

SENATE OF VIRGINIA

Senate Finance Committee

Overview of Conference Report on SB 900 / HB 1500

Amendments to the 2016-18 Budget

February 23, 2017



SENATE FINANCE COMMITTEE

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SB 900 / HB 1500 Conference Report *Maintains Senate Budget Priorities*

- Addresses employee compensation and funding for mental health, public education and higher education.
- Creates Revenue Cash Reserve.
 - \$35.0 million in one-time resources set aside.
 - Can be used as a back-stop against a revenue shortfall in FY 2018 or used to fund an FY 2019 deposit to the Rainy Day Fund (if necessary).
- Maintains structural balance: one-time resources matched against one-time spending.
- Maintains commitment to annual full funding of required contributions to the VRS.
- Redirects proposed discretionary spending and excess balances to General Assembly priorities.



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SB 900 / HB 1500 Conference Report

Compensation Actions

- Three percent raise for state employees.
- Two percent raise for teachers and state-supported local employees.
- Two percent raise for faculty at colleges and universities.
- Special compensation actions to address compression and competitiveness:
 - State Police
 - Capitol Police
 - Sheriffs
 - Court clerks
 - Selected high-turnover positions in health care fields



SB 900 / HB 1500 Conference Report

Other Priorities

- Enhances the Behavioral Health Package, providing \$28 million for services.
 - Funds \$5.0 million for Permanent Supportive Housing.
- Increases the Supplemental Lottery Per Pupil Amount, providing school divisions with additional flexible funding.
 - Addresses enrollment loss for 42 school divisions.
- Restores over one-quarter of proposed reductions to institutions of higher education.
 - Funding totals \$20 million over the proposed budget.



SB 900 / HB 1500 Conference Report Resources

- Additional general fund resources of \$124.3 million.
 - Net policy adjustments of \$38.5 million and net transfers totaling \$81.1 million.
- General fund tax amnesty estimate raised by \$31.3 million, bringing the expected one-time revenue estimate to \$89.5 million.
- Additional amnesty collections directed to Revenue Cash Reserve.
- Includes \$15 million in additional ABC profits.
- Increases estimated ABC excise tax collections \$5.4 million to align with expected sales growth.
- Raises GF revenues \$2.3 million to reflect stricter sales tax enforcement related to cigarette resale exemptions (SB 1390).
- Various transfers of excess NGF balances.



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Conference Report Summary

General Fund (\$ in millions)	FY 2017	FY 2018	2016-18
Resources: SB 900, as introduced	\$20,183.8	\$20,168.4	\$40,352.2
Conference Adjustments	<u>57.8</u>	<u>66.5</u>	<u>124.3</u>
Available Resources	\$20,241.7	\$20,234.9	\$40,476.6
Appropriations: SB 900, as introduced	\$20,101.0	\$20,235.1	\$40,336.1
Conference: Operating	24.3	122.3	146.7
Conference: Capital Outlay	<u>(9.8)</u>	<u>0.0</u>	<u>(9.8)</u>
Total Appropriations	\$20,115.4	\$20,357.5	\$40,473.0
Conf. Report Unappropriated Balance	\$126.2	(\$122.6)	\$3.6



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Compensation Actions

Base Salary Adjustments	Total GF Cost of Salary Initiative (in \$ millions)	Effective Date
State Employees (3%)	\$ 64.8	July 10, 2017 (Aug 1 pay)
Faculty (2%, 1% for Select Insitutions)	18.4	July 10, 2017 (Aug 1 pay)
State-Supported Local Employees (2%)	15.6	August 1, 2017
Teachers (2%)	32.0	Local Flexibility (2.15.18)
Total GF Cost	\$ 130.7	

Targeted Salary Actions	Total GF Cost of Salary Initiative (in \$ millions)	Effective Date
State Police Salary Initiative	\$ 14.3	July 10, 2017 (Aug 1 pay)
Capitol Police Salary Initiative	0.5	July 10, 2017 (Aug 1 pay)
District Court Clerks	2.6	Sept 10, 2017 (Oct 1 pay)
High-Turnover Positions	2.6	Sept 10, 2017 (Oct 1 pay)
Sheriffs Salary Compression	7.3	August 1, 2017
Career Development	3.3	August 1, 2017
Total GF Cost	\$ 30.5	
Total GF Cost (all actions)	\$ 161.2	



