

# Review of Senate and House Budget Differences

(Special Session HB 5001/HB 5002 and SB 29/SB 30)

May 14, 2018

# Presentation Outline

---

 Overview/ Resources	Health & Human Res. 	 Higher Education	K-12 & Other Ed. 	 Retirement
 Public Safety & Veterans	Commerce & Trade 	 Natural Resources/ Ag. & Forestry	Transportation 	 Gen. Gov't. & Capital Outlay

# Overview/Resources

# Current Status

---

- HB 5001 and HB 5002 passed the House Appropriations Committee on April 13<sup>th</sup> and the House on April 17<sup>th</sup>.
- Changes from the original budgets:
  - Includes a provision that disenrolls individuals who do not meet work requirements for three months out of the year, and they cannot reenroll until the next plan year.
  - Provides language for the Secretary of Health and Human Resources to develop and apply for a Section 1332 waiver to stabilize the individual insurance market.
  - Incorporates Revenue Reserve amendments offered by the Governor. These amendments dedicate 100% of the remaining surplus (after Rainy Day and WQIF deposits) at the end of FY 2018 to the Fund and also includes provisions from HB 763.
    - Eliminates the contingent employee bonus that would have been funded from a portion of a potential year-end surplus.

# House Budget Features

---

- Medicaid “transformation.”
  - Expand through State Plan, and implement waiver *if approved*.
  - Fund \$306.4 million in costs with hospital provider assessment.
- Second year across-the-board and targeted compensation actions.
- Revenue Reserve total of \$247.4 million.
- New Higher Education research initiative (CyberX).

# Senate Budget Priorities

---

- Maintain a strong cash position.
  - Cash Reserve balance of \$336 million by the end of the next biennium.
- Fully fund the Medicaid forecast.
- Preserve funding for SOQ rebenchmarking.
- Improve community-based services for the mentally ill.
- Provide higher education operating and financial aid funding.
- Make prudent infrastructure investments that best position our Commonwealth for future economic growth.

# Major House / Senate Differences

## Amounts Relative to the Introduced Budgets

GF \$ in Millions	House	Senate	Difference
HHR (S: restores expansion savings included in the introduced budget)	(\$2.3)	\$291.2	\$293.5
K-12 Education	80.2	(86.5)	166.7
Central Accounts (incl. Compensation)	76.5	(49.4)	125.7
Higher Education	74.0	(32.3)	106.3
Finance (incl. Revenue Reserve)	(175.7)	(91.0)	84.7
Capital Outlay	(15.0)	(5.0)	10.0
Public Safety (S: restores expansion savings)	2.9	24.0	21.0
Commerce & Trade	23.2	(7.1)	15.8*
<i>*controlling for VITA/IEIA/ SBSD</i>			

## House/Senate Differences (Continued)

Amounts Relative to the Introduced Budgets

GF \$ in Millions	House	Senate	Difference
Legislative	\$5.1	\$11.9	\$6.8
Administration	12.6	(2.2)	6.3*
Judicial	2.1	0.1	2.0
Natural Resources	(2.6)	(1.1)	1.5
Executive	0.3	(0.8)	1.1
Ag & Forestry	0.6	(0.2)	0.9
Veterans	0.1	(0.6)	0.7
Independent	(0.2)	0.0	0.2
Technology	(23.1)	(1.1)	<u>0.1*</u>
<b>Total GF</b>			<b>\$843.6</b>
<i>*controlling for VITA/IEIA/ SBSD</i>			



# HB 500 I / SB 29: Resources

FY 2018	House	Senate
<b>Changes to Balance</b>		
Revert DLS Balances	\$476,952	\$511,952
Revert Youth Commission Balances	15,000	0
Revert State Corporation Commission Balances	146,890	0
Revert JLARC Balances	675,000	675,000
Revert Jt. Commission on Health Care Balances	35,000	0
Revert DSS Balances for AG and Adoption	740,000	0
<b>Changes to Transfers</b>		
DGIF – Reduce Transfer Increase	\$1,600,000	\$1,600,000
OAG – Revolving Trust Fund	500,000	500,000
VASAP NGF Transfer	<u>500,000</u>	<u>500,000</u>
<b>Total Changes to Resources</b>	<b>\$4,688,842</b>	<b>\$3,786,952</b>

# HB5002/SB 30: Resources

2018-20 Biennium	House	Senate
<b>Balance Forward</b>		
Unappropriated Balance, as Introduced	\$12,113,042	\$12,113,042
Change to Balance Forward (HB 5001/SB 29)	3,924,251	6,388,202
<b>Changes to Revenues</b>		
Limitation on Historic Rehabilitation Tax Credit	\$13,200,000	\$13,200,000
Limitation on Land Preservation Tax Credit	13,000,000	13,000,000
Reverse Expansion of Sales and Use Tax Exemption for R&D	0	300,000
ATV Sales Tax Increase (SB 249)	0	450,000
Utility Rate Credit ( <del>HB 1558</del> , SB 966)	3,400,000	0
Increase Tax Compliance Revenues	10,800,110	0
DNA Testing Fee Revenue (HB 1249)	335,538	0
Reinstate Coal Tax Credits	(900,000)	(900,000)

# HB 5002/SB 30: Resources (cont.)

2018-20 Biennium	House	Senate
<b>Changes to Transfers</b>		
OAG – Revolving Trust Fund	\$1,000,000	\$1,000,000
OAG – Debt Collection Fund	400,000	0
Transfer Savings from Decrease in Telephone Relay Service	0	4,000,000
ABC Positions - New Stores Only	0	1,772,997
ABC Point of Sale	0	3,639,418
ABC Positions - PT/FT Stores	0	507,027
Un-refunded Marine Fuels	0	<u>5,167,062</u>
<b>Total Changes to Resources</b>	<b>\$41,235,648</b>	<b>\$42,136,504</b>
Net Spending	<u>54,933,468</u>	<u>46,091,116</u>
<b>Unappropriated Balance</b>	<b>\$2,339,473</b>	<b>\$14,546,632</b>

