

# **Comparison of House and Senate Budget Amendments House Bill 29/30 and Senate Bill 29/30**

House Appropriations Committee Staff  
February 29, 2012

# Committee Objectives: House Budget

- Adopt a structurally balanced budget
- Use one-time savings to fund non-recurring costs such as research, capital projects, and minimize the amount of new debt
  - Committee amendments reduce debt by \$96.0 million
- Provide for 2 reserve funds
  - FACT Fund: help mitigate the impact of federal budget cuts
  - Revenue Reserve Fund: If not needed to offset any revenue shortfall, it is appropriated for a 2% pay raise in FY 2014
- Provide additional funding for both our public schools and our local governments and minimize impact on real estate taxes due to declining home values
- Provide additional support to attract new industry and promote tourism, and reduce the burden on Virginia's businesses with fewer and lower fees
- Minimize the impact on the health care safety net
- Provide full funding of the VRS contribution rates for teachers and state employees for 2012-14
  - Exempted local school division from the repayment requirement for the deferral of the unfunded liability in 2010-12 budget
  - The state will make a \$60 million lump sum payment to VRS on behalf of schools
- Make the largest investment in over a decade to our colleges and universities
- Provide additional funding to transportation for maintenance

# Redirection of Resources: House Budget

- Around \$480 million in resources have been redirected in order to meet the Committee objectives
  - Technical calculations – TTF, Medicaid, CSA, debt service, FAMIS match rate
  - Eliminated/adjusted new spending proposed in the introduced budget
  - Revert unexpended agency balances from FY 2011 and FY 2012
  - “Woodrum” Fund supplanted a portion of DOC spending in FY 13
  - Certain tax credits assumed in the budget failed
- In addition, the Commonwealth is expected to receive a settlement payment of \$69.3 million associated with the mortgage settlement agreement between banks and the federal and state governments
  - Primarily used for one-time spending

# Committee Objectives: Senate Budget

- Senate reports its key objectives as:
  - Investing in education
  - Protecting the health care safety net
  - Stimulating job creation
  - Addressing employee compensation
  - Adopting a structurally balanced budget
- Major actions to achieve goals are:
  - Redirect GF proposed for transportation to public education
  - Use other savings to address cuts to health care safety net and provider rates
  - Stimulate job creation with economic development and capital outlay package
  - Use one-time revenues for one-time uses; no second year holes in budget

# Major Resources: Senate Budget

- In total, Senate generated an additional \$270.2 million in revenue for appropriation in HB 30 compared to \$117.4 million in House
- Senate eliminated the proposed shift of sales tax to transportation, generating a total of \$110.7 million in additional GF revenue over the biennium
- Senate Finance committee amendments also recognized a full two-years worth of revenues from the Amazon bill, generating \$33.5 million over the biennium
- Senate also freed up \$10.0 million by delaying implementation of the tuition tax credit program, generated \$9.5 million from assumed sale of 9<sup>th</sup> Street office building and \$2.6 million from ABC sales reforecast
- Senate also used the mortgage settlement payment of \$68.3 as a reserve from which they funded a series of items including: amounts needed for first year bonus, \$50.0 million reduction in the local aid reversion, and any amounts left for the FACT Fund

# House and Senate Revenue Changes HB/SB 29

	<u>House</u>	<u>Senate</u>
<b><u>ADDITIONAL REVENUES</u></b>		
Allow Parking Fund to Retain Interest	(25,415)	(25,415)
Reflect Correct Year for Earned Income Tax Credit	(6,600,000)	(6,600,000)
Reflect Sale of Old Tax Building	3,611,000	
<b>Subtotal-Additional Revenues</b>	<b>(3,014,415)</b>	<b>(6,625,415)</b>
<b><u>CHANGES TO TRANSFERS</u></b>		
Restore VDACS Balance	(2,689)	(2,689)
Restore State Police Balance	(200,508)	(200,508)
VASAP Balances	1,000,000	
Mortgage Bank Settlement	68,900,000	Reflected in SB 30
ABC Profits Reforecast		1,707,718
Restore Litter Grants		(264,939)
<b>Subtotal-Transfers</b>	<b>69,696,803</b>	<b>1,239,823</b>
<b>Total Changes: Revenues/Resources</b>	<b>89,660,906</b>	<b>(2,626,698)</b>

# House and Senate Revenue Changes HB/SB 30

	<u>House</u>	<u>Senate</u>
<b><u>ADDITIONS TO BALANCES</u></b>		
Reflect Anticipated Judicial Vacancy Savings	3,864,394	
Mortgage Servicing Settlement	Reflected in HB 29	68,350,000
<b>Subtotal-Balances</b>	<b>3,864,394</b>	<b>68,350,000</b>
<b><u>ADDITIONAL REVENUES</u></b>		
Allow Parking Fund to Retain Interest	(50,830)	(50,830)
Reflect Correct Year for Earned Income Tax Credit	7,000,000	7,000,000
Reflect Sale of Old Tax Building	(1,750,000)	1,250,000
<b>Adjust Sales Tax to Transportation</b>	<b>16,060,000</b>	<b>110,670,000</b>
Reflect Add'l Revenues - Legislation not Introduced/Adopted	7,400,000	8,000,000
Maintain Tax Credit Cap	4,000,000	0
Restore Interest to Higher Education	(10,400,000)	In Transfers
Reflect Changes to Section 199 Legislation	0	
Reflect Bee Hive Tax Credit	(200,000)	
<b>Reflect SB 597 – “Amazon” Presence in VA</b>		<b>33,480,000</b>
<b>Reflect Delayed Enactment SB 131/Tuition Scholarships</b>		<b>10,000,000</b>
Reflect SB 131/Increase in Neighborhood Assist. Act Credits		(6,200,000)