Targeted Salary Initiatives

- **State Police:** Provides \$14.3 million to raise the starting salary for Troopers from \$36,207 to \$43,000, addresses compression (\$6,793 for each sworn officer).
- **Capitol Police:** Adds \$456,312 to raise the starting salary from \$36,000 to \$42,750 for officers, addresses compression (\$4,533 to sworn officers with 18 months or more of service).
- **High-Turnover Positions:** Provides an additional 2% base adjustment for nine high-turnover occupational categories, such as Nurses, Direct Service Associates, Therapists and Housekeepers.
- **District Court Clerks:** Provides \$2.6 million to provide salary adjustments to District Court Clerks.
- **Sheriffs Salary Compression:** Provides \$7.3 million to address salary compression (Sworn = \$80/year of service, max 30 years; Non-Sworn = \$65/year of service, max 30 years).
- **Career Development:** Provides \$3.3 million for constitutional officers' salary incentives.



Other General Government

Local Fiscal Stress Language, Workgroup and Reserve

- Creates a process for the APA, Secretary of Finance and others to develop a program and funding mechanism to address localities that are or may be experiencing fiscal distress.

Division of Capitol Police

- Provides \$1.3 million GF the second year for a staffing initiative for Capitol Police. Utilizes \$700,000 in agency balances to partially cover cost.

Office of the Attorney General

- Adjusts NGF appropriation (\$500,000) from the Regulatory, Consumer Advocacy, Litigation and Enforcement Revolving Trust Fund. General fund balances are recognized as a transfer to the general fund in a separate amendment.
- Requirement to report on administrative salary actions taken from FY 2015 through FY 2017, and current and future funding sources.

Department of Elections

- Reduces proposed increases by \$655,000 for total new funding of \$3.5 million.



Health and Human Resources Overview and Key Actions

- **Conference Report** includes \$23.6 million in new spending offset by \$31.4 million in savings for a net reduction of \$7.8 million GF less than the introduced budget.
 - Total net spending for HHR is \$331.1 million GF for the biennium.
- **Key Actions in Conference Report:**
 - Enhances the Behavioral Health Package
 - Provides \$5.0 million for Supportive Housing
 - Expands the GAP Program's Income Eligibility Level to 100 percent
 - Eliminates fee Increases Included in the Introduced Budget
 - Restaurant Inspections, Shellfish Sanitation, Adult Behavioral Health Providers
 - Protects Safety Net Programs
 - Funded JLARC Recommendations from the Report on Medicaid Spending



Behavioral Health Initiative

Services	Introduced Budget	Conf. Report
Community Behavioral Health Services	\$9.4	\$9.4
Same Day Access	8.2	6.2
Permanent Supportive Housing	0.0	5.0
Purchase of Private Inpatient Beds	3.0	3.0
GAP Expansion to 100% Income Level	0.0	2.1
Substance Use Coordinator	0.1	0.1
Naloxone	0.2	0.2
Mental Health Hospitals	2.1	2.1
MH Jail Screening and Assessments	4.2	0.0
Total Programs / Services	\$27.2	\$28.1
<i>Federal Funding Included Above</i>	\$1.3	\$6.5
CSB System Design / Gap Analysis	\$4.5	\$0.5



Other HHR Spending Amendments

GF Increases for the 2016-18 Biennium - (\$ in millions)	
Eliminate Increase in Restaurant Inspection Fee	\$4.3
Increase Nursing Facility Medicaid Payments	3.3
Adjust Nursing Facility Methodology for Danville Area	1.6
Fund JLARC Recommendations for Medicaid	1.5
Restore FY18 Inflation for CHKD	1.4
Restore and Expand Elderly Care Coordination Services	0.5
Emergency Department of Care Coordination System	0.4
Restoration of Budget Reductions	1.7
All Other Spending	1.1
Total	\$15.8



HHR Savings Amendments

GF Savings for the 2016-18 Biennium - (\$ in millions)	
Restore Prohibition on Overtime for CD Attendants	(\$8.5)
Medicaid Forecast Adjustment	(7.3)
Supplant GF with Federal Grant Funds for Behavioral Health	(5.2)
Statewide Gap Analysis of Mental Health System	(4.5)
Same-Day Access Savings from GAP Expansion	(2.0)
Increase in Medicaid Recoveries	(1.0)
Administrative Savings in Agencies (VDH, DMAS, DARS)	(0.7)
Remove Funding for Meningococcal Vaccine	(0.5)
Increase Provider Assessment for ICFs	(0.5)
Other (Medicaid Residencies / Adult Services System)	(1.1)
Total Savings	(\$31.4)



