

# Overview of Proposed Budgets

SB 29 (Amendments to 2018-20 Budget)

SB 30 (2020-22 Biennial Budget)

January 14, 2020

# Presentation Outline

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Overview/  
Resources

Economic  
Development



Higher  
Education &  
Other Ed.

K-12



Health &  
Human Res.



Public Safety  
& Veterans

Natural  
Resources/  
Ag. & Forestry



Transportation

General  
Gov't



Capital  
Outlay

# Overview/Resources

# Proposed Budgets for FY 2020 & 2020-22 Biennium

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## Two Budget Bills:

- SB 29: “Caboose Bill” – Amendments to the current 2018-20 biennial budget (Chapter 854).
  - Reflects FY 2019 revenue surplus and adjustments to the revenue forecast for FY 2020, based on the fall forecasting process.
  - Effective when signed by Governor.
- SB 30: 2020-22 Biennial Budget – Addresses additional spending requirements for the next two years.
  - Goes into effect on July 1, 2020.

# Key Themes in Proposed Spending

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- Improving and maintaining cash liquidity: deposits to the Rainy Day Fund and Revenue Cash Reserve.
- Updates to K-12 education for Standards of Quality re-benchmarking and enrollment increases.
- New investments in education: school counselors, early childhood education, teacher salaries and community college affordability (“G3”).
- Updates to Medicaid utilization/inflation and investments in community-based behavioral health services.
- Significant investments in water quality, land conservation, and affordable housing.
- Savings from new NGF taxes to offset general fund expenses.

# SB 29: Caboose Bill

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- Additional GF resources of \$461.4 million.
  - \$147.8 million upward revision to the FY 2020 general fund revenue forecast.
  - Increases in sales and withholding income tax revenue forecasts are partially offset by reductions in corporate income and individual nonwithholding.
  - Includes a positive net balance adjustment of \$282.7 million.
  - Net GF transfers are increased \$30.9 million.
- Net spending reductions total \$94.0 million.
- Combined with \$7.6 million unappropriated balance in Chapter 854, \$563.0 million is available for use in the 2020-22 biennium.

# GF Resource Changes in SB 29

(\$ in millions)	Chapter 854	Revised	Change
Unreserved Balance	\$ 229.9	\$2,160.5	\$ 1,930.6
Additions to Balance	336.2	(1,311.7)	(1,647.9)
Revenue Forecast	21,556.7	21,704.5	147.8
Transfers	<u>635.8</u>	<u>666.7</u>	<u>30.9</u>
Additional GF Resources	\$22,758.6	\$23,220.0	\$461.4
Unappropriated Balance (Ch. 854)			\$7.6
SB 29 Net Spending Reduction			<u>94.0</u>
<b>SB 29 Carry-Forward Balance</b>			<b>\$563.0</b>

# Major GF Spending/Savings in SB 29

Major Proposed GF Spending / Savings (\$ in millions)	FY 2020	
Revenue Cash Reserve*	\$197.1	
K-12 Updates (Enrollment, Lottery Proceeds, Sales Tax, ESL)	46.1	
Legal Costs and Settlements (Depts. of Corrections and Health)	15.0	
Inmate Health Care	11.6	
Housing Trust Fund	7.0	
Other Spending	<u>25.7</u>	
<b>Total Spending</b>		<b>\$302.5</b>
Medicaid Utilization and Inflation	(211.7)	
Revenue Stabilization Fund Deposit	(97.5)	
Debt Service Savings	(11.5)	
Health Care Fund	(44.4)	
Other Savings	<u>(31.4)</u>	
<b>Total Savings</b>		<b>(\$396.5)</b>
<b>Net Spending</b>		<b>(\$94.0)</b>

\*This figure is reduced by \$73.8 million from the amount in SB 29 based on a restatement of the FY 2019 year-end balance.



# SB 30 Revenue Outlook

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- The 2020-22 general fund revenue forecast assumes revenue growth rates of 4.5% for FY 2021 and 3.7% for FY 2022, consistent with the advice of GACRE members.
- Virginia is expected to have slightly softer growth than the nation.
- The forecast continues the “collar” on nonwithholding tax collections, which lowers forecasted revenues by \$227.1 million in FY 2021 and \$235.3 million in FY 2022.
- Proposed policy changes that impact general fund revenues are expected to add \$42.1 million over the biennium.

# Policy Adjustments Assumed in SB 30 GF Revenue Forecast

(\$ in millions)	<u>FY 2021</u>	<u>FY 2022</u>	<u>2020-22</u>
Total General Fund Revenues: GACRE	\$22,650.7	\$23,475.4	\$46,126.1
Interest Earnings Forecast	\$24.0	\$26.3	\$50.3
<u>Revenue Policy Adjustments</u>			
Increase Field Audit Staff / Northern Region	\$3.1	\$5.5	\$8.6
Worker Misclassification Audits	1.7	2.6	4.3
1099K Threshold – Lower to \$600	10.0	20.0	30.0
Bottomlands Permit Fees	<u>(0.4)</u>	<u>(0.4)</u>	<u>(0.8)</u>
Total	\$14.4	\$27.7	\$42.1
<b>Total General Fund Revenues</b>	<b>\$22,689.1</b>	<b>\$23,529.4</b>	<b>\$46,218.5</b>
<b>Total GF Revenue Growth</b>	<b>4.5%</b>	<b>3.7%</b>	

# SB 30 Resources Available for Appropriation

(\$ in millions)	2020-22 Biennium	
Beginning Balance (from SB 29)	\$ 563.0	
Adjustments to Balance	119.6	
Official GF Revenue Estimate	46,218.5	
Transfers	<u>1,315.4</u>	
<b>GF Resources Available for Appropriation</b>		<b>\$48,216.5</b>
Chapter 854 Base Budget	\$45,495.6	
Proposed Operating Spending	2,684.3	
Proposed Capital Outlay Spending	<u>23.0</u>	
<b>Total Proposed GF Spending</b>		<b><u>\$48,202.8</u></b>
<b>Unappropriated Balance</b>		<b>\$13.7</b>

# Proposed NGF Tax Policy Changes

- Includes \$497.0 million in new nongeneral fund revenues that, if adopted, free up a like amount of general fund resources for appropriation.

(\$ in millions)	<u>FY 2021</u>	<u>FY 2022</u>	<u>2020-22</u>
Cigarette Tax Increase	\$99.1	\$108.2	\$207.3
Other Tobacco Tax Increase	20.1	22.6	42.7
Net Terminal Tax on Games of Skill	50.0	75.0	125.0
Reduce GF Recordation Tax Transfers to Transportation	<u>61.0</u>	<u>61.0</u>	<u>122.0</u>
<b>Total</b>	<b>\$230.2</b>	<b>\$266.8</b>	<b>\$497.0</b>

# Major GF Spending/Savings in SB 30

Major Proposed GF Spending / Savings (\$ in millions)	FY 2020-22	
Update Costs of K-12 Standards of Quality	\$851.8	
Medicaid Utilization and Inflation	675.0	
Revenue Cash Reserve and Rainy Day Fund	394.9	
Uncommitted Economic Contingency	200.0	
Debt Service	171.7	
Reinsurance Program for Individual Insurance Market	146.0	
K-12: 3% FY22 Salary Increase for Teachers	145.1	
Community College ("G3" Initiative)	145.1	
All Other Spending	<u>2,018.2</u>	
<b>Total Spending</b>		<b>\$4,747.8</b>
Health Care Fund (Net of Tobacco Tax Revenue)	(223.4)	
Transportation (Supplant with NGF Revenue)	(122.0)	
VITA IT Savings in State Agencies	(102.9)	
Training Center Savings	(44.1)	
Capture Pre-K Nonparticipation (20% rate)	(43.3)	
All Other Savings	<u>(184.5)</u>	
<b>Total Savings</b>		<b>(\$720.2)</b>
<b>Net Spending/Savings Adjustments</b>		<b>\$4,027.6</b>

# Commerce and Trade – Economic Development

# Overview of SB 29 - Commerce and Trade

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## Caboose Bill

- **Virginia Economic Development Incentive Grant Program.** Appropriates \$1.0 million NGF from funds previously appropriated from the general fund.
- **Commonwealth's Development Opportunity Fund.** Includes a \$10.0 million NGF transfer to the Commonwealth's Development Opportunity Fund from the Virginia Research Investment Fund. This amount represents a portion of the proceeds from the sale of the CIT building.
- **Major Headquarters Workforce Grant Fund.** Removes language directing that the first \$40.0 million of sales and use taxes remitted by online retailers with a physical presence in Virginia since 2012 be deposited to the Fund to support anticipated grant payments to Amazon (impacts FY 2020 only).
- **Housing Trust Fund.** Proposes an additional \$7.0 million GF deposit to the Housing Trust Fund in the second year, increasing the annual appropriation to \$14.0 million GF for FY 2020.

# Overview of SB 30 - Commerce and Trade

- Net increase of \$74.8 million GF the first year and \$64.3 million GF the second year.