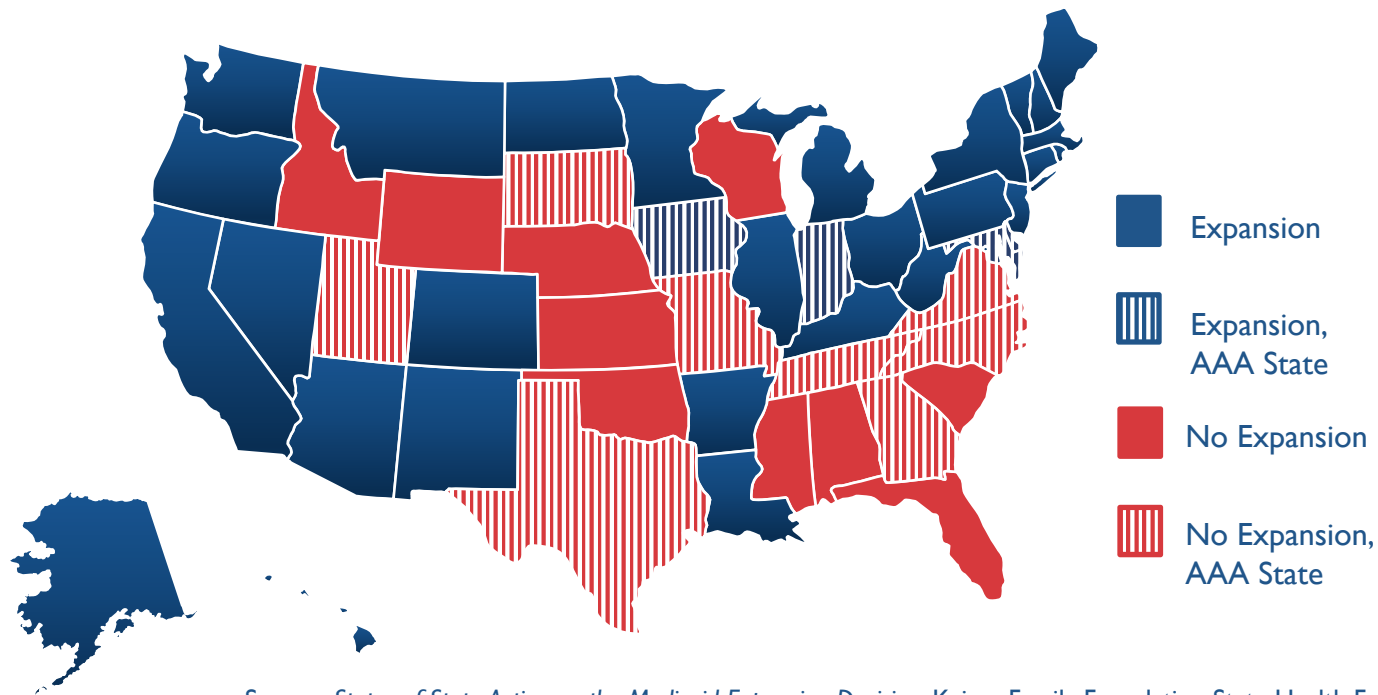
# Virginia's Bond Rating

---

- *Bond ratings are a measure of a state's financial reputation. Finance professionals conduct a rigorous examination of a state's fiscal management practices over a significant period of time and express their level of confidence in that state's ability to safely meet its scheduled interest and principal repayments. A bond rating of AAA is highest (best), and D is lowest (worst). A high bond rating makes the state's bonds more attractive to investors.*
- *A state's bond rating influences how much taxpayer money the state can save by securing competitive loans; it also serves as a measure of a state's financial and administrative status. **Virginia's AAA bond rating, the best rating possible, is a reflection of the confidence placed in the Commonwealth's fiscal health.***
- *Virginia has held its AAA bond rating since 1938, longer than any other state. Financial professionals place a high degree of confidence in how Virginia manages its finances.*
- *Virginia shares first place ranking with 12-14 other states (depending on the source), including peer states Maryland, North Carolina, and Tennessee. There are three bond rating agencies – having the AAA ranking from all three agencies means a state has a “triple triple-A” ranking.*

Source: *Bond Ratings*, <http://vaperforms.virginia.gov/indicators/govtCitizens/bondRating.php>, April 4, 2018.

# Current Status of State Medicaid Expansion Decisions and “Triple Triple-A” Bond Rating Status of States



## ACA Expansion

- 32 states and the District of Columbia have opted for expansion, this includes 4 “triple triple-A” states.
- 18 states have not expanded Medicaid under the Affordable Care Act, this includes 8 “triple triple-A” states.

Source: *Status of State Action on the Medicaid Expansion Decision*, Kaiser Family Foundation State Health Facts, January 16, 2018 and *Report of the Debt Capacity Advisory Committee*, (Virginia) December 19, 2017.

# Health and Human Resources

# Overview

## Health and Human Resources

---

(\$ in millions, GF)	FY 2018	FY 2019	FY 2020
<b>Total \$</b>			
<b>Base (FY 18, Ch. 836)</b>	\$6,437.3	\$6,437.3	\$6,437.3
<b>Net Change Proposed in Introduced Budget</b>	<u>61.5</u>	<u>163.4</u>	<u>388.1</u>
<b>SB 29/30, As Introduced</b>	\$6,498.8	\$6,600.7	\$6,825.4
<b>% Change, Over Prior Year</b>	6.0%	1.6%	3.4%
<b>House Amendments</b>	3.2	32.1	(34.4)
<b>Senate Amendments</b>	<u>(3.7)</u>	<u>118.4</u>	<u>172.8</u>
<b>Difference</b>	<b>(6.9)</b>	<b>86.3</b>	<b>207.2</b>

- House and Senate are net \$293.5 million apart in HHR for the biennium.

## Expansion of Medicaid

Provision	Governor	House	Senate
Proposal	Expand Medicaid pursuant ACA	Expand Medicaid pursuant ACA	Expand existing GAP waiver to serve most vulnerable individuals
Method	Expand through State Plan Amendment	Expand through State Plan Amendment and implement a waiver, if approved	Amend the existing GAP waiver
Population served	300,000 low-income non-disabled adults	300,000 low-income non-disabled adults	20,000 in GAP; 2,300 in waivers
Biennial Cost	\$307 million in state funds	\$307 million in state funds	Est. cost of \$273 million in state funds
Funding	\$307 million provider tax on hospitals	\$307 million provider tax on hospitals	General Fund
Work Requirement	None	Subject to federal approval, many exceptions, verification limited	None
Protection from Reduced Federal Funds	Language to disenroll if federal funding changes	Language to disenroll if federal funding changes	Existing federal match, no protection necessary



