the funds expended by the school division implementing the salary increase provided in the first year is greater than or equal to the value of the state share of funding received by the locality.
 - Must be in addition to any salary increases that were provided solely to offset the cost of required 5 percent member contributions to the VRS.
 - Local governments are encouraged but not required to provide a local match based on the composite index of local ability-to-pay. **School divisions may, at their option, elect to defer the salary increase until July 1, 2015.** School divisions electing to defer the salary increase until July 1, 2015, shall certify such election by October 1, 2014, and shall not receive the state share of funding in the first year.



Overview

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%
SB 30 Amendments	+\$4.2M	+\$35.0M	+\$13.2M	+\$10.0M
SB 5003 Amendments	(\$4.7M)	+\$35.0M	+\$74.2M	+\$10.0M
<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%)

**\$52.1M
more in
SB 5003**



<u>SB 30 As Intro.</u> Actions for Direct Aid (\$ in Millions)	FY 2015	FY 2016	Total
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>
TOTAL	\$227.4	\$272.9	\$500.3

SFC Amendments to Direct Aid, in Item 136	FY 2015	FY 2016
Technical Corrections	\$2.7	\$2.6
2.0% Salary Increase	20.1	80.8
Update Sales Tax Revenue Projections and Legislation	2.0	2.3
Partially Restore Inflation Update of Costs	9.6	0.0
Partial Restoration of N. VA. Support COCA (GOV)	5.4	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)
\$2.5M in FY 2015 Strategic Compensation Grants – Lang.	(5.0)	(7.5)
Use 3-Year Average Free Lunch for K-3 Class Size Program	(5.2)	(5.2)
Literary Fund – School Construction Loan Allocations	(10.0)	0.0

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
<i>Jobs for Virginia Graduates</i>	<i>0.2</i>	<i>0.2</i>
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%



Partial Restoration of the Non-Personal Inflation Update in FY 2015

- 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 25 percent of the adjustment for inflation in the first year to provide additional funding to all school divisions.



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 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. Existing language allows DOE to award start-up grants if any balances remains at year end.



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
<i>DOE – Testing Savings from Reducing SOLs (SB 306)</i>	<i>(2.9)</i>	<i>(2.9)</i>
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



Higher Education

Key Changes from SB 30

- The amendments in SB 5003 related to higher education reflect one major GF change from the original amendments adopted to SB 30:
 - Includes **\$21.2 million GF for a two percent salary increase for faculty starting on March 25, 2015.** Corresponding funding for higher education classified employees of approximately \$10.5 million GF is included in Central Accounts).
 - SB 30 included **a one percent faculty salary increase starting in January 2015 and a one percent bonus in FY 2016.**



Overview of Higher Education

- **Adds \$179.5 million GF** over the biennium over the base budget.
- **Provides \$21.2 million GF for a two percent salary increase for faculty starting on March 25, 2015.** Corresponding funding for higher education classified employees of approximately \$10.5 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 (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** **\$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
2% HE Salary Increase (Classified in Cent. Accts.)	\$0	\$31.8	\$31.8
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
TOTAL	\$184.5	\$(5.0)	\$179.5



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**.



Capital Outlay



Capital Outlay

Key Changes from SB 30

- There are four amendments in SB 5003 related to capital outlay that reflect changes from the original amendments adopted to SB 30:
 - Includes **\$21.0 million** from bond proceeds in one amendment for two actions that were moved from SB 29:
 - \$20 million in bond proceeds in lieu of private funds designated for a previously approved project at George Mason University.
 - \$1.0 million for the Alexandria combined sewer overflow project.
 - Provides language that replaces a planning project that is no longer ready to move forward with two others at Northern Virginia Community College.
 - The other two additional amendments in capital outlay are related to the Department of Corrections (DOC) and the Culpepper correctional facility that is being transferred from the Department of Juvenile Justice (DJJ).
 - One amendment contains language establishing a project to equip and refurbish the facility, which will be funded from transferring balances from other projects.
 - The other amendment contains language that allows DOC to use some of its maintenance reserve funding to retrofit the facility.



Capital Outlay

- Provides a total of \$150 million in bonds for critical maintenance to 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 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.



Health and Human Resources



HHR

Key Changes from SB 30

- Proposed amendments to SB 5003 reduce net general fund spending by \$157.6 million for the 2014-16 biennium.
 - SB 30 included a net general fund increase of \$25.9 million.
- The major difference between SB 30 and SB 5003 are related to \$163.2 million in net general fund savings for Marketplace Virginia which were not reflected in the Senate's original budget.
 - SB 5003 also includes \$24.4 million in general fund savings by eliminating a payment to the federal government that is no longer required.

Summary of Supplemental Amendments (GF in Millions)	
Net GF Savings Related to Marketplace Virginia	(\$163.2)
Net GF Savings Related to Other Amendments	(19.3)
GF Savings from Deleted Amendments	(1.0)
Net GF Impact of Supplemental Amendments	(\$183.5)



HHR Supplemental Amendments Related to Marketplace Virginia

- Net general fund savings related to Marketplace Virginia of \$214.2 million are offset by \$51.0 million in new spending.
 - These savings amounts do not reflect \$45.0 million in general fund savings for inmate hospital costs provided at Department of Corrections' facilities.