# House and Senate Revenue Changes HB/SB 29

	<u>House</u>	<u>Senate</u>
<b><u>ADDITIONS TO BALANCES</u></b>		
Reflect Anticipated Judicial Vacancy Savings	2,799,435	
Legislative Agency Balances	2,799,135	2,799,135
Revert Portion of FY 2011 GOF Balances	12,000,000	
Revert Portion of FY 2011 DBA VJIP Balances	1,500,000	
Revert FY 2011 DCJS Balances	100,000	
Revert FY 2011 DJJ Balances	100,000	
Revert FY 2011 Parole Board Balances	25,000	
Revert FY 2011 DCR Balances	25,000	
Revert FY 2011 PIF and Council VA's Future Study Balances	156,567	
Reflect Anticipated Compensation Board Career Dev. Savings	885,381	
Reflect DSS Child Support Program Balances	2,500,000	
FY 2012 Oxbow Balances	88,000	
Veteran's Care Center Site Evaluation		(250,000)
Judicial Balances		210,000
<b>Subtotal-Balances</b>	<b>22,978,518</b>	<b>2,759,435</b>

# House and Senate Revenue Changes HB/SB 30

	<u>House</u>	<u>Senate</u>
<b><u>ADDITIONAL REVENUES (continued)</u></b>		
Sale of 9 <sup>th</sup> Street Office Building		9,500,000
School Efficiency Review Cost Recoveries		225,000
<b>Subtotal-Additional Revenues</b>	<b>22,059,170</b>	<b>173,874,170</b>
<b><u>CHANGES TO TRANSFERS</u></b>		
Department of Health Balances Continued from Ch. 890	1,780,000	
Reflect SB 597 Sales Tax to K-12		2,580,000
ABC Profits Reforecast		2,315,436
Firearms Transaction Fee from NGF to GF		1,879,634
Restore Auxiliary Balances for Higher Education	In Additional Revs	(10,520,000)
Restore Litter Recycling Grants		(338,628)
<b>Subtotal-Transfers</b>	<b>1,780,000</b>	<b>(4,083,558)</b>
<b>Total Changes: Revenues/Resources</b>	<b>27,703,564</b>	<b>238,140,342</b>

# Major Differences Btwn House & Senate Budgets

Major Actions	House	Senate
Phased Transfer of 0.5% Sales Tax to Transportation	(\$16.1 million)	(\$110.7 million)
Medicaid and Other Provider Rates	\$70.9 million	\$63.8 million
Medicaid Waiver Slots	\$10.4 million	\$0.0 million
CSA Wrap-Around Services – Children w/ Disabilities	No Action	\$5.4 million
Removal of Fees in HB 30 (Food Inspection, Community Water Works and Weights and Measures)	\$5.1 million	Retained Fees
New Legal Aid Filing Fee	No Action	\$6.4 million NGF
Social Services (AAAs, Children’s Svcs, Local DSSs)	\$1.3 million	\$9.2 million
K-12 Inflation Funding	\$106.1 million	\$45.0 million
K-12 COCA Funding	\$24.3 million	\$42.3 million
Treasury Board Debt Service	(\$18.8 million)	\$2.8 million
Capital Outlay Repair Fund	\$27.5 million	Debt-financed
Higher Education – Financial Aid	\$0.0	\$27.0 million
Total Higher Education E and G Operating	\$131.8 million	\$109.0 million
General District and J & DR Clerks’ Staffing	No Action	\$9.8 million
Remove Waste Tire Fund Deposit to HMOF	No Action	(\$4.7 million)
Woodrum Impacts	\$12.3 million	\$6.2 million
DOC Payments in Lieu of Taxes	No Action	\$2.7 million
Soil and Water Conservation Districts	\$2.0 million	\$4.1 million

# Local Aid

## Aid to Localities:

- House provides \$22.5 million GF each year to reduce local aid reversions to the Commonwealth
  - The House action reduces the local aid reversions in the current 2010-2012 budget by \$70 million over the biennium
- Senate does not provide general fund support to reduce local aid reversions
  - Senate language potentially allocates a portion of the Mortgage Servicing Settlement for reducing local aid reversions by up to \$50 million over the biennium
  - However, this amount is contingent on the extent that funding is not needed for a 3 percent bonus payment for state employees

# FACT Fund

## FACT Fund:

- House and Senate budgets include \$30 million in FY 2012 for the Federal Action Contingency Trust (FACT) Fund
  - Both the House and Senate also provide \$7.5 million for BRAC-Oceana from FACT Fund
- House and Senate budgets both provide criteria for the use of the FACT Fund and create an advisory committee to make recommendations to the Governor about any proposed uses of the FACT Fund
  - Criteria regarding use of fund and structure of advisory committees are different
- In the new biennium, House budget recommends the use of \$20 million in balances for the FACT Fund; the Senate recommends \$20 million GF for the FACT Fund
- Senate budget uses FACT Fund for contingent appropriations:
  - Mitigating encroachment around Langley Air Force Base
  - An advanced manufacturing initiative
  - Funding for the Commonwealth Research and Commercialization Fund

# Health and Human Resources

# Major Differences Between House and Senate Budgets (\$ in millions)

Major Spending Actions	House	Senate
Medicaid & Other Provider Rates	\$70.9	\$63.8
Medicaid Waiver Slots	\$10.4	\$0
Other Medicaid Services	\$2.1	\$5.9
Eliminate Restaurant & Waterworks Fees	\$2.6	\$0
Dental Services in Local Health Depts.	\$1.0	\$1.9
Poison Control Centers & HIV Drugs	\$0	\$1.5
Proton Therapy for Cancer Trtmt. & Research	\$1.5	\$0
CSA Wrap-around Svs. Children w/Disabilities	\$0	\$5.4
Children's Mental Health Services	\$1.0	\$2.2
MH Jail Diversion Svs. / Add 13 Beds at NVMHI	\$0	\$2.9
Aging Services at AAAs	\$1.3	\$3.3
Restore Funds to Local Social Svs. Depts.	\$0	\$2.9
Restore General Relief for Children Services	\$0	\$1.1
Restore Funds for Child Advocacy Centers	\$0	\$1.9
<b>TOTAL:</b>	<b>\$90.8</b>	<b>\$92.8</b>