# House Medicaid Expansion Provisions

---

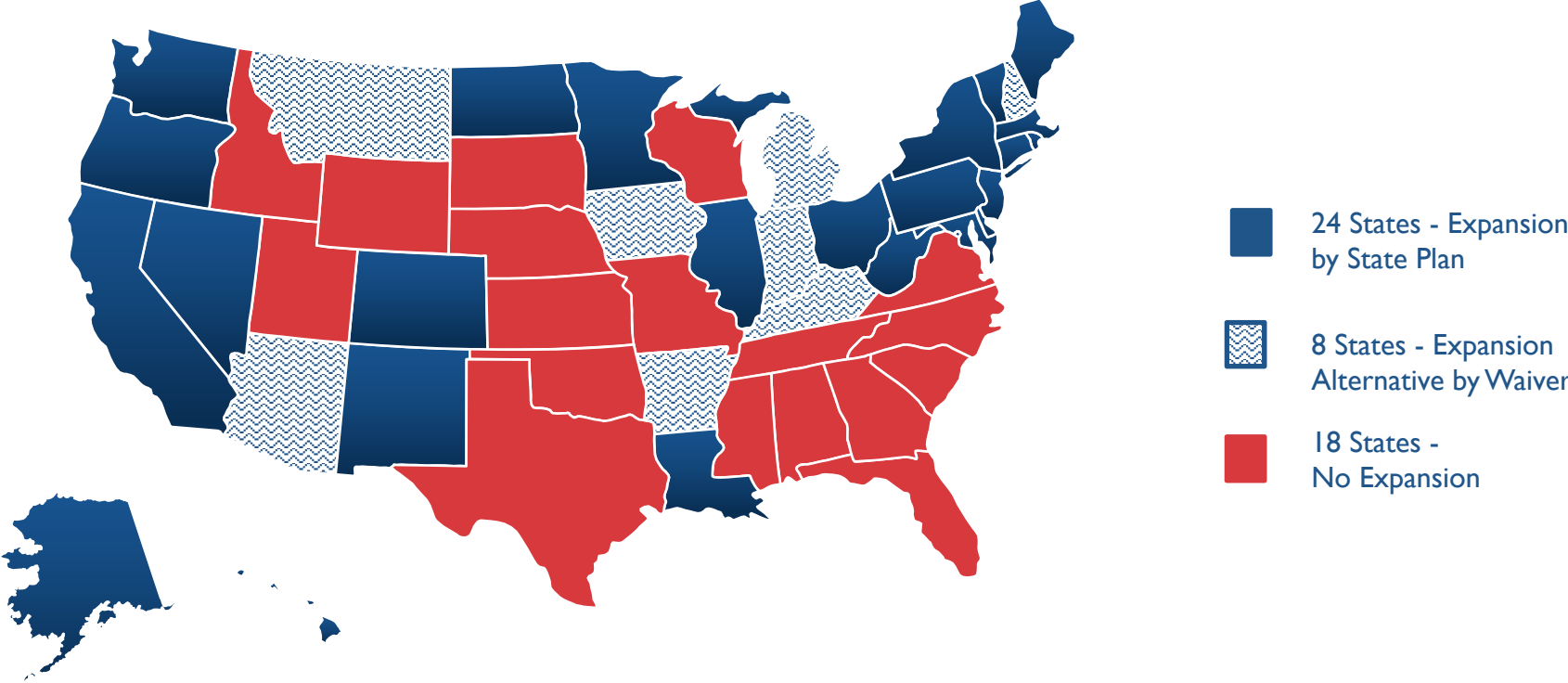
- Authority to expand under the State Plan (traditional Medicaid) and through a waiver (no contingency if waiver is not approved).
  - Only requires waiver application be submitted.
- Provides for State Plan provisions:
  - Referrals for job training, education and job placement assistance.
  - Personal responsibility provisions.
- Individuals from 100 to 138% of poverty provided premium assistance, sliding scale for member premiums, cost-sharing to promote healthy behaviors.
- Individuals less than 100% of poverty level enrolled in managed care plans.
- Training, Education, Employment and Opportunity Program (TEEOP).

# House TEEOP Provisions

---

- Training, Education, Employment and Opportunity Program (TEEOP).
  - Requires all able-bodied adults in Medicaid to work (9 exceptions) – 80 hours a month.
  - Requirements satisfied through job skills training, job search, education related to employment, general education (including GED), enrolled in courses for industry certification, vocational education or training, community work experience, community or public services, or care-giving services for a non-dependent relative or other person with a chronic, disabling condition.
  - Includes a provision that disenrolls individuals who do not meet TEEOP requirements for three months out of the year, and they cannot reenroll until the next plan year.
- Requirement can be waived in high unemployment areas.
- Medicaid would work with Virginia Workforce Centers or One-Stops to provide services.
- Program would utilize other federal funding sources (i.e TANF) as permitted under federal law.

# States Choosing Alternative Medicaid Expansions



Source: National Academy for State Health Policy.

## Community Behavioral Health Services Spending

(GF \$ in millions)	Gov.	House	Senate
STEP-VA: Fund same-day access at remaining 22 CSBs ( <i>includes Medicaid share</i> )	\$15.0	\$15.0	\$15.0
STEP-VA: Fund primary care screening	11.1	11.1	3.7
Medication Assisted Treatment (20% set-aside for non-addictive medication)	10.0	10.0	10.0
Permanent Supportive Housing ( <i>200 adults with SMI; 75 pregnant women</i> )	7.1	7.1	7.1
Discharge Assistance Planning (DAP) funds	6.9	6.9	3.5
Addressing State Hospital Capacity (through Assisted Living Facilities)	4.5	4.5	-
Alternative Transportation for TDOs	-	-	7.0
Discharge planning at local jails	-	-	3.2
CIT assessment sites (six rural communities)	-	2.7	-
Telemental health pilot program	-	-	2.2
Intercept Two initial court appearance diversion programs (3 localities)	-	-	1.4
CIT training in rural communities	-	-	1.3
<b>Total Community Behavioral Health</b>	<b>54.6</b>	<b>57.3</b>	<b>54.4</b>

## Behavioral Health Facilities Spending

(GF \$ in millions)	Gov.	House	Senate
Electronic Health Records at all state facilities	\$10.1	\$10.1	\$10.1
Operating costs of 56-bed expansion at Western State Hospital	5.6	5.6	5.6
Fund 22 temporary beds at Piedmont Geriatrics for VCBR* residents	5.7	5.7	5.7
Fund operating costs of first phase 72-bed expansion of VCBR	7.8	7.8	7.8
Fund Hepatitis C treatment costs for VCBR	1.1	1.1	0.4
Supervision of monitoring of conditional releases from VCBR	0.8	0.8	0.8
<b>Total for Behavioral Health Facilities</b>	<b>31.1</b>	<b>31.1</b>	<b>30.4</b>

\* Virginia Center for Behavioral Rehabilitation

## DOJ Settlement Agreement Spending

(GF \$ in millions)	Gov.	House	Senate
Fund 825 waiver slots (70 for discharge, 755 for community)	\$45.0	\$45.0	\$45.0
Expand crisis services	5.6	5.6	5.6
State Rental Assistance Program for independent living	4.6	4.6	3.6
Fund 50 reserve waiver slots for transitions between waivers	2.8	2.8	2.8
Developmental Disability Support Network in Central Virginia	1.3	1.3	1.3
Community Services for non-Medicaid training center discharges	0.4	0.4	0.4
Independent Reviewer costs	0.2	0.2	0.2
Savings from training center closure	(18.5)	(18.5)	(18.5)
<b>Total for DOJ Settlement Agreement</b>	<b>\$41.4</b>	<b>\$41.4</b>	<b>\$40.4</b>

## Major HHR Savings

(GF \$ in millions)	Gov.	House	Senate
Savings from suspension of ACA insurance tax	-	(\$42.0)	(\$42.0)
Limit expenditure growth in CSA services (rates on private day special education)	-	-	(14.1)
Eliminate half of hospital inflation in FY 2019	-	(10.9)	-
Eliminate overtime for consumer-directed attendants	-	(9.6)	(9.6)
Eliminate 2% rate increase for consumer-directed attendants	-	(9.9)	(9.9)
Adjust revenue for the Health Care Fund (tobacco taxes)	-	-	(4.6)
Eliminate higher call center contract costs through merger of agency call centers	-	-	(4.9)
Modify electronic health records implementation for the Health Dept.	-	(1.8)	(1.8)
<b>Total Major Savings</b>	-	<b>(\$74.2)</b>	<b>(\$86.9)</b>