(\$ in millions)	FY 2021		FY 2022	
	GF	NGF	GF	NGF
2018-20 Base Budget, Ch. 854	\$302.3	\$697.8	\$302.3	\$691.8
Proposed Increases	126.1	44.3	135.9	42.3
Proposed Decreases	<u>(51.4)</u>	<u>(5.1)</u>	<u>(71.6)</u>	<u>(8.7)</u>
\$ Net Change	74.8	39.1	64.3	33.5
<b>HB/SB 30, as Introduced</b>	<b>\$377.1</b>	<b>\$730.9</b>	<b>\$366.6</b>	<b>\$725.4</b>
% Change	24.7%	5.7%	21.3%	4.9%



# Economic Development Incentive Payments

(\$ in millions)	FY 2021	FY 2022	Biennium
Commonwealth's Development Opportunity Fund	\$19.8	\$19.8	\$39.5
Virginia Investment Partnership Grant Fund	5.2	5.0	10.2
Motion Picture Opportunity Fund	6.5	6.5	13.0
Rolls-Royce	3.0	3.0	6.0
Virginia Economic Development Incentive Grant	1.0	1.0	2.0
Virginia Jobs Investment Program (VJIP)	4.7	4.7	9.3
VEDP Marketing and Trade Missions	0.5	0.5	1.0
Micron	20.0	0.0	20.0
Newport News Shipbuilding	8.0	8.0	16.0
Amazon Web Services	5.3	2.9	8.2
Truck Manufacturing Grant Fund*	2.0	2.0	4.0
Pharmaceutical Manufacturing Grant Fund*	3.2	3.0	6.2
Advanced Production Grant Fund*	0.0	0.5	0.5
<b>Total</b>	<b>\$79.2</b>	<b>\$56.8</b>	<b>\$136.0</b>

\* Endorsed by the MEI Commission. Legislation to be introduced.

# Economic Development Partnership Authority

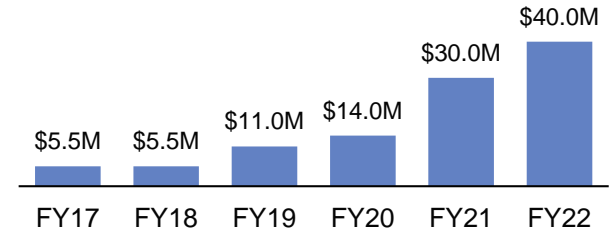
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- **Custom Workforce Incentive Program.** Proposes an increase from \$5.0 million GF to \$9.7 million GF in the second year.
  - Established in the 2018 appropriation act, the incentive is intended to provide training and recruitment services to select companies locating or expanding in the Commonwealth.
- **Business Ready Sites.** Recommends an additional \$2.0 million GF the first year and \$3.0 million GF the second year to expand funding for grants used to characterize, inventory and develop sites.
- **Business Ready Sites (language).** Removes language allowing grants for sites of at least 25 acres, rather than 100 acres as specified in Code, and removes language requiring that the Commonwealth be reimbursed at the time the property is sold or leased when funding is used to develop sites owned exclusively by private interests.

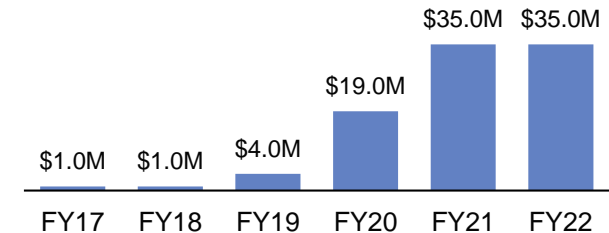
# Housing and Community Development

- Recommends increasing deposits to the Housing Trust Fund by \$56.0 million GF over the biennium, bringing the total appropriation to \$30.0 million in FY 2021 and \$40.0 million in FY 2022.
  - In addition, SB 29 proposes an increase in FY 2020 from \$7.0 million to \$14.0 million.
- Proposes increasing general fund support for the Virginia Telecommunications Initiative (broadband) by \$16.0 million GF each year, bringing the total to \$35.0 million each year.

Housing Trust Fund



Broadband



# Housing and Community Development (cont.)

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- Recommends new spending of \$3.3 million GF each year and two positions to establish an eviction prevention and diversion pilot program.
- Proposes new spending of \$1.0 million GF the first year and \$2.0 million GF the second year to support planning and capital campaign efforts to help secure federal, local, and private funding to build, rehabilitate, or repurpose community centers in Accomack County and Northampton County.
- Proposes increasing support for the Southeast Rural Community Assistance Project (SERCAP) by \$600,000 GF each year, bringing the total to \$1.6 million GF each year.
  - SERCAP provides low-income, rural communities with technical assistance and support for water, wastewater and community development projects.

# Virginia Innovation Partnership Authority

- Proposes \$79.1 million GF to create the Virginia Innovation Partnership Authority. Includes funding transferred from other entities (including reductions and increases in existing programs) and proposed funding for new initiatives.

(\$ in millions)	FY 2021	FY 2022	Biennium
Commonwealth Cyber Initiative	\$10.0	\$5.0	\$15.0
Virginia Biosciences Health Research Corporation	3.8	5.0	8.8
Commonwealth Center for Advanced Manufacturing	3.6	3.6	7.3
Commonwealth Growth Accelerator Program	4.0	5.0	9.0
Unmanned Systems	1.0	1.5	2.5
Administrative/Other	3.6	4.0	7.6
Technology Industry Development Services (new)	1.0	3.0	4.0
Regional Innovation Fund (new)	2.0	5.0	7.0
Commonwealth Commercialization Fund (new)	<u>8.0</u>	<u>10.0</u>	<u>18.0</u>
<b>Total</b>	<b>\$36.9</b>	<b>\$42.1</b>	<b>\$79.1</b>

# Other Major Actions in Commerce and Trade

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- Proposes \$1.7 million GF each year for 12 additional occupational safety and health officers and 2 additional labor law enforcement officers at the Department of Labor and Industry.
- Recommends new spending of \$10.0 million GF in FY 2021 to establish a revolving loan fund and loan loss reserve fund intended to incentivize investments in clean energy.
- Includes \$275,000 GF each year to enable the creation of an Office of Offshore Wind within the Division of Energy at the Department of Mines, Minerals and Energy.
- Proposes \$741,130 GF and 7 positions each year to establish and support a statewide unit within the Department of Small Business and Supplier Diversity to strategically source small, woman, and minority-owned (SWaM) participation on large dollar Commonwealth contracts.
- Recommends an increase of \$3.5 million GF each year for the Governor's Motion Picture Opportunity Fund, and proposes language exempting the Motion Picture Production Tax Credit from the requirement that tax credit expiration dates extend no later than June 30, 2022.

# Higher Education & Other Education

# Overview of Higher Education

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- **SB 30:** proposed actions result in a net increase of \$248.8 million over the biennium (another \$125.2 million over the biennium is related to technical adjustments distributing funds from Central Appropriations).
  - \$145.1 million GF for a last-dollar community college new initiative (“G3”);
  - \$45.4 million GF for student need-based financial aid;
  - \$30.4 million for Tech Talent (in Central Appropriations);
  - \$22.0 million GF each for GMU and ODU related to enrollment;
  - \$20.6 million GF for student success items at VSU (\$10.8 million) and NSU (\$9.8 million); &
  - Additional funding for Massey Cancer Center, the Workforce Credential Grant program, Tuition Assistance Grants (TAG), Jefferson Lab, and others.
  - Total above reflects a decrease of \$28.0 million per year due to the elimination of the Higher Education Research Initiative under the Secretary of Education.



# Higher Education: *Student Financial Assistance*

## GF Actions for the 2020-22 Biennium (\$ in millions)

VCCS – New “Last Dollar” “Get Skilled Get a Job Give Back” G3 Initiative	\$72.5	\$72.5
Undergraduate Need-Based Aid (Commonwealth Award and VGAP)	15.1	30.3
Increase Workforce Credential Grant to \$17.5 million/yr.	4.0	4.0
NSU – Va. College Affordability Network – Free tuition, some Room & Bd. for up to 300 local students	3.5	4.9
VSU – Va. College Affordability Network – Free tuition, some Room & Bd. for up to 300 local students	3.8	4.9
Tuition Assistance Grant (TAG) – Increase award to \$4,000; online programs not eligible	3.0	3.0
Military & Survivors Dependents Stipends (≤\$1800 to offset room/board, books and supplies)	<u>0.75</u>	<u>0.75</u>
<b>Subtotal</b>	<b>\$102.7</b>	<b>\$120.3</b>

## Higher Education: E&G (Enrollment, Student Success, Instructional Expansion)

GF Actions for the 2020-22 Biennium (\$ in millions)		
GMU – To Account for Enrollment Growth	\$10.0	\$12.0
ODU – To Account for Enrollment Growth	10.0	12.0
NSU – Information Technology	3.0	2.5
VSU – Data Modernization	1.6	0.1
UVA – Foundation for the Humanities – K-12 curriculum and classroom visits	1.0	1.0
VSU – Student Success Initiatives	1.0	1.2
NSU – Student Success Initiatives	0.8	0.8
VCCS – Hospitality Apprenticeship	0.25	0.25
ODU – Symphony Orchestra Minority Fellowships	0.25	0.25
LU – 2+2 Degree Pathway in Early Childhood Education	<u>0.1</u>	<u>0.1</u>
<b>Subtotal</b>	<b>\$28.1</b>	<b>\$30.2</b>

