

SENATE OF VIRGINIA

Senate Finance Committee

Overview of Conference Report on SB/HB 29 and 30

March 10, 2016



HB/SB 30 Conference Report

Maintains Senate Budget Priorities

- Includes actions to reduce or eliminate unfunded liabilities and unwind budget balancing actions.
- Reduces the amount of state-supported debt.
- Trims discretionary spending, includes more one-time spending.
- Provides investments in workforce, public education, and higher education.
- Provides governance, accountability for research commercialization & economic development initiatives.
- Redirects savings to employee compensation and compression actions for targeted groups, providing a salary increase in first year of the budget.



HB/SB 30 Conference Report

Key Funding Items

- Full funding of **public education** re-benchmarking, plus funding for a 2 percent teacher salary increase in the first year.
- Additional funding for **higher education** to improve access and completion rates, financial aid, and funding for a new workforce credentialing program.
- Funding for economic development, research and commercialization, and for Go Virginia, a regional economic development initiative.
- Funding for a 3 percent salary increase in the first year for state classified employees and faculty.
- Funding for a 2 percent increase for state-supported local employees, plus funding for career development and deputy sheriff compression. Continues to address compression pay for State Police and district court clerks.
- Funding for hospitals, nursing homes, waiver slots, and mental health services.
- Funding for mental health services in jails, State Police staffing, and DOC staffing.



HB/SB 30 Conference Report

Resource Actions

- Net additional revenues of \$125.5 million, largely due to reversal of tax policy actions that were not adopted.
 - Corporate tax rate cut; increases in personal exemption, angel investor tax credit and NAP credits, offset by an increase in large company R&D tax credit.
 - Additional resources of \$20.3 million from increase in ABC profits, cost recoveries from nongeneral fund state agencies, agency balances.
- **No adjustment to the bottom line of the official revenue forecast (some change among sources).**
- Directs any available revenue surplus from FY 16, FY 17, and FY 18 to be used for cash capital outlay projects, in lieu of debt.
 - Roughly \$180.0 million per year of nonwithholding revenue is unrecognized, or “collared”, in the official revenue forecast.



Overview of Conference Actions

Direct Aid to Public Education

(GF, \$ in millions)	FY 2016	FY 2017	FY 2018
Base (FY 16, Ch. 665)	\$5,560.3	\$5,560.3	\$5,560.3
Net Changes Proposed in Intro.	(33.3)	272.2	582.7
SB 29/30, As Proposed in Intro.	\$5,527.0	\$5,832.5	\$6,143.0
Per Pupil	\$4,459	\$4,682	\$4,904
% Change	(0.6%)	4.9%	10.5%
<u>Conference Technical Amendments</u> : Updated data/corrections, Sales Tax mid-session re-forecast	(6.0)	(15.6)	(15.4)
<u>Net Other Conference Amendments</u>	0.0	\$22.1	\$4.3



Summary of Key Actions in Direct Aid to Public Education

(GF, \$ in millions)	Biennial Intro.	Conf. Amend	Total
Biennial Re-benchmarking (Conf: +\$1.7M Group Life)	\$429.8	(\$29.3)	\$400.5
2% Teacher Salary Incr. - Intro: July 2017, Conf: Dec. 2016	83.2	51.1	134.3
Additional Instructional Positions	139.1	(139.1)	0.0
Lottery Per Pupil Amount – Flexible, 50% Non-recurring Uses	0.0	173.5	173.5
Advance VRS Employer Rates to 100% in FY 18	55.1	0.0	55.1
At-Risk Add-On: Intro:2.5%-14% Range; Conf: 1-13%	49.7	(35.5)	14.2
Support Cost of Competing Adjustment - \$17M/yr.	40.6	(6.2)	34.4
Literary Fund: Backfill to Balance Annual Rev./Exp.	30.0	(20.0)	10.0
Update VA Preschool Init. Per Pupil Amounts to \$6,125	0.0	2.9	2.9
Teacher Improvement Incentive Grants	0.0	2.1	2.1
No Loss Funding Relative to FY 16 (Ch. 665)	3.6	(3.6)	0.0



First Year Salary Increase, Lottery PPA Reverses Mandate for Additional Positions

- **Conference Report:** Reverses \$42.7 million in state funding proposed in FY 2017 and \$96.4 million in FY 2018 for Additional Positions.
 - Required almost 2,500 additional positions by the second year.
 - Funding distribution: Based on the state's share of the cost of one teacher for each elementary school in FY 2017 and 2018, and two teachers for each middle school, high school, and combined school in FY 2018 (approximately 2,500 positions statewide).
- **Conference Report** adds flexible Lottery Per Pupil Funding:
 - \$36.6 million in FY 2017, distributed based on the state's share of \$52 per pupil amount.
 - \$157.2 million in FY 2018, based on state's share of \$224 per pupil
 - At least half must be used for non-recurring uses.
 - No local match required.
 - Includes \$20.0 million NGF from additional Lottery proceeds.