# Medicaid Program

- Medicaid Provider Rates (biennial amounts)
  - Hospitals
    - ✓ House: 2.45% increase in FY 13 (\$37.7 million GF)
    - ✓ Senate: 2.6% increase in FY 13 (\$40.0 million GF)
  - Nursing Homes
    - ✓ House & Senate: 2.2% increase in direct care rates and ceilings each year and an additional 1% increase in ceilings in FY 13 (roughly \$30 million GF)
    - ✓ House includes \$10.0 million GF to restore capital rates
    - ✓ Senate removes \$10.0 million GF to restore capital rates

# Other Provider Rates

## (biennial amounts)

- House: 1.6% increase in Medicaid congregate care rates (\$4.2 million GF)
- Senate: 2.5% increase for assisted living facilities that accept Auxiliary Grant recipients (\$3.1 million GF)
- Senate: 10% rate increase for Medicaid Part C early intervention services (\$549,504 GF)
- Senate: 5% increase in Medicaid air and ground ambulance rates (\$213,290 GF)
- Senate: Adds language for a 1% increase in Medicaid personal care rates of \$3.5 million GF in FY 2014
  - ✓ Rate increase is contingent on savings from the transition of veterans from the Medicaid program to federally funded health care programs
  - ✓ Savings must exceed \$3.5 million by July 1, 2013

# Medicaid Services

- Medicaid Waivers
  - House: 200 intellectual disability waiver slots over biennium (\$9.4 million GF)
  - House: 50 developmental disability waiver slots over biennium (\$1.1 million GF)
- Continue exemption of behavioral health drugs from Medicaid Preferred Drug List
  - House continues exemption in FY 2013 only (\$2.1 million GF)
  - Senate continues exemption over biennium (\$3.4 million GF)
- Restore personal care hours from 48 to 56 hours/week
  - Senate provides \$2.0 million GF over biennium
- House and Senate provide funding to extend Medicaid/FAMIS to immigrant pregnant women and children (H: \$1.1 million GF / S: \$2.2 million GF)
- FAMIS outreach contract
  - Senate provides \$333,048 GF over the biennium to continue contract with the Virginia Health Care Foundation

# Health Safety Net

- House and Senate fully restore FY 2014 reductions to:
  - Virginia Health Care Foundation (\$2.0 million GF)
  - Free Clinics (\$1.6 million GF)
  - Community Health Centers (\$1.2 million GF)
- Other Health Safety Net Providers
  - House: Restores \$510,800 GF for 13 smaller health safety net organizations
  - Senate: Restores \$45,000 for local sickle cell chapters in FY 2014
- Local Health Department Dental Services
  - House restores first year only and requires plan for moving to prevention model in second year (\$967,944 GF in FY 2013)
  - Senate restores both years (\$1.9 million over biennium)
- Comprehensive Health Investment Project of Virginia
  - House: Restores \$727,628 GF in FY 2013
  - Senate: Provides \$500,000 GF each year
- House provides \$1.5 million GF in FY 2013 for proton beam therapy for cancer research and treatment
- Senate provides:
  - \$1.0 million GF over the biennium for Poison Control Centers
  - \$500,000 in FY 2013 for AID/HIV drugs waiting list
- Both House and Senate restore funds for the patient level database operated by Virginia Health Information

# Mental Health Services

- CSA Services
  - Senate provides \$5.4 million to restore funding for CSA wrap-around services to children with disabilities
  - Senate provides \$206,462 each year to lower the local match rate for CSA residential services provided in Prince William County
- Other Children's Services
  - House provides \$500,000 GF each year for children's mobile crisis services pilot programs
  - Senate provides \$2.2 million GF over the biennium to establish 5 child psychiatry demonstration programs
- Senate provides \$2.0 million GF over the biennium to create 5 new jail diversion programs to support law enforcement drop-off centers
- Senate provides \$900,000 in FY 2013 to continue operating 13 beds at the Northern VA Mental Health Institute proposed for closure in FY 2010
  - Language requires a long-term plan for bed capacity in Northern Virginia

# Social Services

- House and Senate provide funds for local Area Agencies on Aging (AAAs)
  - House provides \$1.3 million GF over the biennium
  - Senate provides \$3.3 million GF over the biennium
    - ✓ Requires AAAs to backfill aging earmarks that were reduced in the introduced budget (\$1.2 million GF over the biennium)
- Senate restores:
  - \$1.4 million each year to local departments of social services (DSS)
  - \$931,000 each year for Child Advocacy Centers
  - \$558,566 each year for General Relief at local DSS
  - Funding targeted for services to unattached children to prevent placement in foster care
  - \$380,000 each year for Healthy Families
  - \$323,250 over the biennium for Mt. Empire AAA Pharmacy Connect
- House and Senate restore \$500,000 each year for Community Action Agencies

# HHR Savings Differences

(GF \$ over the biennium)

Savings Actions	House	Senate
Eliminate Funds for Early Childhood Foundation	(\$1.5 million)	\$0
Enrollment of Veteran's in Federal Health Care Programs	\$0	(\$1.0 million)
SB 314 Impact - Level Fund VCBR in FY 2014	\$0	(\$969,307)
Eliminate Funds for No. Va. Family Services	(\$400,000)	\$0
Eliminate Funds for Didlake, comm. rehab. org.	(\$400,000)	\$0
Phase-in Medical Facility Inspectors	\$0	(\$274,432)
Eliminate Funds for Oxbow Center	(\$176,000)	\$0
Reduce Funding for CSA Audit	\$0	(\$120,000)
Lyme Disease Surveillance	(\$100,000)	(\$56,250)
<b>TOTAL:</b>	<b>(\$2.6 million)</b>	<b>(\$2.4 million)</b>