# Major Budget Language Differences

---

- **Strategies to control CSA expenditures.**
  - **Senate:** Imposes a cap on private day rates and allows CSA funding for a pilot project in public day programs; and establishes a workgroup for outcome measures for private day programs.
  - **House:** No action.
- **Strategy to reduce TDO pressure on state mental hospitals.**
  - **Senate:** Requires DMAS to develop a methodology to incentivize private hospitals to handle more TDOs and reduce funding to those that don't handle their share.
  - **House:** No action to divert TDOs to private hospitals.
- **Hospital participation to serve Medicaid recipients in managed care.**
  - **Senate:** Includes language that only allows hospitals to receive safety net supplemental payments if they fully participate in the Commonwealth's Medicaid managed care program.
  - **House:** No action.
- **One-Year Moratorium on Freestanding Emergency Departments to Provide Time to Consider applying the Certificate of Public Need process to that type of facility.**



# Stabilizing the Individual Insurance Market

---

- Directs the Secretary of Health and Human Resources to develop and apply for a state innovation waiver (Section 1332 of the Affordable Care Act) to develop solutions for the individual insurance market to reduce premiums and cost sharing.
  - Solutions may include a reinsurance program, high risk pool, and other options for consideration that could stabilize the individual insurance market.
- The Secretary shall report back to the General Assembly on costs and assumptions for a waiver, and also an analysis of options to fund the state share.
  - The Bureau of Insurance shall provide technical assistance as needed.
- The waiver cannot be implemented until the state share is appropriated by the General Assembly.

# Higher Education

# Overview of Higher Education

---

- **SB 30:** Senate redirects \$32.3 million GF for total support of \$212.1 million over the biennium (about \$126.7 million over the biennium of these actions are related to technical adjustments that have been reflected in the base budget in other years).
- **HB 5002:** House provides an additional \$74.0 million for total support of \$318.4 million GF over the biennium.
- An additional \$16.0 million for higher education research is available under the Virginia Research Investment Committee; retained in each budget (funding could have been reflected as part of the base adjustments).
- House adds \$40.0 million GF for the CyberX Initiative and \$4.0 million GF for focused ultrasound research at the University of Virginia.

## Higher Education: Summary of Proposed Amendments

GF Actions for the 2018-20 Biennium (\$ in millions)	Gov.	House	Senate
Undergraduate Need-Based Aid	\$45.5	\$45.5	\$22.8
Base Adequacy/Base Operations/Degree Production/O&M	35.1	53.8	28.1
Technology Infrastructure (UVA-Wise, VSU, & VIMS)	4.3	4.3	3.3
UVA-Wise – Enhance Academic Programs	3.8	3.8	0.5
Workforce Credential Grant Program	4.0	4.0	4.0
SCHEV Funding (cyber scholarships, transfer grant, VRIC support, VIVA, internships & loan ombudsman)	3.0	4.5	4.3
HE Centers (So.VAHEC, IALR, & RHEA)	1.8	1.8	1.2
Tuition Assistance Grant (supplement for teacher career, transfer between years)	1.8	1.8	1.8
NSU – Cyber-Security & Cyber-Psych. Programs and Biofuel Research	1.3	1.3	0.0
Other: (UVA Pop./VFH, RBC Pos., VIMS Mon/O&M., CWM Vet./Gov., VCCS Trans/Plan/Train, NCI, Jeff. Lab, VMI, OVN, & ODU Digital Ship)	4.1	13.7	6.1
Additional Research	0	44.0	0
<b>HE Initiative Spending Total</b> (does not include technical amend. and restructuring incentives)	<b>\$104.5</b>	<b>\$178.6</b>	<b>\$72.3</b>

# K-12 & Other Education

# Overview

## Direct Aid to Public Education

---

(\$ in millions, GF)	FY 2018	FY 2019	FY 2020
<b>Total \$</b>			
Base (FY 18, Ch. 836)	\$6,030.0	\$6,030.0	\$6,030.0
Net Change Proposed in Introduced Budget	<u>(57.3)</u>	<u>206.5</u>	<u>309.4</u>
SB 30, As Introduced	\$5,972.7	\$6,236.5	\$6,339.4
% Change, Over Prior Year	(1.0%)	3.4%	1.6%
HB 5001/HB 5002 Amendments	(2.6)	29.1	54.5
SB 29/SB 30 Amendments	<u>0.4</u>	<u>(12.9)</u>	<u>(74.0)</u>
Difference	<b>(3.0)</b>	<b>42.0</b>	<b>128.5</b>

- House and Senate are net \$170.5 million apart in K-12 for the biennium.

## Direct Aid

(GF \$ in millions)	Gov.	House	Senate
Re-benchmarking	\$481.0	\$481.0	\$481.0
State's Share of 2% Compensation Increase Gov: December 1, 2019, House: July 1, 2019	51.3	87.7	0.0
Expand At-Risk Add-On Range to 14.0%	7.1	0.0	7.1
Lottery Per Pupil Amount		91.5	0.0
FY 2019 "No Loss" Funding (Compared to SB 29, as Introduced)	11.5	0.0	0.0
Extended Enrollment Loss Funding		6.1	5.0
State's Share for Full-Time Principal in Small Elementary Schools	7.7	0.0	0.0
Extend FY18 Governor's School Funding Policy (2.5% PP, \$50/course)	2.6	0.0	2.6
Positive Behavior Intervention & Support (PBIS) (Base is \$1.1M/yr.)	1.0	1.0	0.0
Establish New Fund for Principal Recruitment & Retention	1.0	0.0	0.6
New Cyber Security Two-Week Career Exploration/Skills Programs	1.0	0.0	0.0

## Other Savings in Direct Aid Items

(GF \$ in millions)	Gov.	House	Senate
Technical Updates		(\$4.2)	(\$4.2)
Adjust Lottery Proceeds Forecast	(80.4)	(97.9)	(97.9)
Remove Local School Board Member Costs from SOQ			(5.0)
Update School Breakfast Reimbursement Incentive Base Year			(4.5)
Continue Phased Elimination of Project Graduation			(2.1)
Praxis Assistance for Provisionally Licensed Teachers	0.1	0.1	0.0



## Other Spending in Direct Aid

(GF \$ in millions)	Gov.	House	Senate
Replicate Teacher Residency Models			\$1.5
Regional Career & Technical Education Centers			1.4
Project Discovery (from \$662,000 to \$962,000 per year)	0.2	0.0	0.6
New Career & Technical Education Innovation School			0.5
Virginia Reading Corps (Literacy Lab)	0.3	0.3	0.3
H.S.Apprenticeship Program (Richmond City)			0.3
Early Childhood STEM Teacher Training (Wolf Trap)			0.3
STEM Teachers Recruitment Incentives			0.2
District Choice Assessments Pilot (11 <sup>th</sup> Grade)			0.1
Vision Screening		0.8	
Power Scholars YMCA Summer Academies		0.5	
CodeRVA High School (VPSA technology grant bond proceeds)		Language	