## Higher Education: *Non-E&G Institution Specific/Research*

GF Actions for the 2020-22 Biennium (\$ in millions)		
Computer Science Degree Production “Tech Talent” (in Central Appropriations)	\$15.2	\$15.2
Increase Massey Cancer Center (VCU) state GF to \$20.0 million/yr.	7.5	7.5
Jefferson Lab – Electron Ion Collider (\$ unallotted until Governor authorizes disbursement)	2.5	2.5
Cooperative Extension State Match (VSU)	1.5	1.5
New Allocation for Research and Programming at Montpelier (JMU)	1.0	1.0
UVA – Increase Support for Focused Ultrasound Cntr. Programs and Research	1.0	1.0
Jefferson Lab – Increase Support for Center for Nuclear Femtography	0.75	0.75
VIMS – Saltwater Fisheries Survey	0.25	0.25
Continue \$4 million/yr. for New HR Biomedical Research Consortium		
Increase VA Biosciences Health Research Corp. to \$5 million in FY 22	0.0	1.25
<b>Subtotal</b>	<b>\$29.7</b>	<b>\$29.7</b>

# Last-Dollar Community College Initiative (“G3”)

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- \$72.5 million GF per year for a new “Get Skilled, Get a Job, Give Back” (G3) initiative, covering tuition, fees, and books for students with a family income less than 400% of the federal poverty limit enrolled in select pathways at community colleges, in high-demand fields.
  - (i) grants up to the last-dollar cost of tuition, mandatory fees, and textbook costs (for up to 150% of required credits),
  - (ii) a student incentive grant up to \$2,500 per year full-time students who are eligible for full Pell grant awards, and
  - (iii) performance payments to institutions when a student incentive grant recipient reaches 30 hours (\$400) and earns a degree (\$500).
- Students must submit the Federal & State Student Financial Aid forms, agree to complete Community Engagement requirements of 2 hours per credit hour, and maintain a required GPA and satisfactory academic progress (federal Higher Education Act), and make reasonable progress towards completion within three years.
- SCHEV and VCCS must work collaboratively to compile annual data on program participation and completion.

# Need-Based Undergraduate Financial Aid

<b>Institution</b> (GF \$ in millions)	<b>FY 2021</b>	<b>FY 2022</b>
Christopher Newport University	\$124,800	\$249,600
College of William & Mary	66,500	133,000
George Mason University	3,472,500	6,944,900
James Madison University	639,700	1,279,400
Longwood University	393,700	787,400
Mary Washington University	235,200	470,300
Norfolk State University	816,100	1,632,200
Old Dominion University	2,668,500	5,337,000
Radford University	1,269,200	2,538,400
University of Virginia	160,200	320,300
UVA at Wise	201,400	402,700
VA Commonwealth University	2,319,200	4,638,400
Virginia Military Institute	13,400	26,700
Virginia State University	738,500	1,477,000
Virginia Tech	811,600	1,632,200
Richard Bland College	77,200	154,300
Virginia Community College System	1,135,500	2,271,000
<b>Total</b>	<b>\$15,143,200</b>	<b>\$30,285,800</b>

# Other Higher Education Actions

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- **Expand Membership in the 4-VA Initiative.** Adds VMI, VCU, and CWM to the “4-VA” public-private partnership. Current named institution members include GMU, JMU, UVA, VT, and ODU. Existing language allows the 4-VA Management Board to expand to additional institutions.
- **UVA-Wise Indirect Costs and Auxiliary Operations.** Exempts UVA-Wise from the requirement to recover the full indirect cost of auxiliary enterprise programs (food services, residential operations, student health services, parking, and athletics) for the 2020-22 biennium.
- **Binding Arbitration.** Allows public institutions of higher education to enter into agreements or contracts with nonprofit organizations that provide funding for research or other mission related activities and require use of binding arbitration or application of the laws of another jurisdiction, upon approval of the Office of the Attorney General.
- **Performance Measure Change.** Suspends development and administration of education-related measures for institutions with Level II restructuring authority (currently ODU, RU, VMI, LU, UMW, CNU, and VCCS). SCHEV recommended this moratorium while SCHEV reviews the performance assessment process going forward for these measures since some have been in place for almost 10 years and are not tied to performance funding. SCHEV also notes that Level III institutions which have more expanding authority do not have a similar requirement.

# SB 30: Other Education

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- **Virginia Commission for the Arts** \$1 million GF each year for additional funding for grants to arts organizations, bringing the annual General Fund amount for the agency to \$1 million (all funds). Existing budget language states that it is the objective of the Commonwealth to fund the Virginia Commission for the Arts at an amount that equals one dollar for each resident of Virginia.

Also recommends \$35,000 GF each year to add a program coordinator, correct salary disparities, address audit concerns, and fund health insurance coverage of the current director.

- **Jamestown Yorktown Foundation** Reducing funding by \$9,102 GF each year for consumer advertising and special exhibition marketing.
- **Jamestown Yorktown Commemorations** Reduces funding by \$5 million from “Historic and Commemoration Attraction Management” associated with 400 year commemorations in 2019.
- **Museum of Natural History.** Includes the Museum’s budget (\$10 million GF and \$54,880 N GF per year, and 47.5 total positions) under the Secretary of Education pursuant to Executive Order 31, signed on May 14, 2019, which transferred administrative authority for the agency from the Secretary of Natural Resources.
- **Science Museum of Virginia** Extends to the Science Museum language already included for the Museum of Fine Arts allowing retail and food items for sale to the public to be exempt from the Virginia Public Procurement Act, however such purchases shall provide for competition where practicable.

# K-12 Education



# Overview of SB 29

## Direct Aid to Public Education

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- Increases GF amount by a net of \$30.8 million while decreasing NGF by \$15.4 million in FY 2020, primarily reflecting increases in projected enrollments and decreases in the Lottery Proceeds Fund.
- Adds \$21.1 million GF for updated fall membership and average daily membership based on a projected increase of 3,502 students compared to the projected 1,248,166 ADM reflected in Chapter 854.
- Adjusts funding to reflect a decrease of \$15.4 million NGF in the revised forecast estimate of \$613.5 million Lottery Proceeds for FY 2020.

# Overview of SB 30

## Direct Aid to Public Education

	FY 2021		FY 2022	
(\$ in millions)	GF	NGF	GF	NGF
<b>Total \$</b>				
<b>Base (FY 20, Ch. 854)</b>	\$6,516.9	\$1,834.7	\$6,516.9	\$1,834.7
<b>Net Change</b>	\$454.6	\$63.0	\$787.5	\$14.5
<b>SB 30, As Proposed</b>	\$6,971.5	\$1,897.7	\$7,304.4	\$1,849.2
<b>% Change, Over Prior Year</b>	7.0%	3.4%	4.8%	-2.6%
<b>\$ Per Pupil</b>				
<b>SB 30, As Proposed</b>	\$5,545	\$1,509	\$5,785	\$1,465
<b>Net Change, Over Prior Year</b>	\$324	\$40	\$240	(\$45)
<b>% Change, Over Prior Year</b>	6.2%	2.7%	4.3%	-3.0%

# 2020 Session Proposed Direct Aid Budget

Major Proposed Actions (GF \$ in millions) *	FY 2021	FY 2022	Total
Rebenchmarking	\$368.6	\$483.2	\$851.8
State's Share of 3% Compensation Increase in FY 2022	0.0	145.1	145.1
Proposed VPI Actions	38.9	54.4	93.3
Fund School Counselors at a Ratio of 1:250	0.0	56.7	56.7
Increase At-Risk Add-On Max. from 16% to 23% and 25%	26.2	26.4	52.6
Fund School Counselors at Ratios of Elementary 1:375, Middle 1:325, High 1:300 (per 2019 legislation)	21.2	21.4	42.6
Fund English as Second Language Instructors at a Ratio of 1:50	13.3	14.3	27.6
Support for Free School Meals	5.3	5.3	10.6
Provide Hold Harmless Funding to Localities	2.6	2.3	4.9
Increase Jobs for Virginia Graduates	1.7	1.7	3.4
Support African American History Education—Black History Museum and Cultural Center	1.2	1.3	2.5
Support Civil War History Education—American Civil War Museum	1.0	1.0	2.0
Increase Support for Communities in Schools	0.8	0.8	1.6
Increase Support for the Great Aspirations Scholarship Program (GRASP)	0.5	0.5	1.0
Support Western Virginia Public Education Consortium	0.1	0.1	0.2
Transfer Virtual Virginia to DOE Central Office	(5.2)	(5.2)	(10.4)
Apply Pre-K Non-participation Rate @ 20%	(21.6)	(21.7)	(43.3)
<b>Total</b>	<b>\$454.6</b>	<b>\$787.6</b>	<b>\$1,242.2</b>

\* Note this does not include the estimated \$125.0 million NGF from Games of Skills revenue proposed as a per pupil allocation to divisions.