# Public Education

# HB 30: Major Actions Direct Aid

- House provides \$106.1 million over the biennium to fully fund the non-personal inflation rates using the latest figures reported by Global Insight last month
- Senate provides school divisions \$45.0 million in the first year distributed based on a pro-rated portion of the non-personal inflation rates
  - Language states funds available to school divisions to assist with the increased local share of VRS rate costs
- Senate Increases funding for the Virginia Preschool program by \$18.2 million over the biennium to increase the per pupil amount from \$6,000 to \$6,800 each year
  - Provides an on-going hold harmless provision related to changing the methodology to determine the number of eligible at-risk four-year-olds
  - FY 2012 enrollments would continue as base comparison for future years' hold harmless payments

# Teacher Retirement

## ■ House:

- Provides full funding of the teacher retirement rate at 10.23%, which is based on an 8.0% ROR, 2.5% COLA, and a 30-year amortization period
- Adds an additional \$30 million each year for DOE to make a lump-sum payment to the VRS, which represents the state share of the repayment of deferred contribution from 2010-12
  - ✓ School divisions will not be required to pay a local match to the state's lump-sum payment
  - ✓ Saves school divisions approximately \$80 million in local spending as compared to the introduced budget

## ■ Senate:

- Maintains the 11.66% VRS rate included in the introduced budget

# HB 30 Direct Aid: Similar Amendments

- Both provide full funding to update the K-3 Class Size Reduction program to reflect the change in the percentage of free lunch eligible students
  - House: \$44.8 million over the biennium
  - Senate: \$47.1 million over the biennium and new language allowing class size to be increased by five students
- Both expand the Early Intervention Reading program for third graders
  - House adds \$6.2 million, to increase from 25% to 62.5% in first year & to 100% in second year
  - Senate adds \$8.2 million, to go from 25% to 100% in both years
- Both provide partial funding for COCA supplement for support positions
  - House adds \$24.3 million over the biennium
    - Allocation is based on funding the support positions at the same percentage as SOQ instructional positions of 9.83% in both years
  - Senate adds \$42.3 million over the biennium
    - Allocation is based on funding support positions at 24.62% in first year & 9.83% the second year

# HB 30 Direct Aid

- House provides \$950,558 over the biennium to expand the Youth Development Academy initiative into each of the eight superintendent regions; Senate did not adopt this executive amendment
- House provides \$200,000 in the first year to offset some of the costs related to the purchase of Epi-Pens in each school pursuant to HB 1107
- House retains funding provided for financial assistance provided to school divisions applying for a Charter School while Senate eliminates \$100,000 the second year
- House adds new language for two funding methodologies of full-time Virtual Schools
- House eliminates new funding for PSAT testing fees for 10<sup>th</sup> graders saving \$913,016 each year while Senate retains the new initiative
- House level funds Jobs for Virginia Graduates at the FY 2012 amount saving \$250,000 each year, while Senate retains proposed increase
- House eliminates the \$2.0 million in new funding over the biennium for Communities in Schools while Senate reduces the funding by \$1.0 million over the biennium and uses the savings to fund Project Discovery at FY 2012 levels (\$1.2 million)

# HB30 Direct Aid: Senate Amendments

- Senate transfers \$7.2 million over the biennium into the Literary Fund to supplant an equal amount of general fund dollars for retirement costs
  - Amounts generated by requiring a portion of revenues generated by ticketing under local ordinance to be deposited into the Literary Fund
- Senate funds addresses a number of smaller projects as follows:
  - \$2.0 million in the first year for Career & Technical education equipment
  - \$1.0 million each year to expand Virtual Virginia online courses and enrollments
  - Provides \$1.1 million in the first year for the Performance Pay pilot payments that Senate budget eliminated in FY 2012
  - Adds \$1.0 million over the biennium for new Teacher Mentoring supplements – not restricted to Hard-to-Staff schools' teachers
  - Provides \$425,000 each year for the Virginia STAR Information Technology repair certification program for eight divisions
  - Adds \$500,000 over the biennium for a pilot College Readiness Center for 6<sup>th</sup> thru 8<sup>th</sup> graders

# Dept. of Education – Central Office

## ■ House:

- Provides \$1.5 million each year for Information Technology Academies to provide support information technology industry certifications
- Provides \$200,000 the first year for a feasibility plan for establishing a Science, Technology, Engineering and Applied Mathematics (STEAM) residential school in Virginia
- Removes language related to school efficiency reviews

## ● Senate:

- Eliminates funding for third grade SOL tests for science and history saving \$1.7 million over the biennium
- Restores \$1.0 million over the biennium for the Educational Telecommunications Technology for digital content and support services
- Eliminates \$1.2 million over the biennium for the College Partnership Laboratory Schools within the Secretary's Office

# Higher Education

# TJ 21 Operating Funds

## *Enrollment*

### ■ House:

- Provides \$42.6 million for 4 major items
  - ✓ \$5.5 million for New Seats at UVA, CWM, JMU & VT
    - Continues funding to provide about 1,700 new seats
  - ✓ \$13.8 million for projected enrollment growth at the VCCS
  - ✓ \$8.0 million for projected growth in Transfers at 4-years
  - ✓ \$15.4 million from 6-year plans to improve retention & graduation of students
- Amounts based on in-state undergraduates and 2/3 of full cost

### ■ Senate:

- Retains the \$32.4 million proposed in HB 30 for prior year enrollment growth (FY 10 to FY 11)
  - ✓ Based on \$2,750 per student at 4-year & \$1,375 per student at 2-year
  - ✓ Includes graduate & 1<sup>st</sup> professional students

# TJ 21 Operating Funds

## *Basic Operations*

### ■ House:

- Provides \$58.2 million for base operating support
  - ✓ Funds allocated using 6-year plans
  - ✓ Address needs identified by institutions for additional faculty & staff, O & M for new buildings, utilities, library, technology & pother base costs