Direct Aid (Continued)

(Biennial GF, \$ in millions)	Intro. Budgets	Conf Amend	Total
Academic Year Governor's Schools: +2.5% PPA, \$50 Per Course Factor, Incr. Per School Cap to 1,800	\$5.6	(2.3)	\$3.3
Career and Technical Education (CTE) includes \$100K for Roanoke Valley CTE Regional School	5.0		5.1
Early Childhood: \$1.6M Workforce, \$3M for Partnerships (VECF)	6.9	(2.3)	4.6
Virtual Virginia, Math Outreach and H.S. Pilot	1.6		1.6
Computer Science Training for Teachers	1.2		1.2
School Breakfast, Positive Behavior Intervention	2.0		2.0
<u>Conference Amendments:</u>			
Grade 4-7 STEM Prog./Research Study (Air & Space)	0.0	1.6	1.6
Petersburg Executive Leadership Recruitment	0.0	0.7	0.7
Virginia Reading Corps Pilot	0.0	0.6	0.6
STEM Competition Teams (SB 246): \$5,000 grants	0.0	0.3	0.3



Direct Aid to Education (Continued)

	Conf. Total
Communities in Schools	\$900,000
STEM Early Learning through the Arts (Wolf Trap)	550,000
Increase High School Innovation Grants	500,000
Increase Summer Residential Governor's Schools	334,000
New Initiative – Denbigh High Aviation Academy	200,000
Project Discovery Post-Secondary Access Program	187,500
Eliminate Youth Development Academies	0
Jobs for VA's Graduates: <u>Conf:</u> Restores \$200K/yr. (to FY16)	0
Great Aspirations Scholarship Prog.: <u>Conf:</u> Restore \$187,500/yr. (to FY16)	0
Southside Regional Tech. Consortium: <u>Conf:</u> Restore \$50K/yr. (to FY16)	0
Student Training and Computer Refurbishment (STAR) IT	100,000
Eliminate Proposed New Initiative - JASON Learning	0



Language Amendments, and Department of Education

- **Conference Language Amendments:**

- Convene an interagency work group on serving students with disabilities.
- Workgroup on technology, computer labs, other devices, digital content.
- Sec. of Ed. to review certain approaches to incentives for school division joint contracting.
- DOE to develop model exit survey for use by school divisions.
- Per student funding to VA Virtual School, up to 5,000 students, beg. school year 2018-19 (HB 8).
- Consistent policies for dual enrollment classes at community colleges.
- Clarify school breakfast initiative for elementary schools above 45% free or reduced lunch.
- Remove old reference to VA Preschool Init. hold harmless slots; prohibit out-of-state students.
- No language regarding parental choice education savings accounts.

- **Department of Education**

- Introduced budget included: \$5.0 million for computer adaptive testing, new positions, and several other smaller dollar actions primarily related to assessments and accountability.
- **Conference Amendments:**
 - DOE holistic review of technology, digital content, language and literacy technology, etc.
 - Adds \$500,000 each year for eMediaVA digital resources repository.
 - Adds \$414,000 for dyslexia training for teachers.
 - Adds \$350,000 in the first year for the student growth initiative pilot.
 - Adds \$275,000 in the second year for start-up funding for VA Virtual School (HB 8).



Other Education Agencies

- **Jamestown-Yorktown Foundation (JYF).** Transfers \$317,532 to a new agency code for planning support for historic events that took place in Virginia in 1619. **Conference:** Adds \$1.5 million for commemoration staffing, and \$9.1 million for a tourism partnership with VTC.

Introduced budget provided \$1.3 million for operating the new facility to be called the American Revolution Museum at Yorktown. **Conference:** Adds \$985,400 in FY 2017 and \$265,000 in FY 2018.

- **Library of Virginia: Conference:** Adds \$1.0 million for aid to public libraries for summer reading programs and STEM materials; \$500,000 matching funds for construction of new Eastern Shore library; \$395,000 for digital archives security.
- **Frontier Culture Museum: Conference:** Adds \$150,000 per year for historical interpreters.



Overview of Higher Education

- **SB/HB 30 Conference Report:** Adds \$255.3 million GF over the biennium, with \$239.3 million GF under Higher Education and \$16.0 million GF in Central Appropriations (introduced plus Conference amendments).
 - **Includes \$104.0 million GF** to support base operations at the institutions.
 - **Maintains \$48.2 million GF for need-based undergraduate student financial aid.** Second year amounts moved to the State Council of Higher Education for Virginia (SCHEV) to be distributed after the Joint Subcommittee makes a recommendation on financial aid reform.
 - **Provides \$7.5 million GF in graduate financial aid** over the biennium.
 - **Provides \$32.0 million GF** for research initiatives in higher education and an **additional \$8.0 million GF** for research under Central Appropriations.