HHR Policy and Funding Items

- **Removes Medicaid Expansion Language**
 - The Conference Report removes language allowing the Governor to expand Medicaid if an enhanced federal match is available for an expansion population as of October 1, 2017 and restores the prohibition on expansion unless the General Assembly approves.
 - Creates a Joint Subcommittee of Senate Finance and House Appropriations to monitor and review federal actions that could impact health care for Virginians.
- **Children's Services Act**
 - Adopts \$85.7 million GF for the 2016-18 biennium to address increasing caseload and cost increases in the Children's Services Act.
 - Includes creation of a workgroup to evaluate options related to private day placements and report on how they would be implemented, including an option to move special education funding from CSA to the Department of Education.



Other HHR Policy and Funding Items

- **Creates** 144 new Family and Individual Support waiver slots from the savings due to reallocation of waiver slots.
- **Does not** include the transfer of the Summer Food Service and Child and Adult Care Food Programs from the Virginia Department of Health to the Department of Education.
- **Eliminates** the \$6.0 million in funding from Temporary Assistance to Needy Families (TANF), for a pilot program to educate and expand access to Long Acting Reversible Contraception.
- **Other language amendments** address a variety of issues including:
 - Electronic Visit Verifications in Medicaid; Developmental Disabilities Waiver Workgroup; Development of a plan for consideration to continue operating a smaller Training Center; Reporting on Pharmacy Costs by Medicaid Managed Care Companies, etc.



TANF Program

- The **Conference Report** includes TANF funding for:
 - \$7.5 million for a new program open to localities and employment services organizations to help fund employment and training programs to help reduce poverty.
 - \$2.0 million to increase the cash assistance payment by 2.5 percent (the average monthly benefit payment is \$265 a month).
 - \$2.5 million to move all Group I localities to Group II for the purpose of benefit payments (\$29 month increase for a family of three).
 - \$300,000 in additional funding for Northern Virginia Family Services to offset the loss of federal grants.



Overview of Direct Aid to Education State Share of 2.0% Teacher Salary Increase

- Direct Aid to Education was exempted from the 5% and 7.5% reduction targets in October 2016. However, due to technical updates and the use of additional NGF revenues, the introduced budget reflected a net decrease of \$273.2 million GF, compared to Ch. 780 (2016 budget).
 - Conference report adds \$15.8 million GF above the introduced budget, excluding an \$8.0 million NGF/GF Literary Fund adjustment.
 - State share of a 2.0% salary increase for local teachers and other SOQ-funded school staff. (\$32.0 million calculated based on 2/15/2018.)
 - School divisions shall have flexibility as to their locally-selected effective date during the 2016-18 biennium (either FY 17 or FY 18).
 - \$34.1 million increase in the Supplemental Lottery Per Pupil Amount, bringing the percentage of flexible funding to 35 percent of total Lottery Proceeds.
 - No change to the VRS rates adopted in Chapter 780, which reflects 100 percent of the VRS Board certified rate.



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Summary of Actions in Direct Aid to Education

(GF, \$ in millions) Biennial	SB 900, As Intro.	Conf. Amend.	Conf. Total
Technical Updates & Forecasts (incl. Sales Tax)	(\$327.5)	\$0.5	(\$327.0)
State Share of 1.5% Teacher Bonus	55.5	(55.5)	0.0
Lottery Per Pupil Amount to 35% of Proceeds		34.1	34.1
State Share of 2.0% Teacher/Staff Salary Increase		32.0	32.0
FY 2017 Small School Div. Enrollment Loss Assistance		7.3	7.3
Teacher Residency Programs	1.0	(0.5)	0.5
Computer Science Teacher Training; Summer Learning Loss		Language	Language
Vocational Lab Pilot		0.2	0.2
New Summer Cyber Camps	0.5	(0.5)	0.0
Remove Math & Science Pilot	(0.8)		(0.8)
Project Graduation Remedial Education		(1.4)	(1.4)
Defer Teacher Improve. Prog., Net Other Actions	(2.0)	(0.4)	(2.4)
TOTAL (excluding \$8.0M Lit. Fund NGF/GF Adj.)	(\$273.2)	\$15.8	(\$257.4)