### ■ Senate:

- Retains the \$50.9 million as proposed in HB 30
- Amounts distributed using base adequacy shortfall & percent of guidelines
  - ✓ Institutions below 85% of guideline (ODU) receive about 1.6% of funding need calculation
  - ✓ Institutions between 85% & 90% of guideline (CNU, LU, NSU, VCU, UVA-W, & VCCS) receive about 0.8% of funding need calculation
  - ✓ Institutions above 90% of guideline (CWM, GMU, JMU, UMW, RU, UVA, VMI, VSU, VT & RBC) receive about 0.4% of funding need calculation

# TJ 21 Operating Funds

## *Incentive & Initiative Funding*

- House:
  - Provides \$31 million for incentive / initiative funding
    - ✓ Funds allocated using 6-year plans and the model proposed by the Presidents
    - ✓ Funds have a matching requirement from institution reallocations of up to 1% of FY 12 GF base
    - ✓ Funds are designated for specific purposes based on each institutions six year plans & STEM specific items
- Senate:
  - Provides \$25.6 million for incentive and initiative funding

# Comparison of Enrollment, Base Operations & Incentive / Initiative *(GF \$ in Millions)*

<u>Institution</u>	<u>House</u>	<u>Senate</u>		<u>Institution</u>	<u>House</u>	<u>Senate</u>
CNU	\$3.3	\$2.5		UVA	\$7.7	\$6.2
CWM	2.3	2.0		UVAW	\$1.7	\$1.7
GMU	9.5	8.1		VCU	14.8	14.4
JMU	10.8	6.5		VMI	1.3	1.3
LU	2.4	2.1		VSU	3.6	2.9
UMW	2.4	2.0		VT	8.6	7.0
NSU	3.8	2.2		RBC	0.6	0.5
ODU	14.5	12.9		<u>VCCS</u>	<u>38.5</u>	<u>32.7</u>
RU	5.7	4.1		<b>Total</b>	<b>\$131.8</b>	<b>\$109.0</b>

# Higher Education Research

- House:
  - Provides \$10.5 million in various research initiatives
    - ✓ Cancer research - \$3 million for UVA & \$3 million for VCU
    - ✓ ODU Bioelectric - \$1.5 million
    - ✓ UVA Noninvasive surgery - \$1.5 million
    - ✓ VT brain research - \$1.5 million
  - House provides \$1.5 million in the first year for proton beam in the Department of Health
    - ✓ Higher education item is eliminated
- Senate:
  - Provides \$8.5 million in various research initiatives
    - ✓ Cancer research - \$2 million for UVA & \$2 million for VCU
    - ✓ ODU Bioelectric - \$1.5 million
    - ✓ UVA Noninvasive surgery - \$1.5 million
    - ✓ VT brain research - \$1.5 million
  - Senate eliminates \$6 million in proposed new funding for the proton beam at Hampton University
    - ✓ Senate leaves in place \$1,020,000 in base funding for Hampton
- Both House & Senate eliminate \$5.2 million in undesignated research

# Financial Aid

- House:
  - Redirects \$13.7 million in financial aid proposed in HB 30 for other purposes primarily a 2% salary increase
- Senate:
  - Provides \$27 million in financial aid
    - ✓ Adds \$11.5 million to the \$13.7 million in HB 30 for a total increase of about \$25.2 million for undergraduate aid
    - ✓ Also adds \$1.8 million for graduate aid in the 2<sup>nd</sup> year

# Other Spending / Language

- Salary Increase
  - Both provide for a two percent increase with slight differences for start date & amount distributed (\$13 million vs. \$18 million)
- Reallocations
  - House requires \$21 million as match for Incentive funding
  - Senate requires \$34.7 million and retains original language having Sec. of Education approve plans for use
- Miscellaneous (see table next page)
- Language
  - House retains restriction in HB 30 on amount of financial aid that can be generated from in-state students / Senate eliminates language
  - House eliminates proposed language that would try to codify higher education funding / Senate modifies language
  - House has reporting language for NGF adjustments by DPB
  - House has language that permits Level II institutions to seek additional authority
  - Senate has language that would allow VMI to adjust resources when calculating base adequacy

# Miscellaneous Higher Education

	House	Senate	Difference	
VCU Pharm Lab	500,000	0	500,000	
VT UMA	600,000	0	600,000	
Dahlgren	1,150,000	575,000	575,000	
NSU Center	0	155,000	(155,000)	
VSU research	0	155,000	(155,000)	
VCCS Workforce	(4,000,000)	(2,000,000)	(2,000,000)	
EVMS	(1,496,666)	(1,781,341)	284,675	SFC 1st year only
Southern Va HEC	0	450,000	(450,000)	
VIMS Study	0	50,000	(50,000)	
Frontier Culture	350,000	151,926	198,074	
State Library	0	2,028,872	(2,028,872)	
Comm for Arts	(72,000)	299,586	(371,586)	
Jeff Labs	(1,000,000)	(1,000,000)	0	
Virtual Library	(2,800,000)	(2,800,000)	0	SFC 1st year only
Inst for Res (Danville)	0	(600,000)	600,000	SFC 1st year only
VWIL	(9,873)	230,925	(240,798)	SFC fully restores
Toll Assistance (SB 619)	0	1,000,000	(1,000,000)	
Transfer Grant (SB 85)	0	2,600,000	(2,600,000)	
National Guard (SB 508)	0	970,000	(970,000)	DMA
Math Init from K-12	0	350,000	(350,000)	House eliminates in K-12
STEM Initiative	200,000	0	200,000	
VTCC (VCU)	250,000	250,000	0	SFC moves to capital
HEETF	0	1,920,000	(1,920,000)	\$12.2 million more ETF

# Capital Outlay

# Use of Debt

- House reduces overall debt by \$96.4 million compared to HB 30
- Senate adds \$121.1 million in new bonds including about \$89.5 for wastewater projects. This is in addition to \$378 million authorized in SB 494
  - Total additional capital debt of about \$499.1 million
- Senate creates a Construction, Renovation & Repairs bond pool of about \$134.4 million and \$6 million GF (Woodrum) for 34 projects
- Senate wastewater bonds tied to shifting \$30 million WQIF to non-point Agricultural BMPs