Overview of Higher Education (continued)

- \$12.5 million for workforce certifications over the biennium (SB 576) at community colleges administered by SCHEV.
- \$1.6 million GF over the biennium for a veterans' portal and outreach efforts.
- \$2.0 million GF over the biennium for the Tuition Assistance Grant (TAG) program.
- \$2.4 million GF over the biennium for the Virtual Library of Virginia (VIVA) e-books initiative and contracts.
- \$4.8 GF million over the biennium for cyber security initiatives at VT and GMU.
- \$2.7 million GF over the biennium for additional funding at EVMS.
- \$22.0 million GF and \$29.0 million in bonds over the biennium for the Higher Education Research Initiative for incentive packages, lab renovations, and equipment purchases. Additional funding of \$8.0 million GF and \$20.0 million in bonds under Central Appropriations for the Global Genomics and Bioinformatics Research Institute.
- \$44.0 million GF over the biennium for a 3% faculty salary increase starting on November 10th, 2016 in central appropriations.
- \$8.0 million GF over the biennium to restore NGF interest earnings and credit card rebates to institutions based on certain performance standards.



Summary of HE Amendments

GF Actions for the 2016-18 Biennium - (\$ in millions)

Action/Initiative	SB 30	Conf Amend	Total
Access and Completion (Degree Incentives under TJ21), O&M	53.0	51.0	104.0
Undergraduate Financial Aid	48.2	0.0	48.2
Graduate Financial Aid	0.0	7.5	7.5
HE Research Initiative (plus \$57.5 million in bonds, \$8.0 million in CA)	40.0	(18.0)	22.0
Workforce, leaves VCCS Portal + Outreach	24.6	(23.0)	1.6
Workforce Certification (SB 576), SCHEV, +\$6.0 million in HEETF	0.0	12.5	12.5
Cyber Security	15.0	(10.2)	4.8
Tuition Assistance Grant	2.0	0.0	2.0
VIVA (Virtual Library of Virginia)	2.5	0.0	2.5
VA Degree Completion Network	8.1	(5.1)	3.0
HE Centers	4.0	1.9	5.9
Jefferson Labs (funded under Economic Development)	2.4	(2.4)	0.0
Other (includes UVA and VCU research)	18.6	6.7	25.3
TOTAL	\$218.4	\$20.9	\$239.3



Overview of Health and Human Resources Conference Actions

	FY 2017 GF	FY 2018 GF
FY 2016 Base Budget	\$5,645.2	\$5,645.2
Proposed Increases	532.2	705.6
Proposed Decreases	(180.8)	(232.7)
Net Change	351.4	472.9
SB 30, as Introduced	\$5,996.6	\$6,118.1
Conf. Report Proposed Increases	\$ 91.4	\$ 136.4
Conf. Report Proposed Decreases	(34.8)	(68.7)
Conf. Report, Net Change	\$ 56.6	\$ 67.7
Excluding Medicaid Expansion Reversal	\$ 7.3	\$(5.3)
Percent Change	7.2%	9.6%



Medicaid Provider Rates

- **The Conference Report includes:**
 - \$15.4 million to provide a 1.3% inflation increase for hospitals in FY 2017;
 - \$1.4 million to provide a 2.6% inflation increase for Children’s Hospital of the King’s Daughters in FY 2017;
 - \$6.4 million to provide a 1.45% inflation increase for nursing facilities in FY 2018 and \$5.6 million to correct the rate calculation for FY 2018; and
 - \$110,812 to provide a 1.6% inflation increase for home health and 1.45% for outpatient rehabilitation facilities in FY 2018.
- **The Conference Report provides** an additional \$1.3 million GF for other rate increases:
 - \$551,000 for supplemental payments for Children's National Medical Center;
 - \$619,511 for the Virginia Home, a unique nursing facility providing care for individuals with disabilities; and
 - \$167,086 for a 2.5 percent rate increase for adult day health care.



DOJ and ID/DD Services

DOJ Funding Summary			
(Biennial GF \$ in millions)			
Description	Introduced Budget	Conference Report	Difference
855 Required Waiver Slots	\$46.0	\$46.0	-
100 Reserve Waiver slots (Conf: 40)	\$3.8	\$1.2	(\$2.6)
315 DD waiver slots	\$0.0	\$9.3	\$9.3
Waiver Redesign	\$36.2	\$34.0	(\$2.2)
Training Center Facility Savings	(\$20.7)	(\$20.7)	-
Training Center Closure Costs	\$8.7	\$8.7	-
Community Costs Non-Medicaid	\$1.0	\$1.0	-
Transitional Funding for Discharges	\$1.1	\$0.0	(\$1.1)
Guardianship Services	\$1.5	\$1.5	-
Expand Rental Assistance	\$6.4	\$6.4	-
Children's ID/DD crisis services	\$9.7	\$9.7	-
Regional Health Support Network	\$2.6	\$2.6	-
Staffing (Conf: 32 of 40 Positions)	\$5.4	\$4.0	(\$1.4)
Critical event tracking system	\$1.2	\$1.2	-
Independent Reviewer	\$0.1	\$0.1	-
TOTAL	\$103.0	\$105.0	\$2.0

Note: The Conference Report provides \$4.0 million from the Behavioral Health trust fund for housing options.