# Actions Related to Early Childhood

	Gov.	House	Senate
Kindergarten Readiness	\$275,000/year	\$275,000/year	\$275,000/year
DOE/UVA – Kindergarten Readiness		\$275,000/year	
DOE to Develop a Plan		\$75,000 in FY 19	
Classroom Observations		\$350,000/year	\$250,000/year
S: Per Pupil Amount for Curriculum/Prof. Dev.			\$4.6 million/year
H: UVA CASTL for Professional Development		\$300,000 in FY 19 \$700,000 in FY 20	
Adjust VPI Non-participation Rate		(\$245,000/year)	
Local Match			Language
Teacher Qualifications			Language
Joint Subcommittee on VPI			Language
Workgroup on Integrated Fund			Language
Prioritize Richmond for Mixed Delivery Grant		Language	
Use of VPI Balances for One-Time Wait Lists Slots		Language	

# Department of Education

(GF \$)	Gov.	House	Senate
Automate Teacher Licensure Process	\$1,105,000	\$0	\$1,030,000
Align Office of Student Services Funding - to Ensure Federal IDEA Grant Compliance	1,004,335	0	1,004,335
eMedia Statewide Digital Content	400,000	0	400,000*
School Performance Report Card	300,000	0	300,000
Teacher Misconduct Clearinghouse Subscription	156,168	156,168	186,168
Tiered System of Support Training and Technical Assistance		500,000	
Environmental Education	500,000	0	0
Advisory Council for Digital Citizenship, Etc.	150,000	0	0
<i>*Shifts half from second year to first year.</i>			

## Department of Education (continued)

---

### **Senate:**

- Adds \$300,000 GF each year related to Social Studies.
- Adds \$290,000 GF each year for additional multi-sensory literacy (dyslexia) training for teachers.
- Directs DOE to develop and administer a School Personnel Survey within existing resources.
- Directs DOE to evaluate options for student growth models and report to the Commission on Elementary and Secondary Education.

### **House:**

- Directs Communities in Schools organization to assist Community School organization.

### **Legislative**

#### **Senate:**

- Provides annual funding of \$300,000 per year for the legislative Commission on Elementary and Secondary Education (Item 30.10).
- Directs the Commission to develop, over two years, a plan related to small school divisions consolidating, jointly operating, contracting or otherwise sharing services.

# Other Education

---

	Gov.	House	Senate
Library Aid	\$0	\$0	\$750,000
Eastern Shore Library	1,000,000	1,000,000	250,000
Comm. for the Arts	1,500,000	0	250,000
Gunston Hall	0	200,000	0

# Other Education

---

- **Library of Virginia:**
  - Senate: \$1.2 million GF over the biennium to replace outdated electronic records systems.
  - House: Same
- **Jamestown-Yorktown Commemorations:**
  - Senate: \$958,490 GF the first year and \$400,665 GF the second year to maximize 2019 Commemorations programming impact.
  - House: Same
- **Virginia Museum of Fine Arts:**
  - Senate: \$433,061 GF over the biennium for renovated Robinson House O&M.
  - House: Same

# Retirement

# Virginia Retirement System

---

- Both fully fund the VRS Board approved rates.
- House:
  - Authorizes the VRS to adjust the contribution rate charged for university employees in positions that were transitioned from the Defined Benefit VRS program to an optional Defined Contribution retirement plan in order to recover stranded liabilities.
  - Also directs VRS, Department of Accounts, and the institutions to develop a methodology to identify and report separately personnel services expenditures for university personnel in positions that used to be classified positions but have transitioned to university staff positions.
- Senate: Similar reporting language only.



# Public Safety and Homeland Security

# Department of Corrections

(GF \$ in millions – Biennial Totals)	Governor	House	Senate
Medicaid Expansion	(\$44.1)	(\$38.4)	\$0.0
Inmate Medical Costs	38.3	38.3	32.3
Specialized Mental Health Units	2.9	2.9	2.9
Probation and Parole Officers	2.3	2.3	1.1
Residential Opioid Treatment	0.9	0.9	0.9
Medical/MH Staff for Level I Women	0.5	0.5	0.5
Jail Death Investigator	0.2	0.2	0.1
DMV Connect	0.0	0.0	0.6
Base Operating	0.0	3.0	0.0
Medicaid Enrollment	0.0	0.1	0.0
Corrections Special Reserve Fund	<u>0.4</u>	<u>0.4</u>	<u>0.1</u>
<b>TOTAL</b>	<b>\$1.4</b>	<b>\$10.2</b>	<b>\$38.5</b>

- Both maintain introduced \$3.7 million NGF for inmate medical.
- Senate language: report on inmate healthcare, capital needs, and statewide electronic health records.
- House language: report on reducing SR inmates with serious mental illness who serve the entire sentence in jail, removes expanded capital outlay authority.

# Department of State Police

(GF \$ in millions – Biennial Totals)	Governor	House	Senate
Special Operations Positions	\$2.8	\$2.8	\$2.8
Replacement Helicopters	3.7	1.8	2.9
Operating support for COMLINC	0.7	0.7	0.7
Fusion Center Analysts	0.4	0.4	0.0
Polygraph Quality Control Analysts	0.3	0.3	0.0
Positions for Firearms Background Check Legislation	0.9	0.0	0.0
Aircraft Mechanic	0.0	0.0	0.2
Electronic Summons Pilot	<u>0.0</u>	<u>1.9</u>	<u>0.0</u>
<b>TOTAL</b>	<b>\$8.8</b>	<b>\$7.9</b>	<b>\$6.6</b>

- Both endorse introduced \$4.1 million NGF to enhance Computerized Criminal History System.
- S: provides \$2 million additional NGF for helicopter replacement and background check system upgrade.
- S: Language allows VSP collect \$5 fee per summons; Both: prohibit localities from collecting e-summons fee on state summonses.

## Alcoholic Beverage Control

Operating Budget (NGF \$ in millions – Biennium)	Governor	House	Senate
Cost of Goods Sold	\$75.0	\$75.0	\$75.0
Audit System	2.1	2.1	2.1
Point of Sales System	13.3	13.3	9.7
Email, SharePoint software	1.2	1.2	1.2
Positions for New/High Volume Stores	8.5	8.5	6.7
Convert PT employees to FT	1.5	1.5	1.0
Enforcement activities	<u>3.8</u>	<u>1.7</u>	<u>1.7</u>
<b>TOTAL</b>	<b>\$105.5</b>	<b>\$103.3</b>	<b>\$97.4</b>

- House language: pilot program to evaluate value of installing ATMs in stores.

Part 3 GF Transfers (NGF \$ in millions – Biennium)	Governor	House	Senate
Net Profit Transfers to GF	\$225.3	\$225.3	\$231.2

# Other Public Safety

(GF \$ in millions – Biennial Totals)		Gov.	House	Senate
Secretary	COMLINC Assessment	\$1.0	\$0.1	\$0.0
DFS	Positions and Equipment, DNA Databank	2.2	2.7	2.3
VDEM	Emergency Training, Federal Grant Coordinator Position, Vehicle Replacement	3.1	1.1	0.0
DMA	Emergency Coordinator, Emergency Response Specialist, IT Officer, Cyber Security Assessments	0.6	0.4	0.2
DCJS	“HB599,” “Drive to Work,” Post-Critical Incident Grants, Mental Health in Jail Pilot Program	<u>20.4</u>	<u>17.9</u>	<u>13.4</u>
<b>TOTAL</b>		<b>\$27.3</b>	<b>\$22.2</b>	<b>\$15.9</b>

- DJJ House language: links transformation plan to proposed capital project at Beaumont.