	<u>House</u>	<u>Senate</u>
HB 1500/ SB 800	\$240.1	\$240.1
Amendments		
Mnt Rsv Suppl	(96.4)	(100.4)
Project Supplement		134.4
DEQ Wastewater		89.5
GMU Mnt Reserve		2.4
Equip: Move VIMS		(8.1)
Equip: VCU		1.3
Hylton Perf Arts		2.0
<b>Amd. Subtotal</b>	<b>(96.4)</b>	<b>121.1</b>
<b>SB 494</b>		<b>378.0</b>
<b>Grand Total Debt</b>	<b>\$143.7</b>	<b>\$739.2</b>

# Project Planning

## ■ House:

- Removes \$14.8 million Planning Fund in HB 30 to preplan 59 projects
- Provides \$16.1 million from Planning Fund, \$0.6 million GF & \$14.5 million NGF to do detail planning for 29 projects with a project value of about \$680 million
- Designates 33 projects to move to detail planning in language once first group is moved to construction

## ■ Senate

- Removes \$14.8 million Planning Fund in introduced to pre-plan 59 projects
- Provides \$14.8 million from Planning Fund, \$6.6 million GF & \$31.3 NGF to do a combination of planning and preplanning
- \$6.6 million GF & \$0.8 million from Planning Fund is designated for detailed planning of six projects with a project value of about \$105 million
- \$31.3 million NGF is designated for 12 projects with a project value of about \$376 million
  - ✓ Colleges would be financing 100% of their detailed planning
- \$14 million from Planning Fund to preplan 56 projects with a project value of about \$1.1 billion
  - ✓ Includes almost \$200 million for seat of government projects

# Other Capital Actions

## ■ House

- Treasury Board debt savings of \$18.8 million from lower interest rates and debt issuance changes

## ■ Senate

- \$2.8 million added to Treasury Board debt service costs
  - ✓ \$1.9 million for a \$12 million HEETF equipment increase
  - ✓ \$0.9 million for debt in the budget
- Authority to sell 9<sup>th</sup> Street Office Building for \$9.5 million
  - ✓ Parking deck authority treasury loan
- Language to develop master plan for inmate medical facility
  - ✓ Project has a price tag of nearly \$300 million
- Language authorizes return of Mecklenburg prison property to the county

# Transportation

# Transportation

## HB 29:

- Both budgets appropriate 2/3 of the FY 2011 surplus for transportation
- House budget appropriates \$57.3 million for the Virginia Transportation Infrastructure Bank and \$9.9 million for transit operating costs
- Senate budget appropriates \$57.3 million for the Rail Operating Fund and \$9.9 million for transit operating costs

## HB 30:

- House budget reflects the adoption of HB 1248 which provides for the transfer of 0.5% of the unencumbered general sales tax revenues to transportation over 8 years
  - Includes a reduction of \$16.1 million to reflect exclusion of portion attributable to food
- Senate budget eliminated the proposal altogether, freeing up \$110.7 million for other uses

# Transportation

## Waste Tire Fund Revenues:

- House budget retains proposal included in HB 30 that would transfer revenues from the Waste Tire Fund totaling \$2.3 million each year to the HMOF
- Senate budget transfers funding back to DEQ but for other purposes and reduced DEQ's GF appropriation by a like amount

## HB 806:

- House budget reflects an additional \$4.8 million in FY 2013 and \$4.6 million in FY 2014 for the HMOF pursuant to the revised overweight permit fee structure adopted pursuant to HB 806
- Senate did not have companion legislation

## SB 619:

- Senate budget includes \$250,000 in FY 2013 and \$750,000 in FY 2014 to provide "Smart Tags" to low-income college students to off-set toll costs in Hampton Roads
- House did not have companion legislation. SB 619 tabled in House Transportation Committee

# HB 30: Other Transportation Agencies

- Virginia Commercial Space Flight Authority:
  - House budget reflects HB 813, retains a one-time appropriation of \$4.0 million GF in the first year to complete the new launch pad at the Mid-Atlantic Regional Spaceport at NASA's Wallops Flight Facility, and includes language authorizing the use of up to \$15.0 million in TTF revenues for the operational and capital needs of the facility
  - Senate budget replaces the GF cash with \$4.0 million of VPBA bond authority, and authorizes \$1.5 million each year from the TTF for the VCSFA
- DMV
  - Both bodies retain language in HB 30 as introduced which includes fee adjustments generating an estimated \$9.9 million in DMV Special Revenue to support DMV services

# **Agriculture and Forestry, Commerce and Trade, and Natural Resources**

# HB 30: Agriculture and Forestry

## Like Items in House and Senate Budgets:

- Both include \$1.0 million GF each year for the Governor's Agriculture and Forestry Industries Development Fund pursuant to HB 766/SB 128
- Both provide an additional \$260,226 the first year and \$410,226 the second year to expand international marketing of Virginia's agricultural products
- Both include an additional \$40,000 each year to match federal coyote control funding
- Both authorize the sale of 6 DOF-owned buildings with proceeds of the sale of 3 being retained by the Department to purchase mobile technology equipment to support the employees now working in field
- Both provide \$250,000 each year to purchase additional equipment through the MELP program

# HB 30: Agriculture and Forestry

## Elements of Disagreement:

- House budget eliminates a proposed per device fee for the weights and measures program; \$8.00 per device fee retained in Senate budget
- House budget provides \$223,420 GF each year to avoid increasing the food inspection fee for non-restaurant establishments. SB 30 adopts the proposal to increase the fee from \$40 to \$60 per year
- House provides \$75,000 each year for the investigation of specialty crops while the Senate provides \$50,000 each year as had been included in the introduced budget
- House increases general fund support for the reforestation of timberlands program by \$120,000 while Senate provides an increase of \$500,000 each year
- Senate provides \$289,206 the first year and \$350,324 the second year to eliminate proposed savings for Charitable Gaming Enforcement that were included in the agency 2/4/6% cuts and in HB 30 as introduced