Behavioral Health

- The **Conference Report provides** an additional \$17.4 million GF including:
 - \$5.6 million to increase the income eligibility for the Commonwealth's program for the seriously mentally ill from 60 to 80 percent, benefiting 3,600 Virginians;
 - \$4.0 million to create two Programs for Assertive Community Treatment (PACT) teams bringing the total statewide to 24;
 - \$3.5 million for child psychiatry and children's crisis response services;
 - \$4.3 million for Permanent Supportive Housing to support 150 hard-to-serve mentally ill individuals with housing and supportive services to prevent hospitalization, incarceration or homelessness.
- The **Conference Report adopts** the \$11.0 million to expand Medicaid Substance Use Disorder services to assist in the opioid crisis.



Social Services / Services for People with Disabilities

- The **Conference Report adopts** funding included in the introduced budget and provides authority to implement the Fostering Futures program.
- The **Conference Report provides:**
 - \$750,000 GF to increase support for Brain Injury programs;
 - \$750,000 GF for the Long-Term Employment and Support Services (LTESS) program, which helps individuals with disabilities maintain employment;
 - \$600,000 GF to increase support for Child Advocacy Centers;
 - \$500,000 GF to provide additional support to assisted living facilities serving a high number of low-income individuals with disabilities;
 - \$400,000 GF for the Centers for Independent Living to provide transition services; and
 - \$400,000 GF for independent living services for blind and vision impaired individuals.



Temporary Assistance to Needy Families (TANF) Block Grant

- The **Conference Report** adds **\$24.0 million** in TANF funding
 - \$4.8 million for a Child Support Supplement;
 - \$4.7 million for a 2.5% cash benefit increase;
 - \$4.5 million for Community Action Agencies;
 - \$4.0 million to expand workforce training for TANF Recipients to five additional community colleges;
 - \$2.0 million for Resource Mothers Program, which provides mentoring for first-time teenage mothers;
 - \$2.0 million for domestic violence grants; and
 - \$2.0 million for Boys and Girls Clubs.



Department of Juvenile Justice

- **Transformation.** Adds language directing DJJ to develop a plan to reallocate savings from reducing the number of juveniles in state facilities to provide alternative placements and treatment -- to improve outcomes, including reducing recidivism.
 - Local placement options might include purchase of beds in local or regional secure detention homes, group homes, or independent living.
 - The language assumes closing one of the two remaining state facilities.
 - SB 731 includes bond authority for planning a joint state-local secure facility in the City of Chesapeake.
 - The language directs DJJ to establish an inter-agency task force with DOC, DBHDS, and the Office of Children’s Services, to address future requirements for DJJ facilities, including MH treatment needs.
 - Includes language calling on DJJ to work with affected localities if a state facility closes, and to assist affected employees.



Department of Corrections

(\$ in millions)	FY 2017	FY 2018
Open Culpeper Correctional Center for Women (July 2017)	\$6.8	\$21.7
Fill vacant correctional officer positions	\$4.0	\$4.0
Mental health positions in district probation offices (11 FTE)	\$0.8	\$2.2
Bedspace impact of H & S sentencing bills (as adopted)	\$0.6	\$0.0
Local & regional jail construction (cash/state share; + VPBA)	\$0.8	--
Proposed Medicaid expansion in DOC -- not approved	9.9	24.7
Projected growth in inmate medical costs	\$1.0	\$8.2
Electronic medical records (+ NGF from out-of-state beds)	\$0.6	\$0.8



Dept. of Criminal Justice Services

- **HB 599.** \$5.5 million GF each year for state aid to localities with police departments (consistent with increase in GF revenues).
 - The recommended total of \$177.9 million GF each year represents a 3.2 percent increase in FY 2017 above the FY 2016 appropriation.
- **Jail Mental Health Programs.** \$1.0 million the first year and \$2.5 million GF the second year for six pilot projects to improve mental health services in jails, or to divert the mentally ill from jail.
- **Sexual Assault Crisis Centers.** \$617,500 GF each year (which increases the total for grants to \$1.0 million each year).
- **Criminal Justice Training Academies.** Provides \$0.5 million GF each year to restore funding for regional academies.



Department of State Police

- **Special Operations.** \$1.1 million GF the first year (10 FTE) and \$2.4 million the second year (20 FTE) to establish a new special operations division.
 - Plus \$0.2 million each year for new area office for New River Valley.
- **Cyber-Crime.** \$0.7 million GF the first year, \$1.4 million GF the second year, and 10 FTE to strengthen investigation of cyber-crime, plus an additional \$325,000 GF each year and four cyber-security analyst positions at the Fusion Center.
- **Salary Compression.** \$2.3 million the first year and \$4.0 million GF the second year (in Central Appropriations).
- **In total,** \$12.9 million over two years to strengthen State Police manpower and address salary compression.