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Small School Division Enrollment Loss Assistance

- The Conference Report adds \$7.3 million in FY 2017 for partial enrollment loss funding payments.
 - “5-5-10”. Applies to school divisions with enrollment loss of 5 percent or greater over 5 years (from March 30, 2011 to March 31, 2016 ADM), with fewer than 10,000 students total.
 - Affects **42 school divisions**: Alleghany, Amherst, Bath, Bedford, Bland, Botetourt, Brunswick, Buchanan, Buena Vista, Campbell, Carroll, Charles City, Charlotte, Craig, Cumberland, Dickenson, Essex, Fluvanna, Franklin City, Gloucester, Grayson, Halifax, Highland, Lancaster, Lee, Martinsville, Mathews, Mecklenburg, Northampton, Northumberland, Page, Petersburg, Poquoson, Prince Edward, Pulaski, Rappahannock, Smyth, Surry, Sussex, Tazewell, Westmoreland, and Wise.



Department of Education

- Conference amendments reflect:
 - \$380,000 for start-up costs for the Parental Choice Education Accounts program (HB 1605) contingent on being enacted into law. Otherwise, these funds will be allotted to the student growth model pilot.
 - \$120,000 for the second year student growth model, plus funds above if available.
 - \$300,000 for the Instructional Improvement Program.
 - \$50,000 to review teacher licensure.
 - Reversal of proposed transfer of two federal food programs (Summer Food, Child and Adult Care Food) from Department of Health to DOE.
 - Directing DOE, along with VCCS and SCHEV, to recommend various alignments and improvements to high school dual enrollment financing.
 - A multi-agency workgroup on special education private placement costs.



Other Education Agencies

- **Library of Virginia.** October reductions called for up to 15 layoffs (out of 25 statewide).
 - Conference report restores \$428,571 to re-open to the public six days a week and \$145,000 to address archive staffing.
 - Aid to Public Libraries was exempted and not reduced.
- **5% and 7.5% Reductions.** Introduced budget reduced Jamestown-Yorktown (JYF), Virginia Museum of Fine Arts, Commission for the Arts, and Frontier Culture Museum.
 - Conference report adds \$496,232 to JYF to leverage tourism and education market, \$165,433 for education workforce stabilization, and \$200,000 for Frontier Culture educator interpreters for increased visitation.
- **2019 Commemorations - Jamestown.** In addition to the across-the-board reductions, the introduced budget proposed an additional reduction of \$175,000 GF in FY 2017 and \$5.2 million GF in FY 2018.
 - **Conference Report:** Restores \$5.0 million in FY 2018 of the funding provided in Chapter 780 (2016).



Intervention and Prevention of Local Financial Distress

- Provides \$500,000 GF in FY 2017 for the Secretary of Finance to conduct certain intervention and remediation efforts for existing situations of local financial distress.

Establishment of an Early Warning System and Assistance Reserve Fund

- Directs the Auditor of Public Accounts (APA) to establish a workgroup to develop an early warning system to identify localities that may be experiencing fiscal distress.
 - Permits the Governor to re-appropriate up to \$500,000 GF from unspent funds for local aid, as of June 30, 2017, to provide technical assistance and intervention.
 - Via the APA, requires independent CPAs that audit localities to communicate to local governing bodies, and the Commonwealth, through an official management letter, when financial or internal control deficiencies are identified.

Joint Subcommittee on Local Fiscal Issues and Regional Cooperation

- Establishes a joint subcommittee of the money committees on Local Government Fiscal Stress, including causes, opportunities for regional cooperation and consolidation of services, and differing taxing authority.