Summary of Amendments Related to Marketplace Virginia (GF in Millions)	
Reflect Indigent Care Savings	(\$174.7)
Reflect General Fund Savings at CSBs	(37.6)
Reflect Savings for Involuntary Commitment Fund	(1.8)
Fund Woodwork Costs for Children's Health Insurance Program	0.4
Fund Woodwork Costs for FAMIS Program	1.3
Fund DSS Administrative Costs	3.6
Fund 500 New Intellectual Disability Waiver Slots - Contingent	17.1
Fund DMAS Administrative Costs	28.7
Net GF Impact of Amendments Related to Marketplace Virginia	(\$163.2)



HHR Supplemental Amendments

Health Reform and Innovation Fund

- Last year's budget included language setting aside any general fund savings from expanding Medicaid eligibility in the Virginia Health Reform and Innovation Fund.
- Amendments to SB 5003 deposit \$188 million into the fund from general funds savings consistent with the Senate's amendment that create Marketplace Virginia.
- Language creating the fund last year anticipates that revenues will be used initially to fund up to \$3.5 million each year in innovation grants to reduce health care spending.
- When the cost of closing the coverage gap is projected to exceed projected general fund savings, funds will be transferred to DMAS to cover the cost of care.



HHR Supplemental Amendments Not Related to Marketplace Virginia

- Supplemental amendments included in SB 5003 that are not related to Marketplace Virginia result in net general fund savings of \$20.3 million.
 - The largest general fund savings item is related to the adoption of a corrective action plan by the federal government which allows for the elimination of a disallowance payment that was expected to be paid.

Summary of Amendments Not Related to Marketplace Virginia (GF in Millions)	
Eliminate Funding for a Federal Disallowance Payment in Medicaid	(24.4)
Reduce GF for Senate Initiatives That Were Not Enacted	(1.0)
Reflect Changes Impacting Involuntary Mental Commitment Fund	(0.4)
Fund Full Year of Assessments for ID and DD Waiver Recipients	0.7
Develop Plan to Replace the Adult and Child Welfare Information Systems	0.9
Fund 2 nd Year of State Facility Costs As Provider of Last Resort (*)	4.1
Net GF Impact of Amendments Not Related to Marketplace Virginia	(\$20.3)
* Original SFC amendments only provided funding in the first year.	



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 \$23.3 million GF including:
 - *\$8.5 million to ensure state facilities are the provider of last resort when an appropriate community placement cannot be found within 24 hours;*
 - \$5.4 million to double the number of therapeutic assessment centers that will be created in this budget 12 to 24;
 - \$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** \$9.6 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; and
 - \$600,000 to restore funding for three Poison Control Centers.



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 GF to restore funding for child advocacy centers.



Services to People with Disabilities

- The **SFC's amendments endorse** the proposal to spend \$3.3 million GF in FY 2015 and \$2.7 million GF in FY 2016 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

Targeted Reductions from SFC Amendments for the 2014-16 Biennium - (\$ in millions)	
<i>Eliminate funding for a federal disallowance payment</i>	<i>(\$24.4)</i>
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	<u>(0.3)</u>
TOTAL, Targeted Reductions	(\$60.0)



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 Virginia 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 Virginia 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



Public Safety

Key Changes from SB 30

- Adjustments in the final deposit to the Corrections Special Reserve Fund, based on criminal sentencing legislation as adopted.
- Medicaid savings in inmate hospitalization costs for the Department of Corrections, based on the proposed Marketplace Virginia.
- Capital project authorization for DOC to retrofit the Culpeper Juvenile Correctional Center into an adult correctional facility for women, using unspent capital project balances and maintenance reserve funds.
- Adjustments in the lease cost for the Department of Military Affairs to acquire STARS-compatible radios for the National Guard.
- Adjustments in projected revenues and expenditures for the State Police firearms transaction program, based on the latest trend data.
- Increased projection of ABC profits.



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, under existing Medicaid income eligibility criteria.
 - Supplemental amendment saves \$14.6 million GF first year and \$30.4 million GF second year in hospitalization costs from proposed Marketplace Virginia.
 - **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.



Criminal Justice Services

- **HB 599** – Includes \$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.
- **SFC adds \$1.4 million the first year and \$2.6 million the second year for sexual and domestic violence programs.**
 - Crime Commission study of grants administration.
- Adds \$750,000 GF each year for **school resource 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**.



State Police

- **Base Budget. 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, and maintain the agency's vacancy rate among sworn positions at about 2.9% (or 58 out of 2,013 sworn positions).
- **Firearms Transaction Program. SFC includes** \$292,369 GF and 3 positions each year to manage increased workload in handling criminal background checks for purchases of firearms.
 - Additional \$439,180 in GF revenues each year from this program.
- **Aircraft Purchase.** Includes \$1.6 million NGF the first year for purchase of a replacement fixed-wing aircraft.
 - NGF from Asset Forfeiture funds (from the OxyContin settlement).