Department of Veterans Services

- Includes increases of \$3.42 million GF (+24%) the first year and \$5.25 million GF (+37%) the second year, above the base budget.
 - **VVFS Reorganization.** Directs the Secretary of Veterans and Defense Affairs to convene a work group to review the JLARC findings concerning the Virginia Veteran and Family Services (VVFS) program (formerly the Virginia Wounded Warrior program).
 - Defers the proposed reorganization of this program pending approval by the work group, which includes the Secretaries of Veterans and Defense Affairs, Health and Human Resources, and the Director of JLARC.
 - Currently, there are 45 full-time DVS staff, but 35 are actually local employees of 11 Community Services Boards (physically located in 19 CSBs).
 - Upon the unanimous approval of the work group, these 35 CSB jobs will become full-time state DVS employees, on a phased-in basis.
 - **Virginia War Memorial.** Includes \$0.3 million and three positions in FY 2018 to open the new expansion facility in October 2017.



Supreme Court

- **Conference Amendments:**

- ***District Court Clerks.*** \$1.6 million the first year and \$2.5 million the second year for additional salary increases for deputy clerks.
 - Subject to a plan to be approved by the Committee on District Courts.
- ***Court-Appointed Attorneys.*** \$450,000 each year to fully fund waivers for higher fees for court-appointed attorneys in criminal cases.
- ***Drug Courts.*** \$0.3 million GF the first year and \$1.0 million GF the second year for existing drug courts that have not previously received state funds.
- ***Drug Court Pilot Projects:*** \$100,000 each year (split between Norfolk and Henrico County) to test new non-narcotic treatment regimens.
- ***Mediators:*** \$0.3 million each year to increase fees from \$100 to \$120, and \$0.3 million each year to pay for separate adult and juvenile matters.



Judgeships

- The introduced budget included funding for 405 judgeships, but 406 were actually filled. The Conference amendment adds \$0.9 million each year to fund 408 judges.
- Conference language authorizes 18 judgeships to be filled as of July 1, 2016, and one to be filled as of August 1, 2016.
- The decision to fill (or not fill) each vacancy was based on the caseload and staffing study conducted by the National Center for State Courts.
 - Some judgeships are shifted from courts with declining caseloads to courts with increasing caseloads.
 - Newport News General District Court will share a judge with Hampton.
 - \$250,000 included to update the caseload and staffing study.



Retirement System

- **Accelerated Phase-In of the Employer Retirement Contribution Rates to 100 Percent of the VRS Board Certified Rates**
 - Increase employer retirement contribution rates for the four state employee plans to the Virginia Retirement System beginning in FY 2017.
 - Increase the rate for the teacher plan to approximately 90 percent of the Board rate in FY 2017 and 100 percent of the Board rate in FY 2018.
- **Conference Report includes Early Payoff of the 10-Year Repayment for the four state employee plans.**
 - Payment of \$172.7 million to the VRS Fund by June 30, 2016.
 - Reflects offsetting rate savings in FY 2017 and FY 2018.
 - 10-year payoff for teacher plan portion remains on schedule to complete in FY 2020.
- Includes NGF appropriation of up to \$300,000 per year for any actuarial costs incurred for the new five-year legislative Commission on Employee Retirement Security and Pension Reform (HB 665).



Compensation and Benefits

- **3% Salary Adjustment in FY 2017 for State Employees and Faculty**
 - Effective November 10, 2016.
 - \$57.4 million GF the first year, \$98.4 million GF the second year.
- **2% Salary Adjustment in FY 2017 for Teachers and State Supported Local Employees**
 - Effective December 1, 2016.
 - \$58.3 million GF the first year, \$104.1 million GF the second year.
- **All compensation items contingent upon FY 2016 preliminary close not requiring a revenue re-forecast.**



Compensation and Benefits

- **Salary Compression Initiative for Sheriffs' Offices and Regional Jails**
 - Provides \$3.6 million GF the first year and \$8.7 million GF the second year to fund a salary compression plan for sheriffs' offices and regional jails.
 - **Effective January 1, 2017**, provides to sworn employees of sheriffs' offices and regional jails with three years or more of continuous service \$80 for each full year of service, for up to a maximum of 30 years. For non-sworn employees, the plan provides \$65 for each full year of service for those with three or more years of continuous service, for up to a maximum of 30 years.
- **Career Development Programs for Constitutional Officers**
 - **\$1.7 million GF the first year, \$3.5 million GF the second year.**
 - For all existing qualified constitutional officers.
 - Effective December 1, 2016.



Compensation and Benefits

- **State Police Salary Compression/Staffing Initiative**
 - Includes \$2.3 million GF the first year, \$4.0 million GF the second year
 - Effective November 10, 2016.
 - Also, provides **20 new positions** to establish a Special Operations Unit (*within the Public Safety portion of the budget*)
 - 10 new positions are provided each year.
 - Start date of January 1, 2017.
 - \$1.1 million the first year and \$2.4 million the second year from the general fund.
- **Deputy District Court Clerk Compensation Initiative**
 - Effective November 10, 2016.
 - \$1.6 million in the first year, \$2.5 million the second year.
 - Within Judicial area of the budget.