# Rebenchmarking Updates

(\$ in millions)	FY 2021	FY 2022	Total
Prevailing Salaries & Other Personnel Related	\$56.4	\$56.9	\$113.3
Non-personal (Textbooks, Transp., Inflation)	173.3	173.2	346.5
Student Enrollment Projections	30.8	43.1	73.9
Health Care Premium	24.8	24.9	49.7
All Other Updates	<u>4.3</u>	<u>8.0</u>	<u>12.3</u>
<b>Subtotal, As of September Updates</b>	<b>\$289.6</b>	<b>\$306.1</b>	<b>\$595.7</b>
Projected Sales Tax and School Aged Population	25.1	36.6	61.7
Local Composite Index	7.3	7.5	14.8
Proj.ADM Based on Fall Membership, Other Updates	27.4	40.7	68.1
VRS, RHCC, GL Rates	32.2	32.4	64.6
Lottery Revenue Forecast	12.7	6.5	19.2
Literary Fund Forecast and Backfill with GF	<u>(25.7)</u>	<u>53.4</u>	<u>27.7</u>
<b>Revised Total</b>	<b>\$368.6</b>	<b>\$483.2</b>	<b>\$851.8</b>

# Lottery Revenue Forecast

Lottery Proceeds (\$ in Millions)		FY 2020	FY 2021	FY 2022
Chp. 854 FY 2020 Lottery Proceeds	\$628.8			
Projected Lottery Proceeds		586.6	616.2	622.3
FY 2019 Residual Profits		<u>26.9</u>		
<b>Total Lottery Proceeds</b>		<b><u>\$613.5</u></b>	<b><u>\$616.2</u></b>	<b><u>\$622.3</u></b>
<b>Net Impact Compared to Chp. 854 FY 2020</b>		<b>(\$15.4)</b>	<b>(\$12.7)</b>	<b>(\$6.5)</b>

- Backfills \$12.7 million GF in FY 2021 and \$6.5 million GF in FY 2022 to offset the estimated decreases in Lottery Proceeds (NGF) compared to Chapter 854 Lottery Proceeds in FY 2020.

# Virginia Preschool Initiative Actions

Proposed Early Childhood Spending (GF \$ in millions)	FY 2021	FY 2022	Total
Increase VPI Per Pupil Amount	\$9.2	\$19.4	\$28.6
Expand Mixed Delivery Preschool Grant and Include At-Risk Three Year-Olds	8.5	8.5	17.0
Increase VPI Class Sizes and Staffing Ratios	6.4	7.1	13.5
Mixed Delivery Preschool Incentive Add-On	5.0	5.0	10.0
Expand VPI to Pilot At-Risk Three Year-Olds	2.8	6.1	8.9
Early Childhood Educator Incentive Program	3.0	5.0	8.0
Reallocation of VPI Slots to Eliminate Wait Lists	<u>4.0</u>	<u>3.3</u>	<u>7.3</u>
<b>Total</b>	<b>\$38.9</b>	<b>\$54.4</b>	<b>\$93.3</b>

- **VPI Per Pupil Amount Rebenchmarking Language.** Requires VDOE to develop and implement a plan to biennially rebenchmark the funded VPI per pupil amount with the introduced 2022-24 biennial budget.

# Department of Education

(GF \$)	FY 2021	FY 2022
Virginia Learner Equitable Access Platform	\$7,131,000	\$6,103,000
Cloud Migration-Executive Order 19	1,400,000	0
VPI CLASS Observations and Professional Development	650,000	650,000
Replace Online Management of Education Grant Awards	600,000	200,000
Transfer Federal Child Care Development Fund Oversight from DSS	400,000	0
Education Equity Summer Institute	135,000	135,000
Staffing in the Office of Teacher Education and Licensure	136,514	136,514
Reduce Funding for Algebra Readiness Diagnostic Test	(200,000)	(200,000)
Reduce Funding for Student Growth Measures	(200,000)	(200,000)
Reduce Funding for Teacher Licensure Application Process	0	(179,500)

# Health and Human Resources



# Overview of SB 29 (Caboose Bill)

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- The introduced budget proposes a net **reduction** of **\$257.8 million GF** in FY 2020 compared to the current budget.
- Most of the reduction – \$211.7 million GF – is the result of a shift in spending between base Medicaid and expansion.
- Includes a reduction of \$44.4 million in Medicaid due to increased revenue to the Virginia Health Care Fund and a \$53.1 million cash balance in the fund from FY 2019.
- Spending of \$12.5 million GF is included for other expenditure forecasts and mandatory needs (children’s health insurance, child welfare, Part C and the DOJ Settlement).
- Additional savings of \$14.5 million GF is reflected due to lower costs for Training Centers, a delay in the expansion of the Virginia Center for Behavioral Rehabilitation and lower caseload for the TANF Unemployed Parent program.
- Trauma Center Fund reflects a net \$13 million GF increase in FY 2020 to fund obligations.

# Overview of HHR in SB 30

(\$ in millions)	FY 2021 GF	FY 2021 NGF	FY 2022 GF	FY 2022 NGF
Base Budget	\$7,073.9	\$13,455.8	\$7,073.9	\$13,455.8
Adjustments to Base	64.1	16.3	64.1	16.3
<b>Adjusted Base Budget</b>	<b>7,138.0</b>	<b>13,472.1</b>	<b>7,138.0</b>	<b>13,472.1</b>
Spending	432.8	1,066.3	869.4	1,817.5
Savings	(123.8)	(121.7)	(152.2)	(317.4)
Net Change	309.0	944.6	717.2	1,500.1
<b>SB 30, as Introduced</b>	<b>\$7,447.0</b>	<b>\$14,416.7</b>	<b>\$7,855.2</b>	<b>\$14,972.2</b>
% Change over Adjusted Base	4.3%	7.1%	10.0%	11.1%
% Change Year Over Year	5.3%	7.1%	5.5%	3.9%

# Summary of Major GF Changes

<b>Major General Fund Increases (\$ in millions)</b>	<b>Biennium</b>	<b>% of Total</b>
Mandatory spending	\$991.6	69%
Other spending	310.6	22%
Technical and base adjustments (central appropriation actions)	128.2	9%
<b>Major General Fund Decreases (\$ in millions)</b>	<b>Biennium</b>	<b>% of Total</b>
Health Care Fund – Cigarette Tax (30 cent increase) Main Driver	(\$223.4)	81%
DOJ Related Training Center Savings	(44.1)	16%
Other Savings Strategies	(8.5)	3%

# Mandatory Spending Increases

Major GF Increases for the 2020-22 Biennium (\$ in millions)	FY 2021	FY 2020	Biennial
Medicaid Utilization and Inflation	\$174.4	\$500.5	\$675.0
Children's Health Insurance Program (caseload and match rate)	61.5	86.9	148.4
STEP-VA Implementation and Medicaid Reimbursable Services	20.2	32.4	52.6
Children's Services Act Expenditure and Caseload Growth	18.1	25.9	44.0
DOJ: Funding for required waiver slots (1,135)	17.0	24.8	41.8
DOJ: Rental Assistance and Quality Assurance and Risk Management	4.1	9.2	13.3
Early Intervention Services – Part C Caseload	2.5	3.9	6.4
Child Welfare Forecast and Full Implementation of Foster Care Bill	3.5	3.5	7.0
SNAP Error Rate Reinvestment	1.9	-	1.9
Local Health Dept. Rent, Drinking Water Match	0.6	0.6	1.2
<b>TOTAL, Mandatory Spending</b>	<b>\$303.8</b>	<b>\$687.7</b>	<b>\$991.6</b>

# Medicaid Forecast

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- The proposed budget includes \$675.0 million GF for the 2020-22 budget to address the cost of health care services under Medicaid.
  - Projected growth is 7.2 percent in FY 2021 and 5.9 percent in FY 2022.
  - Enrollment growth in Base Medicaid was 1.0 percent in FY 2019 and is projected to grow slowly as certain eligibility groups transition to Medicaid Expansion.
  - The main driver of expenditure growth is due to higher rate increases for managed care.
  - Over \$200 million of the projected general fund increase in Medicaid is related to inflation for inpatient hospital services and nursing homes, higher Medicare premiums, higher supplemental hospital payments, and the imposition of the Affordable Care Act insurance tax.