# Commerce and Trade

- House budget included net reductions of \$37.1 million
- Senate budget included net reductions of \$31.6 million
- The largest reductions – reflected in both budgets – are as follows:
  - Both saved \$10.0 million over the biennium by eliminating a new Life Sciences initiative
  - Both moved funding of \$7.5 million for BRAC-related payments to the City of Virginia Beach and instead fund it from the FACT Fund
  - Both generated savings based on balances in the Governor’s Opportunity Fund
    - ✓ House captured \$12.0 million in balances in FY 2012
    - ✓ Senate reduced FY 2013 appropriation by \$6.0 million
- Both eliminate a proposed per employee surcharge at VEC but fund the interest payment due to the federal government
  - Senate funds the \$6.7 million entirely from VEC’s penalties and interest account
  - House utilizes \$5.6 million from penalties and interest and \$1.1 million GF

# Commerce and Trade

## Like Items in House and Senate Budgets:

- Both bodies generate savings by reducing new funding for the Commonwealth Research and Commercialization Fund
  - House reduces each year by \$2.5 million, leaving \$7.5 million a year
  - Senate eliminates all second year funding (\$10.0 million) and makes it eligible for a contingent appropriation from the FACT Fund
- Both generate savings by reducing by \$500,000 the increase for international marketing at VEDP in FY 2013
- House eliminates new regional cooperation initiative, saving \$500,000. Senate reduces the amount to \$250,000
- Both bodies reduce the increases proposed for general tourism marketing at the VTA by \$500,000 each year
- Both eliminate funding for Heartwood Artisan Center saving \$250,000

# Other Senate Actions in Commerce and Trade

- Other Contingent FACT Fund Appropriations:
  - Senate saves \$4.0 million over the biennium by making the Advanced Manufacturing Initiative a contingent appropriation from the FACT Fund
  - Senate provides \$1.0 million each year for Langley Air Force Base encroachment issues through another contingent FACT Fund earmark
  - When combined with two actions on previous page, Senate funds a total of \$22.5 million in economic development programs from the FACT Fund
- Senate budget includes \$3.0 million each year for a Machinery and Tools Investment Grant Fund, reflecting the provisions of SB 549
- Senate provides \$1.5 million each year for the Small Business Investment Grant Program and \$150,000 each year for Microenterprise Investment Grant Program
  - House funds Small Business Investment Tax Credit per HB 585 and did not adopt legislation regarding the Microenterprise Investment Program

# Department of Housing and Community Development

- Homeless Prevention Programs
  - Senate provides \$1.5 million in the second year to fund rapid rehousing and permanent supportive housing
  - House retained the first year appropriation of \$1.5 million but didn't add year 2 funding
- Foreclosure Counseling
  - Senate provided \$300,000 in FY 2013 and \$600,000 in FY 2014 for a new foreclosure assistance counseling program pursuant to SB 644 (Colgan)
  - House did not have a similar bill
- Derelict Structures
  - House eliminated \$3.0 million in the first year and \$2.0 million in the second year
    - ✓ Year 1 manufacturing initiative supports site development
  - Senate retained full amounts

# VEDP and VTA

- House eliminates funding for Brownfields Restoration at VEDP, which totaled \$628,634 each year
- House reduces the increase for the regional tourism programs at VTA by \$300,000 each year, leaving an annual increase of \$275,000
  - Leaves \$1.7 million annually in this program
  - House also eliminated the \$500,000 earmark for Portsmouth Sports Hall of Fame (Senate retains)
- Senate eliminates the phase-out of Daniel Boone Visitors Center and the Coalfields Regional Tourism Authority, resulting in additional spending of \$223,500
- Both bodies included language regarding the cooperative advertising program, attempting to retain some portion of existing partnerships but broadening program to other associations

# Natural Resources

## Differences in House and Senate Budgets:

- Senate proposes issuing \$378 million in bonds for wastewater treatment plant upgrades and combined sewer overflow projects
  - Due to this bond proposal, the Senate also transfers \$30 million in WQIF proceeds from wastewater treatment plant upgrades to agricultural best management practices
- Both budgets provide funds for soil and water conservation districts
  - House provides \$1.0 million per year; Senate provides \$2.0 million per year
- Senate includes an additional \$1.0 million GF each year for the Virginia Land Conservation Fund
- House provides \$1.0 million GF each year plus \$2.5 million in unused bond proceeds for the preservation of Civil War battlefields
  - Senate provides \$2.0 million GF only in FY 2013
- Senate eliminates the proposed \$625,000 GF for the Clean Air Act program and directs that fee revenues support the entire program's costs rather than a portion
- Both budgets eliminate \$450,000 in proposed fee increases for state parks in FY 2013 and FY 2014; Senate budget also restores \$350,000 GF each year for 7 positions that were not filled

# Natural Resources

## Differences in House and Senate Budgets:

- Senate restores \$151,000 in FY 2012, FY 2013, and FY 2014 for the membership dues for the Interstate Commission on the Potomac River Basin
- Senate includes \$500,000 GF each year to continue a ghost trap recovery program that was originally supported by the federal funds Virginia received when the Blue Crab fishery was declared a national disaster
- Senate includes \$250,000 GF each year to augment the funding for Oyster Restoration
- Senate provides \$200,000 GF each year to restore the Virginia Saltwater Fishing Tournament
- Senate restores litter and recycling funds proposed for transfer to the general fund -- \$201,189 in FY 2013 and \$137,439 in FY 2014
- Senate restores \$148,750 GF each year for the Potomac River Fisheries Commission (in Central Appropriations)
- Senate also eliminates support within Natural Resources for the Attorney General's office
  - Eliminates \$240,000 GF each year approved during last year's Veto Session to defend environmental regulation and permit challenges for DEQ and DMME
  - Eliminates the provision of \$66,500 GF each year for legal services to the Department of Historic Resources