Local and Regional Jail Per Diems

- **In FY 2016**
 - **\$11.3 million GF** provided for the projected increase in per diem payments for inmates housed in local and regional jails.
 - Covers the anticipated cost in FY 2016.
- **In FY 2017/18**
 - **\$10.4 million GF** the first year and **\$11.1 million GF** the second year provided for the projected increase in per diem payments for inmates housed in local and regional jails.
 - Addresses costs the state will incur based on inmate population projections.



Commerce and Trade

Economic Development Incentive Payments

- Conference actions provide \$64.8 million GF in FY 2017, and \$54.9 million GF in FY 2018 for economic development incentive grants.
- Major adjustments:
 - Provides \$7.5 million for the Virginia Biosciences Health Research Corporation.
 - Provides \$1.0 million increase for additional marketing and trade missions.
 - Provides \$1.0 million each year for rent and operating support for the Commonwealth Center for Advanced Manufacturing.



Housing and Community Development

- **Housing Trust Fund:** Provides deposits of \$5.5 million GF in each year, an increase of \$1.5 million over the FY 2016 funding level.
- **Virginia Telecommunication Initiative:** Provides \$1.3 million each year for planning and implementation grants to expand broadband in unserved areas.
- **Enterprise Zone Program:** Includes an additional \$2.0 million GF for job creation and real property investment grants in designated areas.
- **CAER:** Provides \$925,797 GF for the Center for Advanced Engineering and Research and Integrated Systems Test Facility contingent upon matching federal grants of at least \$3.0 million.
- **GO Virginia:** Includes \$36.0 million GF to establish GO Virginia, an initiative to foster economic growth and job creation through regional collaboration among business, education and government.



Economic Development Partnership

- Provides an additional \$5.2 million GF each year for economic development and international trade programs. Includes funding to:
 - Expand the Virginia Jobs Investment Program (VJIP)
 - Expand Virginia International Trade Alliance (VITAL)
 - Continue programs with expiring federal grants: Going Global Defense Initiative and State Trade Export Promotion (STEP) grant program
- Provides an additional \$1.5 million GF each year to expand Brownfields Restoration Fund to include site remediation grants of up to \$500,000.
- Provides \$2.0 million for an industrial site development pilot program.
- A new unit at JLARC is established to provide ongoing oversight of economic development incentives, including grants and tax incentives.



Virginia Tourism Authority

- Provides \$1.0 million GF each year to expand tourism marketing.
- Increases Governor's Motion Picture Opportunity Fund to \$6.0 million GF the first year, \$3.0 million more than was proposed in the introduced budget.
- Provides an additional \$250,000 GF in support of the Virginia Sports Hall of Fame and Museum in Portsmouth.
- Includes \$300,000 GF each year to support Spearhead Trails, an initiative of the Southwest Virginia Recreation Authority.



Agriculture and Forestry

- **Department of Agriculture and Consumer Services**

- Increases funding for the Agriculture and Forest Industries Development Fund (AFID) by \$1.0 million GF in each year, doubling the size of the grant program.
 - Additional funding of \$0.2 million GF and 2.0 FTE to increase marketing efforts.
- Provides \$0.7 million to establish the Farm Business Development program to provide microgrants to agribusinesses for business planning and market expansion.
- Provides an additional \$0.6 million GF in support of the Weights & Measures program.
- Provides for regulation of Fantasy Contest by the Charitable Gaming Division

- Requires reporting on the consolidation of federal food-aid programs within VDACS prior to the 2017 General Assembly.

- Programs currently administered by the Departments of Health (VDH) and Education (DOE).

- **Department of Forestry**

- Increases funding for the Reforestation of Timberlands (RT) program by \$0.9 million GF in the first year and \$0.8 million GF in the second year.
 - Fully funds the state's matching share of the RT program in the second year.
- Provides \$2.6 million GF for debt service payments for new forest firefighting equipment through the Master Equipment Lease Program.



Water Quality Improvement Programs

- Conference amendments endorse the statutory deposit to the Water Quality Improvement Fund totals \$61.7 million GF the first year for allocation to nonpoint source programs:
 - \$8.2 million for the WQIF Reserve Fund – amounts expended for FY15
 - \$51.8 million for the Natural Resources Commitment Fund
 - \$6.2 million for Soil and Water Conservation Districts technical assistance programs;
 - \$0.8 million for Conservation Reserve Enhancement Program
 - \$0.5 million for Information systems improvements
 - \$250,000 for forestry practices and,
 - \$100,000 for golf course nutrient management.
- Separate legislation is required to address Capital Outlay related actions to potentially provide \$59.0 million in bond proceeds to meet point source protection commitments for municipal wastewater treatment plants and additional funding for the Stormwater Local Assistance Fund.