# Veterans and Defense Affairs

# Overview of Veterans & Defense Affairs

- Senate amendments **reduce** proposed new funding for the Office of Veterans and Defense Affairs by \$0.6 million over the biennium.
- House amendments **increase** proposed new funding for the Office of Veterans and Defense Affairs by \$0.1 million over the biennium.
- **Veterans Care Centers** – Both include \$14.4 million NGF over the biennium, and 265.00 positions for operations of four Veterans Care Centers, the majority of which is in the second year.
  - Funding for the two new Centers in Virginia Beach and Fauquier County is being provided through a working capital advance with the expectation that the loan will be repaid from federal Medicaid and Medicare revenues.

GF \$ in millions	Gov.	House	Senate
Secretary Office	\$0.3	\$0.3	\$0.0
Benefit Services	0.5	0.5	0.5
New Positions	0.3	0.4	0.0
Cemetery Ops.	0.3	0.3	0.3
<b>Total</b>	<b>\$1.4</b>	<b>\$1.5</b>	<b>\$0.8</b>

Net difference between two budgets is \$0.7 million.

# Commerce and Trade – Economic Development



# GO Virginia

---

## Senate

- Maintains \$24.5 million GF each year to the Virginia Growth and Opportunity Fund.
- Authorizes the GO Virginia Board to reallocate grant funding to rural regions if demand exceeds grant allocations, limited to \$750,000 total per year.
- Reverses \$637,000 GF for administration; authorizes the Board to reallocate up to that amount from the Fund.
- Reverses \$3.2 million NGF appropriation of unused capacity-building funding from the Fund.
- Accepts Governor's recommendation to override the requirement that no more than 90 percent of monies in the Fund be awarded or allocated in any fiscal year.

## House

- Increases funding by \$15.0 million for the biennium.
- Permits waiver of local match on regional capacity building funds.
- Directs the Board to form an advisory group to create "Interns for Virginia" Program; funding would come from per capita grant allocations.
- Requires the Board and Secretary of Commerce and Trade to convene a workgroup to provide guidance on a statewide broadband policy framework.
- Authorizes the Board to reallocate grant funding to rural regions up to \$1.0 million total per year.
- Maintains requirement that no more than 90 percent of monies in the Fund be awarded per year.

# Commerce and Trade

GF Actions for the 2018-20 Biennium (\$ in millions)	Gov.	House	Senate
Chief Broadband Advisor & Transfer 1 FTE from Secretary of Technology	\$0	\$0.7	\$0
Transfers CIT to Commerce and Trade	0	21.1	0
Virginia Jobs Investment Program	0	(3.0)	(4.5)
Transfer SBIGF and SBJGF (Senate Increases \$325,000 GF)	0	1.6	1.9
Economic Development Incentives / VEDIG Grant Authorization			<i>Language</i>
Virginia-Israel Advisory Board (VEDP to Provide Staff)	0	0	(0.2)
Custom Workforce Recruitment and Training Incentive Program	7.5	7.5	6.4
VEDP Marketing	0.4	5.4	1.5
Virginia Grocery Investment Fund	7.5	0	2.5
GO Virginia (H: Increases Growth and Opportunity Fund / S: Reduces Administration)	1.3	16.3	0
Enterprise Zone Program	0	0	1.4
Broadband (H: Language)	\$2.0	\$2.0	\$6.0

# Commerce and Trade (continued)

GF Actions for the 2018-20 Biennium (\$ in millions)	Gov.	House	Senate
Building Collab. Communities; Entrepreneurial Economies (S: Language)	(\$1.3)	(\$1.3)	(\$1.3)
Solar/Energy Development Incentives	2.2	0	0
Energy Storage Capacity Study	0	0.1	0
Department of Small Business and Supplier Diversity	0	(8.0)	(1.6)
Fort Monroe Authority	1.3	1.3	1.6
VEDP Advisory Board Language		<i>Language</i>	
VEC:TEEOP Priority for Medicaid Enrollees		<i>Language</i>	
Spearhead Trails	0	0.5	0.1
Coalfield Regional Tourism Authority	0	0.2	0
Williamsburg Area Marketing Destination Committee	0	0	0.1
Richmond Raceway Tourism Initiative	0.3	0	0.3
<b>Total (excluding transfers between agencies)</b>	<b>\$7.9</b>	<b>\$16.5</b>	<b>\$0.8</b>

# Agriculture and Forestry

# Overview of Agriculture & Forestry

- **Senate** actions reduce the new biennial GF spending by \$0.2 million.
- **House** actions increase new biennial spending by \$0.7 million.
- **Food Safety Programs** – Both retain language directing VDACS and VDH to assess the long-term funding and fee structures of the food safety and restaurant inspection programs, including the consolidation of the two programs under one agency.

GF \$ in millions	Gov.	House	Senate
Secretary Office	\$0.2	\$0.2	\$0.0
Nat. Res. Lead. Inst.	0.0	0.2	0.0
Beehive Grant Fund	0.0	0.3	0.0
Nursery Capacity	0.2	0.2	0.0
Reforestation	0.0	0.2	0.2

Net difference between two budgets is \$0.9 million GF.

# Natural Resources

# Overview of Natural Resources

- Both bodies retain the statutory deposit to the WQIF of \$22.5 million GF.
  - Senate provides \$2.6 million GF per year dedicated to the WQIF Reserve Fund by increasing the annual transfer of marine fuels sales taxes to \$10.0 million.
- Both include offsetting reductions to land acquisition programs in order to account for recent settlements.
  - Senate reductions to the Virginia Outdoors Foundation (VOF) and the Virginia Land Conservation Foundation (VLCF) total \$10 million GF.
  - House reductions to VLCF total \$4.5 million GF.
- Both retain all amendments to reflect the impact on state agencies resulting from the recent DuPont and Surry-Skiffe's Creek settlement agreements.

GF \$ in millions	Gov.	House	Senate
WQIF Reserve	\$0.0	\$0.0	\$5.2
Va. Outdoors Found.	4.0	4.0	0.0
Va. Land Conservation Found.	9.0	4.5	3.0
State Park WiFi	0.5	0.0	0.0
Open New Parks	0.0	0.0	1.9
Dam Repair	0.0	0.5	0.0
DEQ Initiatives	0.0	0.8	0.0
VMRC	0.2	1.0	2.1

Net difference between two budgets is \$1.5 million GF.

# Overview of Natural Resources

---

- **Water Quality Improvement Fund** – Both include \$22.5 million GF in FY 19 based on the FY 17 revenue surplus and unexpended balances. Funding is distributed to the WQIF Reserve Fund, the Natural Resources Commitment Fund, and the Soil & Water Conservation Districts for the continued implementation of agricultural best management practices, technical assistance, and the Conservation Reserve Enhancement Program.
- **Game Protection Fund** – Both reverse the increased transfer of watercraft sales tax revenues from the General Fund to the Department of Game & Inland Fisheries by \$1.6 million in the current year (SB 29).
- House redirects \$1.35 million NGF each year from the Game Protection Fund, representing the revenues assumed to be generated from the sale of watercraft and fishing supplies to the Virginia Marine Resources Commission.