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.



Judicial Department and Executive Offices



Judicial Department

- Judicial Department
 - **SB 443 and HB 606** authorize 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.
 - **Criminal Fund** (\$2.7 million each year in SB 5003).
 - **Legal Services Corporation of Virginia** – SFC adds \$1 million each year GF for legal aid (civil indigent defense), to offset reductions in other funds.
 - \$50,000 GF the first year for the **judicial performance evaluation project**.



Compensation Board

- SB 5003:
 - \$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



Commerce and Trade

Key Changes from SB 30

- There are four substantive SFC amendments to SB 5003 that are different from the Senate amendments to SB 30:
 - Changes to provisions of language relating to the Biofuels Production Fund to reflect HB 1025 as passed the General Assembly,
 - Reduction of \$2.9 million GF to the Motion Picture Opportunity Fund to reflect legislation as passed the General Assembly,
 - Appropriation of \$0.2 million to the Department of Mines, Minerals, and Energy to update the Virginia Energy Plan consistent with HB 1261/SB 615, and
 - A one-time appropriation of \$1.0 million GF to Fairfax County in support of the World Police and Fire Games.
- Additionally, in the Central Appropriations, an amendment is included to restore proposed cuts to the Planning District Commissions of \$70,000 in each year.



Economic Development Incentive Payments (EDIP)

- **SFC actions provide a net of \$56.7 million GF in FY 2015 and \$71.1 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).
 - \$2.4 million GF in each year for the Motion Picture Opportunity Fund.
 - 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 \$1.5 million GF each year for performance-based payments from the Biofuels Production Fund.
- Realizes GF savings from prior year balances:
 - (\$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 (DHCD)

- 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 agreement 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.
- **Provides** \$500,000 GF for the Accessible Housing Grant Fund.
- **Savings** of (\$250,000) GF each year from entrepreneurial accelerator.



Fort Monroe Authority

- 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.
 - 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.
- Eliminates the 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 in 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.
- Includes 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.



Natural Resources



Natural Resources

Key Changes from SB 30

- The only substantive amendment to SB 5003 in Natural Resources that is different from the amendments to SB 30 is to authorize up to \$7.1 million GF from FY 14 balances designated for nonrecurring expenditures to the Virginia Land Conservation Fund for fee-simple and easement acquisitions of lands with public access.



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 in each year from increased sales taxes on hunting and fishing related equipment, and by \$2.2 million each year from increased watercraft sales taxes.
- The amendments also include an additional \$2.75 million GF for state park operating expenses.
- Provides 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

- Amendments authorize the Virginia Waste Management Board to adjust fees annually by the Consumer Price Index.
- 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 **(discussion moved from 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.



Transportation



Transportation

Key Changes from SB 30

- 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).
 - **This discussion was moved to SB 5003.**
- **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 \$3.1 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** in Part IV reduce 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



Administration

Key Changes from SB 30

- SFC amendments provide up to \$17.0 million GFY (\$8.5 million GF in FY 16 and up to \$8.5 million from FY 15 balances) to provide full or partial state subsidies to local governments for local employees covered under the Line of Duty Act.
- Language is included to the Department of Human Resource Management allowing local school division to opt to allow their employees to be covered under the state employee health plan.
- **Committee amendments** provide \$0.1 million to advertise Constitutional amendment that will be on the November ballot.
 - Prior amendments of 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) have been removed.



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.
- Language is included to discretely appropriate Patient Centered Outcomes Research Institute fee mandated by the Affordable Care Act and assessed on each life covered under the state employee health plan.



Finance



Overview of Finance

- **SFC eliminates** \$59.9 million for the estimated FY 2016 deposit to the Revenue Stabilization Fund as a result of the February revenue reforecast.
 - Provides \$243.2 million GF for the FY 2015 deposit to the Fund.
- 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 \$10 million in both FY 2015 and FY 2016.
- **SFC debt service savings** of \$13.4 million GF are assumed within the revenues included for redistribution in the biennium from adjusting the timing of planned issuances, lower than anticipated interest rates and the offsetting of Grayson with NGF for VCBA and VPBA issuances.



Overview of Finance (continued)

- 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.



Compensation



Compensation

Key Changes from SB 30

- **Compensation:** Includes \$78.3 million GF to provides a 2 percent base salary increase, effective March, 25 2015, for state classified employees and faculty, and April 1, 2015 for teachers and state supported locals.
 - **SB 30 provided no specific increase for teachers; 1 percent salary increase for other groups in the first year and 1 percent bonus in the second year.**
- Provides \$12.5 million GF for a separate two percent increase for approximately 15,000 employees that are working in high-turnover positions, effective March 25, 2015.
- Additionally, the amendments to SB 5003 provide \$12.5 million GF for a separate two percent increase for approximately 15,000 employees that are working in high-turnover positions effective March 25, 2015.
- **Higher Education:** Includes \$21.2 million GF for a two percent salary increase for instructional and administrative faculty and GTAs, starting on March 25, 2015.



Other Central Account Actions

- **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.
- **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.