Land Programs

- Conference amendments reduce direct GF spending on acquisition of private land with public funds by a total \$10.0 million GF annually:
 - Virginia Land Conservation Fund - \$8.0 million.
 - Battlefields Preservation Fund - \$1.0 million.
 - Farmland Preservation - \$1.0 million (Agriculture & Forestry).
- Restores dedicated recordation tax revenues for the Natural Resources Commitment Fund to \$10.0 million NGF in each year for Ag BMP cost share.



Virginia State Parks

- SB 731, which remains in conference, includes approximately \$35.0 million in appropriations-backed bond proceeds primarily for the maintenance of multiple park facilities:
 - Renovations and repairs at various facilities,
 - Restroom improvements, and
 - Cabin construction at Powhatan and Pocahontas.
- Conference amendments provide for limited operational improvements at various parks, including:
 - Opening Seven Bends State Recreation Area in FY 18,
 - Continuing the transition of Natural Bridge to a state park,
 - Construction of Swift Creek Mountain Bike trail, and
 - Eliminates proposal to expand WiFi connectivity at approximately 20 parks.
- Prohibits acceptance of **any** additional land for operation as a State Park without General Assembly approval.
 - Funding for all state park operations is contingent on this action.
 - Directs the Board of Conservation and Recreation to evaluate public-private partnership options for the operations of all State Parks.



Other Natural Resources Actions

- Restores general fund transfers to the Game Protection Fund of \$5.0 million in each year from sales taxes on hunting and fishing related equipment, and by \$2.7 million each year from increased watercraft sales taxes.
 - Reflects increased sales of sporting equipment in addition to restoration of retained funds.

- Provides approximately \$5.4 million in the biennium for Dam Safety programs.

	FY17	FY18
Dam Safety (base)	\$546,080	\$546,080
SWDD High Hazard Dams	\$350,000	\$350,000
Hearthstone Lake Dam	\$633,100	\$0
Lake Pelham / Mountain Run	\$2,942,490	\$0
Total: Dam Safety	\$4,471,670	\$896,080



Major Transportation Initiatives

- **MWAA Proposal.** Provides a total of \$50.0 million NGF to the Metropolitan Washington Airports Authority to reduce the enplanement cost charged to commercial carriers at Dulles International Airport.
 - Funding comes from the excess revenues of the Priority Transportation Fund, the revenue stream statutorily dedicated to debt service on transportation capital improvements.
 - Subject to MWAA successfully retaining a major commercial airline hub for at least seven years beyond the expiration of the current contractual obligation.
- **Port of Virginia.** Separate legislation may provide \$350.0 million in bond proceeds for capital improvements and automation of Norfolk International Terminal (bill in conference).
 - Additional funding of \$10.0 million NGF is included for increased rent at the Virginia International Gateway as part of the 50-year lease-purchase agreement.
- **I-66 Inside the Beltway.** Directs up to \$140.0 million to begin environmental and design work for expansion of capacity on I-66 Inside the Beltway without the immediate tolling of existing lanes.



Toll Policy

- Language included in Part 4 complements consumer protections provisions included in HB 1069.
 - Restricts authority of CTB, VDOT, NVTA and HRTAC to impose tolls.
 - Prohibits tolling on existing untolled lanes without General Assembly approval, **except**:
 - HOV lanes
 - New lane capacity
 - New bridges
 - Short segments of highway between exiting toll facilities
 - Maintains existing tolling prohibition on Interstate 81.
 - Excludes truck climbing lanes from being tolled as auxiliary lanes.
 - Directs the Commonwealth to return it's existing slot in the federal Interstate Reconstruction and Rehabilitation Pilot Program.



Department of Transportation Initiatives

- **Virginia Department of Transportation**
 - Increase authorized staffing levels by 240.0 FTE to 7,725.0 FTE.
 - Releases \$23.1 million NGF in TPOF balances for military base related projects in exchange for existing parcels at Fort Monroe.
 - Directs VDOT to request the Army consider the I-64 / Ft. Eustis Boulevard interchange in Newport News.
 - Authorizes rest area improvements on I-95 totaling \$19.9 million NGF
 - Dedicates funding for an unpaved secondary roads pilot program in the Northern Virginia district specifically focused on roads that intersect with existing paved roads.



Other Transportation Initiatives

- **Department of Motor Vehicles**
 - Extension of online transaction discounts to other DMV accounts.
 - Consolidation of E-Zpass program and account management.
 - Temporary regulation of intrastate personal property carriers
- **Department of Rail and Public Transportation**
 - Ensures that existing passenger rail commitments are met prior to initiating additional capacity projects.
 - Directs a review of the financial and service demands of the Virginia Railway Express
 - Increases authorized staffing levels by 7.0 FTE.
- **Virginia Port Authority**
 - Provides \$2.0 million GF in each year from the Commonwealth Opportunity Fund for the Port of Virginia Economic Development Zone Grant Program.
 - Provides an additional \$50,000 GF in each year for payments in lieu of taxes to Port of Virginia host cities.