# Natural Resources Capital Outlay

GF \$ in millions	Gov.	House	Senate
Alexandria CSO	\$20.0	\$0.0	\$0.0
Stormwater Local Asst.	0.0	0.0	20.0
DGIF	19.4	19.4	19.4
Natural Area Preserves	3.6	3.6	3.6
York River State Park	1.5	1.5	1.5
Park Infrastructure	4.0	4.0	0.0
CCC Cabins	7.5	7.5	7.5
<b>Total</b>	<b>\$56.0</b>	<b>\$36.0</b>	<b>\$52.0</b>

# Transportation

# Department of Motor Vehicles

---

- **Driver's License Fees** – House doubles the fee charged on vehicle titles – from \$10 to \$20 – generating \$52 million NGF over the biennium.
- Senate actions generate approximately \$1.1 million NGF per year for DMV.
  - Imposes a \$6 processing fee on vital records, generating \$0.8 million NGF.
  - Provides \$0.6 million to DOC for reimbursement of credential costs.
- **REAL ID Compliance** – Senate reduces the proposed line of credit, beginning in FY 18, to \$10.5 million to cover the assumed costs and increased workloads associated with federal compliance. House keeps line of credit at \$20.7 million and adds reporting requirements.
  - **Both** reduce proposed new staff by one-third to 57.0 FTE at statewide DMV.
  - **Both** authorize a one-time \$10 surcharge on customers choosing to purchase compliant credentials.
- **Both** authorize DMV to investigate privatization of adult driving tests and include language to allow the sharing of gas tax information with regional transportation authorities.

# Mass Transit Programs

---

- Both remove language within the Department of Rail & Public Transportation to authorize the issuance of \$110.0 million in transit capital bonds.
  - House includes language directing DRPT and Treasury to examine the creation of a MELP program for bus purchases.
- Both remove proposed authorization of additional regional taxes.
- House includes separate line-item amendments to allocate funding for transit providers consistent with House WMATA proposal.
  - SB 856 contains similar provisions, Senate does not include in budget.
- House includes language directing a prioritization methodology for transit capital and operating needs.
  - House requires all transit agencies in urbanized areas of 50,000 with bus fleets in excess of 20 vehicles develop a strategic plan as a condition of receipt of state funding.

# Department of Transportation

---

- House VDOT language amendments include:
  - Expanding the prohibition on Project Labor Agreements to P3 projects which are currently exempt in the *Code*;
  - Reviewing I-81 project prioritization and potential for toll financing, similar to SB 971;
  - Directing VDOT to reevaluate the tolling algorithm used in I-66 to lower both rates and speeds;
  - Directing VDOT impose “reverse-commute” tolls on I-66 “Inside the Beltway; and
  - Directing Virginia Beach to use \$3.0 million in local maintenance allocations for construction of a sound wall.
- Senate VDOT language amendments include:
  - Providing \$1.5 million NGF to match USACE funding for the Chincoteague Island Study;
  - Correcting an erroneous interpretation of statutory payments to Arlington and Henrico counties;
  - Directing a review of costs and financing approaches for special and unique structures;
  - Directing an assessment on potential improvements to the American Legion Bridge in coordination with Maryland; and
  - Requiring any toll proceeds or concession payments from actively managed lanes in Hampton Roads be used to reduce Hampton Roads Transportation Accountability Commission contributions to Hampton Roads Bridge Tunnel.

# Virginia Port Authority

---

- **Hampton Roads Harbor Improvements** – Senate authorizes use of \$20.0 million in CTF revenues freed-up from a cash for debt swap from existing highway projects to advance the planning and preliminary engineering for widening and dredging the Norfolk Harbor Channel to 55' and the Southern Branch of the Elizabeth River to 45'.
  - House provides an additional \$330 million in general fund supported bond proceeds for the full funding of the Port Harbor Widening and Deepening project.
- **Economic Development Zone Grant Program** – Both authorize up to \$2.0 million in each year from the Commonwealth Development Opportunity Fund to provide grants to qualified companies that expand shipments through the Port.
- Senate removes a proposed additional 21.0 FTE for Port operations.

# Port of Virginia Capital Projects

---

GF \$ in millions	Gov.	House	Senate
Harbor Widening	\$20.0	\$350.0	\$20.0
APM Terminal Equipment	67.0	67.0	67.0
Cargo Handling	24.0	24.0	24.0
Portsmouth Yard Expansion	24.0	24.0	24.0
VIG Terminal Capital Lease	12.0	12.0	12.0
Maintenance Reserve	6.0	6.0	6.0
<b>Total</b>	<b>\$153.0</b>	<b>\$483.0</b>	<b>\$153.0</b>

# General Government



# General Government

---

## Technology

- Eliminates funding for the Secretary of Technology of \$0.6 million and 5.0 FTE and Senate redirects a portion of the funding -- \$0.2 million and 1.0 FTE to establish the Chief Data Officer within the Secretariat of Administration.
  - The House amendments transfer all Technology personnel, resources and responsibilities from the Office of Technology to the Secretariats of Administration and Commerce & Trade.
  - Intent of Senate amendments is to reassign the Innovation and Entrepreneurship Investment Authority to the Secretary of Commerce and Trade and the Virginia Information Technologies Agency to the Secretary of Administration.
- Both include \$2.25 million GF in FY 2018 for repayment of a Working Capital Advance for the Virginia Enterprise Applications Program.
- **IT Disentanglement** – Both include actions to provide requisite funding for the transition to the new IT services provisioning environment.
  - Approximately \$5.4 million NGF over the biennium for direct expenses including consulting and legal services.
  - An increase of \$20 million in the VITA line of credit, to a total of \$95 million to address anticipated disentanglement costs from the current vendor.

## General Government – Employee Compensation

GF \$ in millions	Gov.	House	Senate
2% increase for state employees and state-supported local employees, effective December 1, 2019	\$ 49.4	\$ -	\$ -
Compensation language - Directs Governor to include funding for 2% raise for state employees, state-supported local employees and teachers, effective July 1, 2019	\$ -	\$ -	<i>Language</i>
\$1,000 increase in deputy sheriffs' salaries in localities w/ primary law enforcement authority, effective February 1, 2019	\$ -	\$ 4.5	\$ -
Targeted increase for select DBHDS employees	\$ -	\$ 17.3	\$ -
2% increase for state employees and state-supported local employees, effective July 1, 2019	\$ -	\$ 86.4	\$ -
Targeted increase for Virginia Marine Police	\$ -	\$ 0.5	\$ -
Targeted increase for Correctional Officers	\$ -	\$ 12.9	\$ -
1% merit based salary adjustment for state employees, except for faculty at institutions of higher education, effective June 10, 2019	\$ -	\$ 24.6	\$ -
SOQ funded positions (in Direct Aid)	\$ 51.1	\$ 87.5	\$ -
State assumes cost of employee healthcare premium increases	\$ 13.8	\$ -	\$ 13.8
<b>Totals</b>	<b>\$ 114.3</b>	<b>\$ 233.7</b>	<b>\$ 13.8</b>