Overview of Higher Education

- Conference amendments add almost \$18.0 million GF over the biennium in higher education, resulting in a net reduction of about \$110.0 million.
- Provides almost \$17.0 million GF for a two percent faculty salary increase in FY 2018, plus an additional \$1.4 million for a one percent faculty salary increase for those institutions that did not take a salary action in FY 2017.
- Partially restores the GF reductions at most institutions in FY 2018; includes \$20.0 million GF to bring the decrease to \$56.1 million GF (total decrease of \$76.1 million GF in the introduced budget).
 - Norfolk State and Virginia State Universities were exempt as well as a few other small items.
 - Financial aid was exempt.
 - Conference amendments completely restore the reductions to Virginia Tech Extension and the Virginia Institute for Marine Science.
- Switches the general fund recovery of an amount equivalent to the nongeneral fund portion of the prepayment made to the Virginia Retirement System (VRS) to reduce VRS rates; a decrease of \$40.4 million over the biennium to a NGF transfer in Part III. The action now includes the hospitals at the University of Virginia and Virginia Commonwealth University.
- Retains the five percent across-the-board reductions at higher education centers/other agencies (EVMS is exempt in FY 2017 and their financial aid and indigent care amounts are exempt in FY 2018), a decrease of \$2.6 million GF over the biennium.



Other Higher Education Actions

- Transfers funding for the VA Degree Completion Network of \$3.0 million GF to the Online Virginia Network (HB 2262) with additional language.
- Allocates \$100,000 GF in FY 2018 for New College Institute to update their plan.
- Provides the following in FY 2018: \$310,000 GF for a mechatronics pilot for VWCC/Botetourt County schools, \$250,000 GF for economic development/adult courses at UMW, \$100,000 GF for the Foundation for the Humanities, and \$50,000 GF for UVA-Wise to submit a plan on their potential enrollment growth and how it would impact their capital outlay needs.
- Restores \$288,487 GF over the biennium to SCHEV for operations and for the Virginia Women's Institute for Leadership.
- Restores the proposed decrease of \$4.0 million GF in the first year under Central Accounts for higher education research partnerships with Inova.
- Eliminates \$900,000 GF in FY 2018 for a tuition backfill for out-of-state Virginia National Guard Members at Virginia Military Institute.
- Additional savings actions: cyber scholarships (\$500,000 GF), SCHEV innovation/pathway fund (\$225,000 GF), cyber curriculum at VCCS (\$432,000 GF), and workforce outreach at the VCCS (\$100,000 GF).



Capital Outlay Funding

Amendments by Fund Type (\$ in millions)

	Introduced	Conf. Amend.	Total
General Fund Cash	\$0.0	(\$9.8)	(\$9.8)
VPBA/VCBA Tax-Supported Bonds	270.8	(61.0)	209.8
9(c) Revenue Bonds	13.6	0	13.6
9(d) Revenue Bonds	121.3	1.6	122.9
Nongeneral Fund Cash	25.0	10.7	35.7
Total	\$430.7	(\$58.5)	\$372.2

- **Eliminates** four new detailed planning projects and bond authorization of \$104.8 million for construction of a new ABC warehouse/central office building. **Reduces** DBHDS project to \$3.6 million in VPBA bonds.
- **Authorizes** 1) pre-planning for three projects (\$1.0 million GF): ABC's warehouse/central office building, exhibits for Danville Science Center, and an indoor gallery at Frontier Culture Mus.; 2) Eastern Shore Laboratory Complex for VIMS; 3) fire safety at DMA; 4) burial sites/work for DVS; 5) IALR renovations; and 6) Greenville project for DOC (instead of Buckingham project).
- **Savings** by transferring to bonds \$10.8 million GF (from maintenance reserve and a previous VSP project, but additional \$0.5 million for VSP) and transfers \$5.0 million GF from the planning fund.



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Overview of Public Safety and Judicial

- **ABC** – Eliminates proposed bond authorization for new central office and warehouse and instead provides \$500,000 GF for planning.
- **Criminal Justice Services**
 - No reduction in HB 599 state aid to localities with police departments.
 - Additional \$1.5 million to match federal VOCA funds, paid for by deferring \$1.5 million for expansion of community corrections (new programs).
- **State Police**
 - Adds \$14.3 million GF to raise starting salaries for State Troopers from \$36,207 to \$43,000, plus compression (as of August 1 paychecks).
 - Restores \$1.2 million and 10 positions for Special Operations Division.
- **Flood Control** – Adds \$500,000 to match Corps of Engineers study.