# Dept. of Behavioral Health and Developmental Services

Major GF Increases for the 2020-22 Biennium (\$ in millions)	FY 2021	FY 2020	Biennial
Discharge Assistance Planning	\$7.5	\$12.5	\$20.0
Catawba Hospital – Addition of 56 Beds	9.3	10.4	19.7
Purchase Inpatient Services for Children	6.3	8.4	14.7
Permanent Supportive Housing	2.9	5.6	8.5
Virginia Mental Health Access Program	4.2	4.2	8.4
STEP-VA Admin.; Data Warehouse; Provider Training; Other Admin.	3.7	4.7	8.4
Center for Behavioral Rehabilitation (Expansion and Cond. Release)	0.8	5.9	6.7
Security and Safety Positions at State Hospitals	2.3	3.1	5.4
Pharmacy Costs and Clinical Staff at State Hospitals	1.8	1.8	3.6
Forensic Discharge Planning in Jail	1.4	2.1	3.5
<b>TOTAL, DBHDS Discretionary Spending</b>	<b>\$40.2</b>	<b>\$58.7</b>	<b>\$98.9</b>

# Dept. of Medical Assistance Services (DMAS)

Major GF Increases for the 2020-22 Biennium (\$ in millions)	FY 2021	FY 2020	Biennial
Medicaid Redesign (Six Services)	\$3.0	\$10.3	\$13.3
Add Home Visiting Services to Medicaid	1.1	11.8	12.9
Increase Developmental Disability Waiver Rates (Eight Services)	3.6	3.7	7.3
Professional Mental Health Rates to 110% of Medicare	2.4	2.5	4.9
Cost of Managed Care Contract Changes	2.2	2.4	4.6
Eliminate 40 Quarter Work Requirement on Legal Residents	1.2	3.3	4.5
Master Tobacco Settlement Funds to Foundation for Healthy Youth	1.7	1.7	3.4
Extend FAMIS MOMS Coverage from Two to 12 Months Post-Partum	1.1	2.1	3.2
Expand Substance Use Disorder and Opioid Treatment	0.7	1.6	2.3
Episodic Payment Models and Care Coordination for Inmates	0.5	0.7	1.2
<b>TOTAL, DMAS Discretionary Spending</b>	<b>\$17.5</b>	<b>\$40.1</b>	<b>\$57.6</b>

# Other DMAS Policy Proposals

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- Proposes \$32.5 million NGF each year to make enhanced hospital payments to hospitals that admit more patients under Temporary Detention Orders.
  - State share of \$16.2 million a year is from an increase in the provider assessment on private hospitals.
- Proposed to modify the COMPASS 1115 Waiver
  - Eliminates the work / community engagement and cost sharing requirements of the waiver.
  - Leave the employment and housing supports services.
- Recommends changing the Medicaid Forecasting process to include legislative staff feedback during the process.
- Proposes authority to offset federal revenue losses for the Children's Hospital of the King's Daughters.



# Department of Social Services (DSS)

Major GF Increases for the 2020-22 Biennium (\$ in millions)	FY 2021	FY 2020	Biennial
Family First: Local Staff, Services, Implementation Costs	\$35.2	\$35.2	\$70.4
Minimum Salary Increase for Local Social Workers	9.0	9.0	18.0
Replacement of Child Welfare, Licensing and Other Systems	5.3	10.6	15.9
Backfill Support Costs Related to Child Care Transfer to Dept. of Ed.	-	5.2	5.2
State Shelter Coordinator; Software and Planning	0.8	0.4	1.2
TANF: 5% Rate Increase; Relative Maintenance Payments; Transit Passes; United Community; Food Banks; Summer Food Pilot; Eliminate Family Cap; Eligibility for Drug-Related Felonies (Mostly NGF)	0.4	0.4	0.8
Linking Systems of Care and 2-1-1 Virginia	0.3	0.6	0.9
Auxiliary Grant Rate Increase (Existing Funds); Public Benefits Cliff Study	-	-	-
<b>TOTAL, DSS Discretionary Spending</b>	<b>\$51.0</b>	<b>\$61.4</b>	<b>\$112.4</b>

# Virginia Department of Health (VDH)

Major GF Increases for the 2020-22 Biennium (\$ in millions)	FY 2021	FY 2020	Biennial
Electronic Health Records	\$7.0	\$8.3	\$15.3
Quit Now Smoking Cessation Quit-line	3.1	3.1	6.2
Hampton University Proton Therapy Institute	3.0	3.0	6.0
Purchase of NARCAN and Personal Protection Equipment	1.6	1.6	3.2
Adult Sickle Cell Services	0.3	0.3	0.6
Wastewater Manager; Drinking Water Data Mngt.; Shellfish Sanitation	0.5	0.6	1.1
Office of Health Equity; Community Health Workers Pilot	0.4	0.4	0.8
Increase Transfer from Emergency Medical Services Fund (\$2.0m a year)	-	-	-
Language: Modify LARC program to cover all types; allow abortions per state statute; and require hospital reporting of temporary dentition orders.	-	-	-
<b>TOTAL, VDH Discretionary Spending</b>	<b>\$15.9</b>	<b>\$17.3</b>	<b>\$33.2</b>

# Other HHR Agencies

<b>Major GF Increases for the 2020-22 Biennium (\$ in millions)</b>	<b>FY 2021</b>	<b>FY 2020</b>	<b>Biennial</b>
Dept. for the Blind: Vocational Rehabilitation Services	\$3.1	\$3.1	\$6.2
Dept. for the Blind: Independent Living Teachers	0.4	0.4	0.8
Disability Agencies: Increase in Shared Services Costs	0.3	0.3	0.6
Children's Services Act: Private Day Rate Study and Training Costs	0.2	0.1	0.3
Dept. for Aging and Rehab. Services: Personal Attendant Rates to Medicaid	0.1	0.1	0.2
<b>TOTAL, Other HHR Agencies Discretionary Spending</b>	<b>\$4.1</b>	<b>\$4.0</b>	<b>\$8.1</b>

# Public Safety and Homeland Security

# Overview of Public Safety: SB 29 & SB 30

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## **SB 29 (Caboose bill for FY 2020):**

- Proposes \$1.2 million GF for medical costs and \$10.4 million GF for Hepatitis C treatment costs at Department of Corrections (DOC) and \$1.0 million GF for contract costs at Lawrenceville Correctional Facility.

## **SB 30 (FY 2021 and FY 2022):**

- Proposes an additional \$322.1 million GF and \$232.9 million NGF (including technicals) for public safety agencies.
- Funding proposal totaling \$62.9 million GF related to DOC inmate medical costs, such as Hepatitis C treatment, growth in medical costs, implementation of electronic health records, and pilot projects with UVA and VCU Health Systems.

# SB 29: FY 2020 Changes for Public Safety

Agency	Budget Item (GF \$ in millions)	FY 2020
DOC	Inmate medical costs	\$1.2
DOC	Hepatitis C Treatment Costs	10.3
DOC	Operating funds for Lawrenceville Correctional Center	1.0
ABC	Nongeneral fund costs for cost of good sold	12.6 NGF
Transfer	Increase net profits to be transferred from ABC Enterprise Fund to GF	(1.5)
Part 4	Eliminate language prohibiting purchase or implementation of body-worn cameras	-

# SB 30: Department of Corrections

Budget Item (\$ in millions)	FY 2021	FY 2022	Description
Hepatitis C Treatment	\$12.6	\$14.9	Funds additional treatment for 500 inmates a year.
Salaries for Correctional Officers	6.8	7.9	Increase minimum salaries for correctional officers.
Electronic Health Records	3.0	9.9	Full implementation at all facilities.
Pilots with UVA and VCU Health System for Inmate Healthcare	6.0	6.0	Expand Hepatitis C treatment at UVA Health and VCU Health would provide services at State Farm Complex.
Inmate Healthcare Costs	3.9	5.6	Increase for general medical costs.
Lawrenceville Correctional Center Operating Costs	1.0	1.0	Fund inflation in operating costs of private contract.
Study of Inmate HealthCare	0.5	0.5	Study of medical services in correctional facilities.
Jail Death Investigators	0.2	0.2	One director and one investigator.
Corrections Special Reserve Fund	<u>0.3</u>	<u>0.0</u>	Legislative impact to reflect need for prison beds.
<b>TOTAL</b>	<b>\$34.3</b>	<b>\$46.0</b>	

# SB 30: Department of State Police

Budget Item	FY 2019	FY 2020	Description
Sex Offender Registry Compliance Officers – Convert to Troopers	\$5.1	\$1.4	Converts 43 sex offender registry positions from civilians to state troopers and create combined sex offense and firearms unit.
Positions related to Assault Weapons Ban	2.4	1.6	Creates 18 positions to implement legislation that includes an assault weapons ban.
Positions Related to Various Bills	2.4	1.3	Funds 10 positions to support legislation related to: universal background checks, one gun a month limit, extreme risk legislation, and a student loan servicers background check requirement.
Establish Line of Credit for Federal Funds	-	-	Establish a \$5.2 million line of credit to cash flow federal grants reimbursement and agency service billings.
<b>TOTAL</b>	<b>\$9.9</b>	<b>\$4.3</b>	



# SB 30: Department of Alcoholic Beverage Control (ABC)

(NGF \$ in millions)	FY 2019	FY 2020	Description
Cost of Goods Sold	\$50.3	\$90.7	Based on a projected sales increase of 7.0% per year.
New Store Openings	2.7	8.1	Fund costs of 150 positions as new stores open or generate higher sales volume.
Move to New Headquarters / Warehouse	3.0	0.1	Costs to move to new central office and warehouse in Spring 2021.
Licensing Reform Project	-	2.5	Modernize licensing by adding 16 investigative analysts to assist sworn agents.
Convert Part-Time Employees to Full-Time	0.5	1.0	50 part-time positions would be converted to full-time.
Pilot New Store Concept	<u>0.0</u>	<u>1.0</u>	Costs to pilot new design in 10 stores.
<b>TOTAL</b>	<b>\$56.5</b>	<b>\$103.4</b>	

Note: Includes an increase in the agency's line of credit from \$60 to \$80 million to ensure cash flow due to large projects underway.