Investments in Research Commercialization

- Conference amendments contain significant actions in support of the statewide research commercialization governance structure established in HB 1343.
 - Dedicates \$22.0 million GF over the biennium to the Virginia Research Investment Fund to promote research commercialization and recruitment of eminent scholars.
 - Provides an additional \$29.0 million in bond proceeds for the acquisition of research equipment and renovations in support of these efforts.
 - Includes language that dedicates proceeds from the authorized sale of Commonwealth of Virginia property in Fairfax and Loudoun Counties to the Fund.
- Includes \$8.0 million GF and \$20.0 million in bond proceeds to the Global Genomics and Bioinformatics Research Institute to support a public-private partnership with six Virginia research institutes and Inova.
 - Funding is dedicated for incentive packages for high performing researchers and laboratory renovations.
 - Requires a \$3 to \$1 match from outside fund sources for receipt of any funding and partnerships with institutions of higher education.
- All commercialization investments are contingent upon passage of HB 1343.



Investments in Research Commercialization

- Provides a total of \$7.5 million GF in the biennium for the Virginia Biosciences Health Research Corporation.
- Transfers \$5.6 million GF for the Commonwealth Research Commercialization Fund from Economic Development Incentive Payments to the Center for Innovative Technology.
- Continues support of Virginia's unmanned systems industry by dedicating \$0.9 million GF and \$0.5 million NGF for development of commercial centers of excellence and ground support facilities on Wallops Island.
- Provides an additional \$0.5 million for the MACH 37 Cybersecurity Accelerator.
- Amendments to SB 29 backfill CIT operating deficit of \$800,000.
 - Includes language to prohibit additional compensation incentives without 90-day notice to the General Assembly.



Other Technology Recommendations

- Cyber Security initiatives:
 - \$750,000 GF to support the development of an Information Sharing and Analysis Organization (ISAO) at the Center for Innovative Technology to facilitate the sharing of cyber-threat information between public and private sector organizations.
 - \$5.3 million in the first year (all funds) and \$12.1 million (all funds) in the second year for internal cyber security improvements, including:
 - Creation of a IT Shared Cyber Security center to ensure compliance with IT security audit standards, IT security officer, and vulnerability detection across all agencies.
 - Increase IT Security Architecture capacity, and
 - Providing \$0.2 million NGF in each year to support a web-based one-stop for cyber security related jobs, degrees, and certifications across the Commonwealth.
- Infrastructure and Business Process initiatives:
 - Includes actions to accelerate disentanglement of current IT Partnership services.
 - \$9.4 million NGF and \$0.6 million GF for anticipated transition costs and staffing needs;
 - An increase in the agency line of credit from \$40 million to \$60 million, and
 - \$0.3 million GF in the first year for the evaluation of cloud-based technology services.
 - Additional actions improve agency business functionality.
 - \$0.9 million NGF in the first year and \$0.6 million NGF in the second year for consolidating website management across multiple small agencies, and
 - Provides \$1.3 million NGF to increase internet bandwidth capacity in the Capitol Square complex.
 - Several actions consolidate and increase the frequency of VITA reporting requirements.



Capital Outlay Actions

- **SB 731** is in conference and incorporates many of the Senate's capital outlay actions, including:
 - \$1.3 billion in VCBA/VPBA bonds for the construction, renovation, or improvements of 59 facilities across state government;
 - \$39.0 million in bonds to supplement five current capital outlay projects;
 - \$13.0 million in bonds for furnishings and equipment for capital projects nearing completion;
 - \$59.0 million in VPBA bonds for the Department of Environmental Quality to reimburse localities for projects to install nutrient removal technology (wastewater); and
 - Authorizes 16 additional projects for pre-planning or detailed planning (\$16.0 million GF for planning appropriated in the budget).



HB/SB 30 Significant Conference Capital Outlay Actions

- **Removes from budget, but in discussion in SB 731 conference:**
 - \$350.0 million in VPBA bonds to expand the facilities operated by the Virginia Port Authority;
 - \$1.6 billion in VCBA/VPBA bonds for the construction, renovation, or improvements of 73 facilities across state government;
 - \$37.0 million in bonds to supplement four current capital outlay projects (HB 477 authorized \$29.3 million for the two veterans care facilities);
 - \$13.0 million in bonds for furnishings and equipment for capital projects nearing completion;
 - \$59.0 million in VPBA bonds for the Department of Environmental Quality to reimburse localities for projects to install nutrient removal technology (wastewater); and
 - \$20.0 million in GF cash for the planning of 23 projects.



HB/SB 30 Significant Conference Capital Outlay Actions (continued)

- Redirects \$119.4 million GF cash (leaving \$10.0 million GF cash) over the biennium and adds \$124.3 million to the \$60.0 million in VPBA/VCBA bonds for Central Maintenance Reserve included in the introduced budget.
- Leaves \$57.5 million in VCBA bonds for lab enhancements and research equipment under the Higher Education Research Initiative (the Senate budget contained \$65.0 million).
- Retains the savings of \$18.3 million from previous VPBA bonds related to 17 projects at the Department of Corrections and the Department of Juvenile Justice included in the introduced budget.