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Jail Mental Health Screening

- Redirects \$4.2 million GF included in introduced budget for jail mental health screening and assessments to services within the **overall** mental health package.
- Adds language in the Compensation Board:
 - Requires use of standard jail MH screening instrument to be designated by Commissioner of DBHDS.
 - Comp Board to review jail staffing standards to determine cost of requiring assessments by qualified MH professionals, within 72 hours, of all persons admitted to jail who were screened and found to have a mental illness.
 - Report due October 1, 2017.
 - Current Comp Board standard for classification, records, medical and treatment is to pay 2/3 (just over \$20,000) of the approved salary of one position for every 25 inmates.
 - Comp Board is more than 200 positions short of funding to meet that standard.



Judicial Vacancies

- Funds 407 judgeships in FY 2018, compared to 408 in FY 2017.
 - Updated judicial workload and staffing study will be completed by the National Center for State Courts (NCSC) this fall.
 - Eleven currently sitting judges are retiring as of July 1, 2017.
 - Of these, eight are fully justified at the 100% or higher level, based on the current NCSC staffing study. The committee amendment authorizes funding for these eight judgeships to be filled, plus two more deemed to be necessary:
 - Circuit: 3rd, 6th, 7th, and two in the 19th.
 - General District: 8th and 15th.
 - J&DR: 2nd, 5th, and 20th.
- No new judgeships recommended for funding this year.
 - \$90,000 provided for substitute judges serving on active duty.
 - Net savings of \$198,822 transferred to the general fund.



Overview of Commerce and Trade

- Reduces funding and recovers balances from existing incentive programs and projects that are behind schedule.

Economic Development Incentive Program Savings	FY 2018 (GF \$ in millions)
Defers deposit to Pulp, Paper, and Fertilizer Advanced Manufacturing Performance Grant Fund	(\$3.0)
Reverses NGF Appropriation for Aerospace Manufacturing Supplier Cluster Grant; transfers balance to the GF	(\$2.5)
Transfers NGF balances from the Small Business Jobs Grant Fund and the Small Business Investment Grant Fund to the GF	(\$1.6)
Reduces funding for Virginia Bioscience Health Research Consortium	(\$1.3)
Reduces deposit to Commonwealth's Development Opportunity Fund	(\$1.0)
Reduces Business Ready Sites Program funding by half	(\$0.6)
Removes funding for local tourism development grants	(\$0.5)
Reduces funding for the Industrial Revitalization Fund	(\$0.5)
Reduces funding for Virginia Telecommunications Initiative	(\$0.3)



Commerce and Trade

- Redirects new spending for additional general fund savings to reverse some of the proposed cuts to economic development programs.
 - Reverses new funding proposed to create the Virginia International Trade Corporation resulting in a savings of \$1.1 million GF.
 - Reverses new spending of \$1.1 million GF for solar development incentives the second year.
 - Removes \$168,291 GF in new funding for additional staff at the Virginia Economic Development Partnership.
 - Restores \$1.3 million GF for the Virginia Brownfields Restoration and Economic Development Assistance Fund.
 - Restores \$1.0 million GF for the Enterprise Zone Program.
 - Restores \$0.3 million GF for See Virginia First tourism promotion program.
- Provides \$650,000 GF to fund six positions in Occupational Safety and Health programs.



GO Virginia

- Restores one-half of the \$15.0 million GF reduction in the Governor’s proposed budget for GO Virginia. Includes:
 - \$650,000 per qualifying region for organizational building and gap analyses with no local match requirement the first year;
 - \$10.9 million the second year for grants based on each region's share of the state population; and,
 - \$11.3 million the second year for competitive grants.

Virginia Growth and Opportunity Fund (GF, \$ in millions)	SB 900, As Introduced			Conference		
	FY17	FY18	Total	FY17	FY18	Total
Grants for organizational building and gap analyses	\$0.9	\$1.4	\$2.3	\$3.6	\$2.3	\$5.9
Grants based on each region's share of the state population	\$ -	\$6.1	\$6.1	\$ -	\$10.9	\$10.9
Competitive grants	<u>\$ -</u>	<u>\$12.2</u>	<u>\$12.2</u>	<u>\$ -</u>	<u>\$11.3</u>	<u>\$11.3</u>
Total	\$0.9	\$19.7	\$20.6	\$3.6	\$24.5	\$28.1



Other Commerce and Trade

- Maintains \$5.5 million GF commitment each year to the Housing Trust Fund to support affordable housing and homelessness reduction.
- Directs the Department of Housing and Community Development to develop and implement strategies for housing individuals with serious mental illness.
- Provides a \$500,000 NGF appropriation from the Virginia Coalfield Economic Development Authority (VCEDA) for economic development in Southwest Virginia.
- Authorizes additional Virginia Economic Development Incentive Grant (VEDIG) commitments, subject to future GF appropriations.
- Reduces \$125,000 GF support for the Virginia Sports Hall of Fame and Museum in FY 2018 and redirects funding to the City of Virginia Beach.
- Restores \$37,500 GF for the Spearhead Trails, an initiative of the Southwest Regional Recreation Authority.