# SB 30: Dept. of Criminal Justice Services

Budget Item (\$ in millions)	FY 2021	FY 2022	Description
Pretrial & local probation services	\$2.3	\$2.3	Expand to localities that do not provide these services.
Security grant aid to localities	1.5	1.5	Provide grants to localities to assist with security measures related to hate crimes.
Pre-release & post-incarceration services	1.0	1.0	Adds additional funding.
Gun violence intervention & prevention initiative	2.6	0.2	Support evidence-based initiatives in five localities.
Training coordinator position	0.1	0.1	Conduct law enforcement training related to removal of firearms due to substantial risk.
Youth and gang violence prevention grants	<u>0.2</u>	<u>0.0</u>	One-time funding to five localities for assessments.
<b>TOTAL</b>	<b>\$7.7</b>	<b>\$5.1</b>	

# SB 30: Other Public Safety

Agency	Budget Item (\$ in millions)	FY 2021	FY 2022
Dept. of Emergency Management	Migrate to Cloud-Based Environment	\$1.5	\$2.0
Dept. of Forensic Science	Laboratory Equipment and Maintenance Costs	0.2	0.4
Dept. of Forensic Science	Two Information Technology Positions	0.2	0.2
Virginia Parole Board	Seven Investigators for Pardon Petitions	0.4	0.4
Virginia Parole Board	Seven Part-time Positions Related to Compassionate, Geriatric and Medical Conditional Release.	0.1	0.1
<b>TOTAL</b>		<b>\$2.4</b>	<b>\$3.1</b>

Budget Language:

As in SB 29, eliminates the language prohibiting purchase or implementation of body-worn cameras.

# Veterans and Defense Affairs

# Department of Veterans Services

GF \$	FY 21	FY 22
Natl. Museum of the U.S. Army	\$ 5,000,000	
Veterans Services Representatives	382,500	\$ 510,000
Veterans Peer Specialists	229,500	306,000
VMSDEP Program Staff	83,040	110,853
NoVa Salary Differential	222,000	222,000
Facility Maintenance	93,000	93,000
Customer Service IT	35,000	35,000

- Proposes to authorize \$12.0 million NGF and 222.0 positions for the staffing and operations of two new Veterans Care Centers in Northern Virginia and Hampton Roads.
  - Revenues are assumed from Medicare & Medicaid patients.

# Department of Military Affairs

- SB 30, as introduced, reflects the transfer of the Department of Military Affairs from the Public Safety Secretariat consistent with E.O. 20 (2018).
- Proposes language authorizing members of the Virginia National Guard and the Virginia Defense Force to receive pay equal to their rank and years of service for state active duty missions.

GF/NGF \$	FY 21	FY 22
State Tuition Assistance Program (STAP)	\$500,000	\$500,000
Commonwealth ChalleNGe*	436,351	436,351
STARBASE*	139,000	139,000
*Non-General Funds		

Bonds	FY 20	FY 21
Readiness Center – Land Acquisition / Construction	\$3,250,000	pool
Readiness Centers - Fire Safety		\$3,000,000
Construct Blackstone Fire Station		3,350,000

# Agriculture and Forestry

# Department of Agriculture & Consumer Services

GF \$	FY 21	FY 22
Food Safety Program	\$ 267,201	\$ 256,701
Animal Care Coordinator	\$ 94,533	\$ 94,533
Hemp Testing	\$ 99,553	\$ 86,053
Hemp Registry	\$ 726,340	\$ 176,340
Cloud Utilization (EO 19)	\$ 245,308	\$ 98,417
WIP III – Fertilizer Applicers	\$ 240,021	\$ 185,021
Wine Promotion Fund	\$ 64,232	\$ 64,232
Marketing Programs	\$ (86,656)	\$ (44,993)
Predator Control Program	\$ (90,000)	\$ (90,000)



# Department of Forestry

	FY 21	FY 22
WIP III – Forest Conservation & Planting Program	\$ 433,016	\$ 433,016
Apprentice Program	\$ 51,888	\$ 51,888
Hardwood Habitat Program	\$ 521,842	\$ 482,842
Mission Critical IT	\$ 44,250	

- Proposes to authorize \$5.1 million NGF from the State Forest Mitigation Fund for creation of a new state forest in Charlotte County.
  - Land is currently owned by the nonprofit Conservation Fund

# Natural Resources

# Major Natural Resources Proposals

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- **Water Quality Improvement Fund** – Recommends a total of \$88.8 million GF over the biennium/ 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. Of these amounts:
  - \$47.0 million in FY 21 is the statutorily required deposit based on the FY 19 revenue surplus and unexpended balances.
  - \$41.8 million in FY 22 is a discretionary deposit.
  - Primary objective is providing stable funding level of approximately \$35 million annually for agricultural BMPs.
  - In addition to these amounts, \$10 million NGF is allocated each year from recordation tax fees.
- **Local Water Quality Investments** – Proposes \$377 million in bond proceeds for investments in nutrient reduction efforts from point source, stormwater, combined sewer overflow and oyster reef replenishment.
- **Dam Safety** – Recommends \$20 million GF and \$20 million in bond proceeds for dam safety improvements.
- **Land Conservation Programs** – Proposes an additional \$31 million GF for the Virginia Land Conservation Foundation.
- **Climate Change** – Recommends removing language prohibiting participation in RGGI and TCI.

# Department of Conservation & Recreation

GF \$	FY 21	FY 22
Virginia Land Conservation Foundation	\$ 15,500,000	\$ 15,500,000
Dam Rehabilitation Program	\$ 10,000,000	\$ 10,000,000
Dam Safety Engineer	\$ 170,758	\$ 170,758
Floodplain Mgmt. Staffing	\$ 229,637	\$ 229,637
State Park Operations	\$ 556,000	\$ 556,000
State Parks Maintenance (non Cap. Out.)	\$ 500,000	\$ 500,000
Green Pastures Acquisition	\$ 342,678	\$ 209,509

# Department of Environmental Quality

GF \$	FY 21	FY 22
Water Permitting	\$ 822,000	\$ 1,644,000
Solid Waste Permitting	\$ 1,000,000	\$ 1,000,000
Biosolids Permitting	\$ 449,400	\$ 449,400
Air & Water Programs MELP	\$ 5,759,152	\$ 5,929,152
Environmental Justice & Outreach Programs	\$ 2,695,000	\$ 2,695,000
Fund Existing Regulatory Position	\$ 2,327,500	\$ 2,327,500
Chesapeake Bay Local Assistance Program	\$ 386,646	\$ 504,380
Stormwater Program Engineering	\$ 1,839,500	\$ 1,839,500

# Department of Historic Resources

GF \$	FY 21	FY 22
Alexandria - Freedom House	\$ 2,443,000	\$ -
Richmond - Maymont	\$ 1,000,000	\$ 1,000,000
Charlottesville - Monticello	\$ 350,000	\$ 350,000
IT Enhancements	\$ 207,206	\$ 207,206
Staff Salaries	\$ 123,360	\$ 123,360
Cemetery Preservationist	\$ 108,337	\$ 108,337
African American History Trail	\$ 100,000	\$ -
Highway Markers	\$ 100,000	\$ 100,000
Lease Space	\$ 75,000	\$ 75,000
African American Cemetery Program	\$ 45,345	\$ 95,345
Directors Salary	\$ 15,968	\$ 15,968
Remove Utd. Daughters of Confederacy	\$ (83,570)	\$ (83,570)

# Marine Resources Commission

GF \$	FY 21	FY 22
Stock Assess. Scientist	\$ 123,630	\$ 123,030
Belmont Bay Barge	\$ 190,000	\$ -
Coastal Resiliency	\$ 78,250	\$ 78,150
Fisheries Observer	\$ 81,795	\$ 57,695
Outboard Motors	\$ 96,436	\$ -
IT upgrades	\$ 45,000	\$ 45,000
Unmanned Aerial Vehicles	\$ 18,672	\$ -
Remove Prohibition on Fee Increases	<i>Language</i>	

# Transportation



# Major Transportation Proposals

- More than \$500 million NGF in revenues from potential Transportation Funding legislation is included in the introduced budget. While the specific sources are not identified, they are assumed to include:
  - Increasing Gas Tax by \$0.12 over a fixed-time horizon;
  - Reducing base vehicle registration fees;
  - Establishing road use charge based on fuel economy; and
  - Eliminate annual vehicle inspections.
- The assumptions in the introduced budget result in \$122 million in GF resources that are appropriated in other areas.
  - Funding was previously allocated for debt service on specific transportation programs.
- As the legislation was still under development at the time the budget was proposed, these sources and amounts will likely change through the legislative process.