## General Government – Legislative Agencies

GF \$ in millions	Gov.	House	Senate
<b>General Assembly</b>			
Sexual Harassment Training	\$ -	\$ -	\$ 0.1
General Assembly Operations	\$ -	\$ 3.8	\$ 4.9
Henrietta Lacks	\$ -	\$ >0.0	\$ -
<b>Division of Capitol Police</b>			
Security Enhancements	\$ -	\$ 0.6	\$ 0.4
<b>Joint Legislative Automated Systems</b>			
DLAS - Replace bill tracking system	\$ -	\$ -	\$ 5.2
<b>Joint Legislative Audit and Review Commission</b>			
Contracts and Rent Increase	\$ -	\$ 0.8	\$ 0.7
JLARC Review of Prepaid 529 Program	\$ -	<i>Language</i>	\$ -
VCSP - Independent Investment Review	\$ -	<i>Language</i>	\$ -

# General Government – Judicial

GF \$ in millions	Gov.	House	Senate
<b>Supreme Court</b>			
Funding for Additional Drug Court Dockets	\$ 0.8	\$ 0.8	\$ 0.2
Electronic case filing system	\$ -	<i>Language</i>	\$ -
Funding for Additional Mental Health Dockets	\$ 1.0	\$ 1.0	\$ 0.5
Funding for Criminal Fund Waivers	\$ -	\$ -	\$ 1.1
<b>Circuit Courts</b>			
Courts Information Technology Systems Changes (SB 1044, 2017 Session)	\$ -	\$ -	\$ 0.2
Circuit Court Vacancies	\$ 0.6	\$ 0.6	\$ 0.6
<b>General District Courts</b>			
General District Court Vacancies	\$ -	\$ 2.1	\$ -
<b>Juvenile &amp; Domestic Relations District Courts</b>			
J&DR Court Vacancies	\$ -	\$ (0.5)	\$ -

# General Government – Administration

GF \$ in millions	Gov.	House	Senate
<b>Secretary of Administration</b>			
Establish Chief Data Officer (CDO) Position	\$ -	\$ -	\$ 0.4
Division of Selected Agency Support - Administration of incentives programs	\$ -	\$ 0.1	\$ -
Small Business and Supplier Diversity	\$ -	\$ 6.4	\$ -
Technology Functions to Administration Secretariat	\$ -	\$ 0.7	\$ -
Move VITA to Administration Secretariat	\$ -	\$ 0.9	\$ -
<b>Compensation Board</b>			
Funding for Victim Notification System (SAVIN) Enhancements	\$ -	\$ -	\$ 0.4
Full-time Deputy Commissioner of the Revenue Position (Craig County)	\$ -	\$ -	\$ >0.0
Multi-Jurisdictional Assistant Commonwealth's Attorney Positions - Ins. Fraud Fund (NGF) \$200,000 each year	\$ -	\$ -	\$ -
Body-Worn Cameras and Additional Assistant Commonwealth's Attorneys	\$ -	\$ -	<i>Language</i>
Operating Funding for Circuit Court Clerks Offices	\$ 0.5	\$ -	\$ 0.5
Streamline Medicaid Enrollment Process	\$ -	\$ >0.0	\$ -

## General Government – Administration (cont'd)

GF \$ in millions	Gov.	House	Senate
<b>Department of General Services</b>			
Phase II Site Assessment for the Central Virginia Training Center	\$ -	\$ -	\$ 0.6
O & M Carillon	\$ -	\$ 0.2	\$ -
<b>Department of Human Resource Management</b>			
Implement Shared Savings Incentive Program	\$ -		<i>Language</i>
Pilot Program to Monitor Contractors Productivity	\$ -	<i>Language</i>	\$ -
<b>Administration of Health Insurance</b>			
Autism Spectrum Disorder Coverage	\$ -	\$ -	<i>Language</i>
Implement Shared-Savings Incentive Program	\$ -	<i>Language</i>	
<b>Department of Elections</b>			
Funding for Call Center	\$ 0.2	\$ 0.2	\$ -
Help America Vote Act (HAVA) Backfill (12.0 FTEs)	\$ 10.4	\$ 10.4	\$ 7.1
Funding to Advertise Constitutional Amendments	\$ -	\$ 0.3	\$ -

# General Government – Finance

GF \$ in millions	Gov.	House	Senate
<b>Secretary of Finance</b>			
Additional Funding for Base Operating Expenses	\$ 0.3	\$ 0.3	\$ -
<b>Department of Accounts Transfer Payments</b>	\$ -		
Revenue Cash Reserve (Phase-In)	\$ 270.7	\$ 91.0	\$ 180.0
<b>Department of Taxation</b>			
Accelerated Sales Tax Workgroup (language)	\$ -	\$ -	<i>Language</i>
Cloud Based File Image Storage Solution	\$ 0.6	\$ 0.6	\$ -
Identity and Access Management Program	\$ 1.1	\$ 1.1	\$ 0.2
Fee exemption for local assessing officers for advisory opinion concerning BPOL	\$ -	<i>Language</i>	\$ -
TAX auditors (4.0) for audit initiative	\$ -	\$ 0.5	\$ -
TAX audit process	\$ -	<i>Language</i>	\$ -
<b>Department of the Treasury</b>			
Relief for Robert Paul Davis	\$ 0.6	\$ 0.6	\$ -
Relief for Norfolk Four	\$ -	\$ 3.5	\$ 1.8
Funding for Accounting and Trust Services Unit Position	\$ 0.2	\$ 0.2	\$ -
<b>Treasury Board</b>			
Henry County Jail Project (25 percent state share, bonds)	\$ -	<i>Bonds</i>	<i>Bonds</i>

# Capital Outlay



# Capital Outlay Funding – HB 5002 / SB 30

Fund Type (\$ in millions)	Gov.	House	Senate
General Fund Cash	\$15.0	\$0.0	\$10.0
VPBA/VCBA Bonds	453.7	993.6	697.9
9(c) Revenue Bonds	21.0	21.0	21.0
9(d) Revenue Bonds	260.7	185.2	262.2
Nongeneral Fund Cash	<u>223.6</u>	<u>237.3</u>	<u>237.4</u>
<b>Total</b>	<b>\$974.0</b>	<b>\$1,437.1</b>	<b>\$1,228.5</b>

- Senate plans the Port dredging project at \$20.0 million; House provides \$350.0 million for the entire project.
- Senate provides funding for two juvenile justice facilities (one 60-bed facility at Isle of Wight and one 96-bed facility at Bon Air); House provides funding for one 156-bed juvenile justice facility at Beaumont.
- Both Senate and House budgets remove the \$20.0 million for the Combined Sewer Overflow Matching Fund for Alexandria.
- Both Senate and House budgets appropriate funding for the ABC warehouse and administrative offices.
- Both Senate and House budgets fund a new DMA army aviation support facility.
- Both Senate and House budgets plan for a new/renovated Central State Hospital.
- Both Senate and House budgets provide funding for Jamestown Ships/Pier.