Overview of Agriculture & Forestry

- **Department of Agriculture and Consumer Services**
 - Eliminates the proposed non-restaurant food inspection fee.
 - Fully restores the coyote and vulture control funding.
 - Reduces the AFID grant program by \$780,000, leaving \$1.0 million in base.
 - Eliminates funding for an unfilled organics specialist position.
 - Removes second year funding for the farm development grant program, but retains position.
- **Department of Forestry**
 - Eliminates the proposed silvicultural fee at the Department of Forestry.
 - Restores the Reforestation of Timberlands Program funding to fully match industry contributions and provides \$113,500 of funding for IT costs.
 - Captures \$340,000 from the sale of Forestry lands and transfers the proceeds to the general fund.



Overview of Natural Resources

- Amendments to Natural Resources programs focus on maintaining spending for Water Quality Improvement program.
 - Authorizes release of \$8.3 million in Water Quality Improvement reserve funds for agricultural best management practices and technical assistance.
 - Establishes a legislative workgroup for evaluation options to provide long-term stability to Agricultural Best Management Practices funding.
- Modifies the 2016 prohibition on the acquisition of park land to allow for in-holdings and other lands contiguous to existing State Parks.
 - Separate actions in Capital Outlay authorizes \$1.0 million NGF for acquisitions at nine State Parks and \$2.3 million NGF for acquisitions at eleven Natural Area Preserves.
- Includes language directing the Secretary of Natural Resources to annually report on any settlements or mitigation agreements and all resulting project expenditures.
 - Applies to current DuPont and Surry-Skiffe's Creek negotiations.



Conservation and Recreation

- Partially restores a reduction of \$0.4 million for the Swift Creek Bike Trail for disabled riders.
- Provides language to clarify that the \$1 deed recordation fee applies to all documents recorded in the book of record for localities where VOF easements are held.
- Eliminates the proposed increase in the Land Preservation Tax Credit transfer fee.
- Provides \$1.35 million GF in the second year for the purchase of an extensometer for use by the Hampton Roads Sanitation District as part of the Sustainable Water Initiative for Tomorrow.
- Transfers \$650,000 each year from DGIF to the general fund as no cuts were applied to this agency in either the October or December reductions.



Other Natural Resources Actions

Marine Resources

- Rolls back proposed increase in commercial fishing and gear licensing, and provides GF support to offset the fee revenue, assumed to have been \$244,246 in the second year.
- Restores the Virginia Saltwater Sport Fishing Tournament.
- Provides \$0.2 million GF to improve the performance of the oyster ground lease program.

Historic Resources

- Restores second year funding to the Battlefield Preservation Fund.
- Includes funding to allow for the preservation of historical African-American Graves and Cemeteries in addition to the current Revolutionary and Civil War grave site program. Adds language to prevent reductions to this program, consistent with current practice for Confederate graves.



Overview of Technology

- Includes language directing the Superintendent of State Police to develop a transition plan, timeline and cost estimates for the successful disentanglement of VSP from the VITA-NG partnership.
 - Provides \$2.9 million for security software and detailed planning costs.
- Reverses a proposed one-time expenditure of \$2.3 million GF to retire an outstanding debt for the Virginia Enterprise Applications Program.
 - Should be recognized in development of biennial budget.
- Reduces discretionary spending for the Governor's Cyber Security Commission by \$100,000 and redirects a portion of that funding to cover the Corrections impact for HB 1815.