## Assumed Revenue Adjustments from Potential Legislation (\$ in millions)

	FY 2021 Proposed		FY 2022 Proposed	
	GF	NGF	GF	NGF
Commercial Spaceflight Authority		\$1.3		\$1.6
Department of Aviation		1.3		1.7
Department of Motor Vehicles		3.1		3.3
Rail & Public Transportation		79.1		87.6
<i>Rail Enhancement Fund</i>		8.5		10.3
<i>Mass Transit Fund</i>		65.5		70.4
<i>Transit Capital Fund</i>		5.2		6.8
Department of Transportation	(\$40.0)	\$46.1	(\$40.0)	204.6
<i>Maintenance &amp; Operating</i>		0.0		36.0
<i>Construction Fund</i>		85.1		103.6
<i>Priority Transportation Fund</i>		0.0		3.9
<i>Route 58</i>	(\$40.0)	40.0	(\$40.0)	40.0
<i>NVTD*</i>	(\$20.0)	20.0	(\$20.0)	20.0
<i>Oak Grove Connector*</i>	(\$1.0)	1.0	(\$1.0)	1.0
Virginia Port Authority		3.4		4.2
<b>Total</b>	<b>(\$61.0)</b>	<b>\$194.3</b>	<b>(\$61.0)</b>	<b>\$262.9</b>

\* General Fund savings for NVTD and Oak Grove are reflected in DOA Transfer Payments.

# Rail & Public Transportation

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- **WMATA Funding** – a series of proposed amendments transfers funding for Metro Capital Fund from VDOT to DRPT and increases funding level to \$160 million NGF annually.
- **Dedicated Transit Initiatives** – proposes to authorize \$50 million NGF in FY 21 for “transit initiatives identified by the Secretary of Transportation”.
- **Dedicated Passenger Rail Funding** – recommends \$50 million NGF in FY 22 from the Commonwealth Mass Transit Fund to match federal and other state funding for Metro.
  - Funding is currently provided from bond proceeds and equally appropriations are provided by Maryland and the District of Columbia to match \$150 million in federal funding.

# Other Transportation Proposals

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- **REAL ID Implementation (DMV)** – Recommends 100.0 FTE positions in FY 20 (SB 29) and an additional 100.0 positions in FY 21 (SB 30) to cover the increased workload related to the issuance of REAL ID compliant credentials prior to the federal deadline of October 1, 2020.
  - REAL ID compliant credential, or another federally approved form of ID, will be required in order to board a domestic flight or enter a secure federal facility.
  - SB 30 proposes to reduce the additional authorized positions by 60.0 FTE for FY 22.
  - Additional positions are funded by an existing \$10.5 million line of credit and repaid by a \$10.00 surcharge for on compliant credentials.
- **Capacity Enhancements at Wallops Island (VCSFA)** – Proposes authorization of \$7.5 million from the Transportation Partnership Opportunity Fund for a new unmanned systems hanger and additional launch crew facilities at the Mid-Atlantic Regional Spaceport.
- **Increase Staffing at Port of Virginia (VPA)** – Recommends an additional 24.0 FTE positions for the Port Authority to better align administrative, procurement, and information technology staff between the Port Authority and Virginia International Terminals.
  - Costs of additional staffing are covered by port terminal revenue.

# General Government

# General Government – SB 29

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## Judicial and Administration:

<b>(GF \$ in millions)</b>	<b>FY 2020</b>
Increase Criminal Fund Appropriations	
- General District Courts	\$2.3
- Juvenile and Domestic Relations District Courts	\$2.3

<b>(GF \$ in millions)</b>	<b>FY 2020</b>
DHRM – Initiative to Evaluate Pay Equity	\$0.3
ELECT – 2020 Presidential Primary Appropriation	\$5.9

# General Government – SB 29

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## Finance and Central Appropriations:

(GF \$ in millions)	FY 2020
Voluntary Revenue Reserve Deposit	\$270.8
Removal of Prepayment for FY 2022 Rainy Day Fund Deposit	\$-97.5
Recognize Debt Service Savings	\$-11.5

(GF \$ in millions)	FY 2020
Provide Support for Legal Expenses	\$15.0
Reimbursements for 2020 Presidential Primary Expenses	\$5.9
Adjust Funding for Agency PMIS Charges	\$-0.3

# General Government – SB 29

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## Finance

- Includes a \$270.8 million GF voluntary deposit to the Revenue Reserve Fund, however:
  - An error in the FY 2019 uncommitted balance identified after the budget was introduced will require technical correction. The actual amount available for a voluntary deposit will be reduced to \$191.7 million GF.
  - This deposit, combined with other mandatory and voluntary deposits to the Rainy Day Fund and Revenue Reserve Fund for the 2020-22 Biennium, would bring the combined balances of the two funds to 8 percent of total GF revenues and transfers.
- Removes FY 2022 prepayment of Revenue Stabilization Fund deposit of \$97.5 million GF.
  - Funding was provided in Ch. 854 (2019) based on assumed revenue growth for FY 2020.
- Recognizes debt service savings of \$11.5 million GF on actual bond issuances relative to previous projections.

# Judicial and Executive – SB 30

(GF \$ in millions)	FY 2021	FY 2022	Biennium
Increase Criminal Fund Appropriation (GD, J&DR courts)	\$4.6	\$4.6	\$9.2
Add District Court Clerk Positions (total of 60.0)	\$1.9	\$3.7	\$5.6
Add Judgeship in 19 <sup>th</sup> Judicial District (Fairfax)	\$0.3	\$0.3	\$0.6
Add Public Defender Positions (total of 59.0)	\$3.8	\$5.7	\$9.5
Establish New Public Defender Office in Prince William Co. (total of 35.0 positions)	\$2.7	\$2.7	\$5.4
Annualize Paralegal Costs	\$0.6	\$0.6	\$1.2
Provide Funding for Office of the Chief Diversity Officer	\$0.6	\$0.6	\$1.2
Provide Funding for the Office of the Chief Workforce Advisor	\$0.6	\$0.6	\$1.2
Provide Staff Funding for Secretary of the Commonwealth	\$0.6	\$0.6	\$1.2



# Administration – SB 30

(GF \$ in millions)	FY 2021	FY 2022	Biennium
Provide Salary Increases to Regional Jail Officers	\$2.7	\$2.9	\$5.6
Circuit Court Clerk Salary Increases/Staffing/Technology	\$2.7	\$2.9	\$5.5
Annualize Funding for Prince William/Manassas Jail Expansion	\$2.4	\$2.5	\$4.9
Constitutional Officer Salary Adjustments/Positions	\$2.0	\$2.0	\$4.0
Additional Assistant Commonwealth's Attorneys/Staff	\$1.4	\$1.4	\$2.8
Provide staffing for Henry County jail expansion project	\$0.0	\$2.2	\$2.2
Additional Deputy Sheriff Positions	\$1.0	\$1.1	\$2.1
Fund Chief Data Officer Operations ( <u>\$4.9 million NGF</u> )	\$0.0	\$0.0	\$0.0
Enhance Security in State-owned Facilities ( <u>\$6.1 million NGF</u> )	\$0.0	\$0.0	\$0.0

# Administration – SB 30 (cont'd)

(GF \$ in millions)	FY 2021	FY 2022	Biennium
General Registrar/Electoral Board Salaries	\$2.5	\$2.5	\$5.0
Management Fellows Program/Paid Interns (1.0 position)	\$1.8	\$1.8	\$3.6
Election Technology Security/Election Official Certification	\$0.7	\$0.7	\$1.4
Recruitment Management System	\$0.5	\$0.2	\$0.7
Adjust VITA Appropriation for Vendor Pass-Through Payments (-\$23.3 million <b>NGF</b> )	\$0.0	\$0.0	\$0.0
VITA Agency Requests (\$37.6 million <b>NGF</b> ) and 17.0 positions	\$0.0	\$0.0	\$0.0
Dept. of General Services (Rent, eVA, Lab Testing/System) (\$14.9 million <b>NGF</b> ) and 10.0 positions	\$0.0	\$0.0	\$0.0
HR Service Center (DHRM) – Establish Internal Service Fund (\$0.9 million <b>NGF</b> )	\$0.0	\$0.0	\$0.0

# Finance – SB 30

(GF \$ in millions)	FY 2021	FY 2022	Biennium
Mandatory/Voluntary Deposits to Rainy Day Fund and Revenue Reserve Fund	\$77.4	\$317.5	\$394.9
Increase Debt Service Appropriations (VPBA, VCBA)	\$57.8	\$113.9	\$171.7
Remove GF Appropriation for Transportation Debt Service	\$-21.0	\$-21.0	\$-42.0
Tax Field Audit Staff in Northern Region, Worker Misclassification - 8.0 positions ( <b>GF Resources</b> = \$12.9 million)	\$1.7	\$2.1	\$3.8
Investment Accounting/Bond Management Systems (1.0 position)	\$0.4	\$0.3	\$0.7
Increase Liability Insurance Premiums ( <u>\$4.0 million NGF</u> )	\$0.0	\$0.0	\$0.0
Unclaimed Property/Risk Management Systems ( <u>\$1.9 million NGF</u> )	\$0.0	\$0.0	\$0.0
Cyber Coverage for State Agencies (language)	\$0.0	\$0.0	\$0.0

# Benefits – SB 30

(GF \$ in millions)	FY 2021	FY 2022	Biennium
State Employee Retirement Rate Costs/Other Post Employment Benefits Costs	\$15.7	\$16.5	\$32.2
Adjust Premiums for State Health Insurance Plans (2.4%, 6.7%)	\$12.7	\$53.9	\$66.6

VRS Employer Contribution Rates	FY 2020*	FY 2021/22
VRS (State Employees)	13.52%	14.46%
State Police Officers Retirement System (SPORS)	24.88%	26.26%
VA Law Officers Retirement System (VALORS)	21.61%	21.88%
Judicial Retirement System (JRS)	34.39%	29.84%
VRS (Teachers)	15.68%	16.62%

\*Rates for FY 2020 reflect approved rates in Ch. 854 (2019).