Overview of Transportation

- Recognizes the repayment of amounts that had been dedicated to the Virginia Beach light rail right-of-way acquisition.
 - Deposits the proceeds to the Transportation Partnership Opportunity Fund.
 - Includes provisions to authorize the Commonwealth Transportation Board to withhold annual street maintenance payments if repayment is not made.
- Clarifies that existing *Code* provisions regarding PLAs apply to P3 projects.
 - Exempts multi-state limited access bridge projects.
- Includes language to address inappropriate usage of aviation funding.
- Increases transparency at WMATA and directs the Secretary to identify potential reforms as part of the preparation for the renegotiation of the multi-state WMATA Compact.
- Amends existing language relating to the provision of GF support for Dulles Airport to ensure continued efforts are made to maximize revenue generation at the facility by pursuing opportunities to develop non-airport acreage to support operations.



Transportation

- Directs the Secretary to identify all financing options available to the Commonwealth Transportation Board for construction of additional facilities at the Mid-Atlantic Regional Spaceport in support of commercial spaceflight and unmanned systems activities.
- Authorizes VCSFA to solicit proposals for an independent auditor, with the final selection of the firm to be made by the Auditor of Public Accounts.
- Allows for a bridge loan of up to \$6.2 million NGF in each year to any transit properties that may lose federal revenues from the decision of the Federal Transit Administration to withhold state grants until passage of the Metro Safety Commission legislation.
- Directs DRPT to work with the Hampton Roads TPO to evaluate costs associated with an EIS for high speed rail in the region.
- Allows DRPT to utilize additional rail program funds for administrative costs and fund four new positions.



Other Transportation Items

- Directs VDOT to work with stakeholders and make recommendations on how to improve the reporting on revenues generated from toll roads, including amounts imposed and collected from toll violations, civil penalties, and administrative fees.
- Authorizes the issuance of a Treasury loan of \$1.7 million each year for three years to compensate the City of Portsmouth for lost personal property tax revenues due to the transfer of property from private to state ownership as part of the lease for the Virginia International Gateway.
 - Allows for the withholding of annual maintenance payments from the City if repayment does not occur.
- Directs the transfer of any funds authorized by Congress for the Coalfields Expressway to a dedicated subaccount of the Transportation Trust Fund to be used exclusively for the project.



Items Not Included in Either House or Senate Budgets

- **Item 1#1c:** Technical correction to remove the additional office allowance for the Chairman Emeritus of the Senate Finance Committee.
- **Item 7 #1c:** Language directs proceeds from the sale of surplus property from the General Assembly Building to the Capital Square Preservation Council.
- **Item 24 #1c:** Amendment eliminates funding for the Virginia Bicentennial of the American War of 1812 as the Commission no longer exists.
- **Item 43 #1c:** Language directs the Committee on District Courts to transfer 4 deputy clerk positions from the 13th to the 14th judicial district based on workload study.
- **Item 44 #1c:** Language establishes an expiration date on current guardian ad litem language that will be codified pursuant to Senate Bill 1343.
- **Item 61 #1c and Item 3-1.01 #2c:** Amendments lower by \$500,000 in the second year the amounts from the Regulatory, Consumer Advocacy, Litigation and Enforcement Revolving Trust Fund retained by the Attorney General, leaving \$750,000 for the Attorney General's usage. Part 3 amendment captures \$1.4 million in excess balances in the first year. These actions were in lieu of adopting reductions to the AG's office as included in the Senate budget.
- **Item 70 #1c:** Language requires the use of a standardized mental health screening instrument by local jails and requires a report on the costs of mental health assessments.



Items Not Included in Either House or Senate Budgets

- **Item 93 #2c:** Language authorizes VDACS to stop having to accept applications for Beehive Grants when funding is not provided for the program.
- **Item 123 #2c:** Language to extend the certification of SWaM businesses from three years to five years.
- **Item 123 #3c:** Reduces unfilled positions at the Department of Small Business and Supplier Diversity by 12.0 FTE.
- **Item 306 # 6c:** Adds language to Medicaid Managed Care regulations to reflect that payments to nursing facilities are no less than the per diem payments set by Medicaid reimbursement methodology.
- **Item 442 #2c:** Technical change to continue to authorize DMV to provide temporary licensure of property carriers until January 1, 2018 to reflect delayed enactment date of the Property TNC legislation.
- **Item 448 #1c:** Language authorizes VDOT to extend a loan to DRPT to cover withheld FTA funds due to because the Metro Safety Commission has not been enacted by all signatory parties.
- **Item C-6 #1c:** Authorizes additional 9(d) NGF bonds for a student housing project at Richard Bland based on actual bids received since the introduction of the budget.