# Technology – SB 30

(GF \$ in millions)	FY 2021	FY 2022	Biennium
Information Technology and Communication (VITA Rates)	\$-53.5	\$-49.3	\$-102.9
Repay Line of Credit for Agency Cloud-Readiness	\$2.5	\$0.0	\$2.5
Adjust Funding for IT Auditors/Security Officers	\$0.2	\$0.2	\$0.4

- VITA rate reductions reflect savings from full repayment of costs associated with transitioning from previous IT vendor and current costs under the new multi-supplier model.
- Rates are inclusive of proposed NGF funded initiatives contained within VITA totaling \$37.6 million over the biennium.

# Central Appropriations – SB 30

(GF \$ in millions)	FY 2021	FY 2022	Biennium
Provide Funding for “Uncommitted Contingencies”	\$100.0	\$100.0	\$200.0
Establish Reinsurance Program for State Health Benefit Exchange	\$73.0	\$73.0	\$146.0
Provide Additional Funding for Tech Talent	\$15.2	\$15.2	\$30.4
Cardinal Human Capital Management System Agency Charges	\$0.0	\$10.1	\$10.1
Funding for Integrated Workforce Case Management System	\$6.1	\$0.0	\$6.1
Provide Funding for Redistricting Commission	\$1.1	\$1.1	\$2.2
Authorize Funding for Flood Warning System (IFLOWS)	\$1.0	\$1.0	\$2.0
Appropriation for Slavery and Freedom Heritage Project	\$1.0	\$0.0	\$1.0
Reduce Appropriation for Tobacco Settlement Distributions (TICR) (-\$100.0 million <b>NGF</b> )	\$0.0	\$0.0	\$0.0

# Central Budget Adjustments – SB 30

(GF \$ in millions)	FY 2021	FY 2022	Biennium
Cardinal Human Capital Management System	\$0.0	\$10.1	\$10.1
Liability Insurance Premiums	1.0	1.0	2.0
Line of Duty Act	0.1	0.1	0.2
Performance Budgeting System	-0.3	-0.3	-0.6
Personnel Management Information System	-0.3	-0.3	-0.6
Workers' Compensation Premiums	-0.9	-0.6	-1.5
Cardinal Financials System	-1.9	-2.1	-4.0
Information Technology and Telecommunications (VITA)	(53.5)	(49.3)	(102.9)
<b>Total</b>	<b>(\$55.8)</b>	<b>(\$41.4)</b>	<b>(\$97.3)</b>

# Independent Agencies – SB 30

<b>(GF \$ in millions)</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Biennium</b>
Increase Funding for Sexual Assault Victim Medical Expenses	\$4.7	\$4.7	\$9.4
Reflect Transfer for Physical Evidence Recovery Kit Program	\$1.9	\$1.9	\$3.8

<b>(NGF \$ in millions)</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>Biennium</b>
SCC - Establish Virginia Health Benefit Exchange (30.0 positions)	\$13.5	\$41.5	\$55.0
SCC - Oversight of Education Loan Servicers (2.0 positions)	\$0.1	\$0.2	\$0.3
Data Security/Fraud Prevention/Customer Service and Operating Expenses – VA College Savings Plan (10.0 positions)	\$2.1	\$3.2	\$5.3
Lottery Retail and Operating Equipment	\$3.5	\$0.0	\$3.5
VRS – Expand In-house/Private Investment Activities (3.0 positions)	\$1.4	\$1.8	\$3.2
Other VRS Proposed Initiatives (15.0 positions)	\$8.5	\$8.9	\$17.4



# Capital Outlay

# Capital Outlay Funding Summary

Fund Type (\$ in millions)	SB 29	SB 30
General Fund Cash	\$0.1	\$23.0
VPBA/VCBA Tax-Supported Bonds	95.2	2,437.6
9(c) Revenue Bonds	0	279.5
9(d) Revenue Bonds	13.7	397.0
Nongeneral Fund Cash	<u>0</u>	<u>580.2</u>
Total	\$109.1	\$3,717.2

## SB 30:

- \$780.5 million for a VCBA Pool and \$218.8 million for a VPBA Pool.
- \$260.0 million in VPBA/VCBA bonds over the biennium for Central Maintenance Reserve.
- \$93.1 million the first year in VPBA/VCBA bonds for furnishings and equipment for capital projects nearing completion.
- \$73.4 million in capital infrastructure and improvements and \$22.1 million for projects related to Tech Talent.
- \$367.0 million in tax-supported debt for local water quality and supply projects (with in this amount is \$65.0 million for the Combined Sewer Overflow Matching Fund for the City of Alexandria).
- \$145.7 million the first year in VCBA/VPBA bonds to supplement existing capital outlay pools.
- \$477.1 million in VPBA/VCBA bonds over the biennium for stand-alone agency projects.
- \$23.0 million GF over the biennium for project planning.

# Summary of Higher Education Capital Outlay Proposals

Category	Projects	Category	Projects
<b>Planning Projects</b>	UMW Fine & Performing Arts Center, Extension Urban Ag. Center Renovation, VIMS Fisheries Science Building	<b>9c</b>	W&M, JMU, RU, VT (3)
<b>VCCS</b>	Advanced CTE and Workforce Center, Norfolk Prototype	<b>9d</b>	W&M (2), VT (4), VMI, JMU, GMU (2), CNU
<b>NGF for Detailed Planning</b>	CNU Integrated Science Center (Phase III), GMU Virtual Online Campus and Advanced Comp. Infrastructure & Hybrid Learning Labs, ODU, Biology Building, JMU, Carrier Library, VCU Classroom & Lab Bldg.	<b>NGF VCBA</b>	W&M, GMU, ODU, VCCS, VT, Extension, VSU (2)
<b>Maintenance Reserve</b>	All	<b>VT</b>	Construct Creativity & Innovation District Living Learning Community, Corps Leadership & Military Science Building
<b>Equipment</b>	VT, JMU, Extension, CNU, GMU, VIMS	<b>JMU</b>	Blanket Property Acquisition
<b>2020 VCBA Construction Pool</b>	W&M, UVA, VMI (2), VSU (3), NSU (2), LU, RU, ODU, RBC, CNU, UVA-Wise, GMU, VCCS, (6) SWHEC	<b>UMW</b>	Athletic Field Replacements and Improvements
<b>Workforce Development</b>	Tech Talent MOUs	<b>RU</b>	Renovate Norwood and Tyler Hall

# Summary of Other Education Capital Outlay Proposals

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Category	Projects
<b>Planning Projects</b>	Gunston Hall New Archeology and Maintenance Facilities, Satellite Museum of Natural History Museum
<b>Maintenance Reserve</b>	All
<b>Equipment</b>	Science Museum Parking Facility/Master Plan Site
<b>2020 VCBA Construction Pool</b>	Regional Science Center in Northern Virginia, Addition to State Records Center Building & Repurpose Workspace, Renovate and Expand VMFA, Jamestown Settlement Pier

# Natural Resources Capital Outlay Proposals

	FY 21 NGF \$	FY 22 NGF \$
DOF – Land Acquisition	\$ 5,110,191	
DCR – Land Acquisition (Parks)	309,802	
DCR – Land Acquisition (Nat. Areas)	6,547,328	
DCR – Belle Isle	1,500,000	
DGIF – Maintenance Reserve	1,500,000	\$1,500,000
DGIF – Wildlife Mgmt. Areas	1,000,000	1,000,000
DGIF – Land Acquisition	5,000,000	5,000,000
DGIF – Dam Rehabilitation	500,000	500,000
DGIF – Boating Access	1,250,000	1,250,000

	Bonds \$
DCR – Infrastructure Repairs	\$ 25,000,000
DCR – Shoreline Erosion Projects	5,000,000
DCR – SWCD Dam Repair	20,000,000
DCR – Cabin Renovation	31,158,000
DCR – Rev. Gen. Facilities	10,000,000
DCR – Rev. Gen. Cabins	41,900,000
DCR – Bathhouse / Restroom Projects	pool
DCR – Westmoreland Road	pool
VMRC – Oyster Reef Restoration	10,000,000
DEQ – Stormwater Local Asst. Fund	182,000,000
DEQ – WQIF Nutrient Removal	120,000,000
DEQ – Alexandria CSO	65,000,000

# Transportation Capital Outlay Proposals

	NGF \$
VPA – Cargo Handling Facilities	\$58.0 million
VPA – Expand Empty Yard	\$45.0 million
VPA – Equipment	\$63.0 million
Wind Project at Portsmouth Marine Terminal	\$40.0 million
VDOT – Facility Renovation	\$105.7 million
VDOT – Maintenance Reserve	\$12.0 million
<b>Total – Transportation</b>	<b>\$323.7 million</b>