# Compensation and Retirement

# Employee Pay Raise

- House budget includes a revenue reserve of \$42.2 million GF in FY 2014 which is set aside for a 2% salary increase for state employees and employees of constitutional officers
  - \$33.2 million GF for state employees effective July 10, 2013 (August 1 paycheck)
    - ✓ \$13.0 million provided directly to universities for their 2% salary increase
  - \$9.0 million GF for constitutional officers and their employees August 1st
- Senate budget provides \$58.8 million in FY 2014 for a 2% pay raise
  - State employee pay raise effective June 25<sup>th</sup>
    - ✓ Funding for universities is included in central account
  - Includes funding for all state supported local employees

# Employer Rates VRS – Teachers and Locals

## Teacher Retirement Rate

- House budget fully funds teacher retirement rate at 10.23%
  - Provides for the initial repayment of the 2010-12 deferred payment with an additional \$30.0 million GF lump sum payment each year
    - ✓ School boards are not required to provide a local match related to the \$30.0 million lump sum payment
- Senate budget funds the teacher retirement rate at 11.66% including a 1.43% add-on as the repayment of the deferred payments

## Locality Retirement Rates

- House budget require rates for political subdivisions to be based on same assumptions as state employee and teacher plans
  - Assumes a 30 year amortization period, 8% rate of return and 2.5% cost of living adjustment
    - ✓ Realizes \$2.0 million a year in savings from reduced VRS contribution reimbursements from the Compensation Board as a result of these assumptions
- Senate budget does not address local rates

# Employee Contribution – Teachers and Locals

- House includes language giving local school boards and localities who are paying the 5% employee contribution on behalf of their Plan 1 employees the option of requiring these employees to pay a portion or all of the 5% employee contribution
  - Language is optional and salary offset is also optional
- Senate Budget does not modify language in introduced budget making election to pay 5% contribution for Plan 1 employees irrevocable
  - SB 497, which passed the Senate, requires localities and school boards to require their employees to begin paying the 5% contribution and at the same time provide a 5% salary offset to any employees currently not paying a contribution
  - Provides school boards the option of phasing it in over 5 years

# Other Senate Amendments

## Senate Budget

- Senate Budget includes \$185,000 GF in both FY 2013 and 2014 to provide the Northern Virginia pay differential to state police officers at work stations located in Senate District 27
  - Senate District 27 includes all of Clarke and Frederick counties, all of the city of Winchester, and parts of Fauquier and Loudon counties
- Senate Budget includes savings of \$1.2 million each year reflecting SB 95, which raises the mandatory retirement age for judges from 70 to 73

# Line of Duty

- Both budgets include \$1.7 million GF each year for estimated increased cost for the program
- House includes amendments stating that localities that opt-out of the state run program do not have to continue to use the State Comptroller to process the payments on their behalf
- Senate includes language creating a work group to study the current Line of Duty Program and also review the appropriateness of including DMV enforcement officers and other groups under the presumption clause

# General Government

# Judicial Vacancies

## ■ Judicial Vacancies

- House authorizes the filling of 33 judgeships that are or will become vacant during the 2012-14 biennium in addition to the 11 currently funded but not filled
  - ✓ Amendments reflect \$6.7 million in additional savings over the 3 years from remaining vacancies
  - ✓ Budget provides \$240,000 appropriation for caseload study
- Senate authorizes the filling of 9 vacant judgeships in FY 2013 and 1 additional judgeship in FY 2014
  - ✓ 5 of the 10 judgeships are among those funded in Chapter 890 but not yet filled
  - ✓ Senate assumes an additional savings of \$927,899 over the 3 years
  - ✓ Senate budget assumes around \$13 million in savings over the 3 years in excess judicial vacancies savings will be used by the Judicial Department to cover the \$5.3 million in annual across the board reductions
  - ✓ Assumes caseload study will be funded from excess savings

# Other Judicial Actions

- Staffing for General District and J & DR Clerks
  - House provides \$1.0 million GF in FY 2013 and \$2.2 million GF in FY 2014 for additional staffing in General District and Juvenile and Domestic Relation courts as proposed in HB 30
    - ✓ Amount funds 22 FTEs in FY 2013 and 46 FTEs in FY 2014
  - Senate provides an additional \$5.4 million in FY 2013 and \$4.3 million in FY 2014 (on top of amounts in introduced budget)
    - ✓ Senate budget would fund 136 additional FTEs beginning in FY 2013
  
- Fee Increase Used to Support Legal Aid
  - Senate increases the “legal aid filing fee” charged in certain civil actions in localities with a legal aid program from \$10.00 to \$14.00 to increase funding for legal aid through the State Bar by \$3.2 million NGF each year
  - House budget does not increase the filing fees

# General Government Significant Spending /Savings

Total GF Impact HB/SB 29 and 30

	House	Senate
Legislative - Dues for Council for State Governments	\$0	\$438,105
Administration – Revert Unallocated Funds from Career Development Programs	(\$2,930,611)	\$0
Administration – Restore Funding for DGS FICAS	\$0	\$562,500
Finance - School Efficiency Review Program	(\$294,412)	\$675,000

# Senate Budget - Other Items

- Senate Budget includes language requiring the Lottery Department and the Department of Tax to assess the impact of charging sales tax for lottery tickets
- Senate Budget includes language in Part 3 requiring the Auditor of Public Accounts to perform a calculation related to fines and fees collected in General District Courts
  - The language states that for all localities where the total amount of local collections exceeds 30% of total collections, half the fines in excess of the 30% level shall be deposited in the Literary Fund
  - Senate budget assumes \$3.6 million in additional deposits to the Literary Fund each year as a result

# Public Safety

# Public Safety

## Similar Items in House and Senate Budgets:

- Savings from local delays in staffing for jail expansion projects
- Additional funding for evaluation of sexually violent predators
- Positions to restore Forensic Science photography support services
- Funding transfer for Commonwealth Challenge program
- Funding for DVS automated claims system
- Amendments dealing with ICAC funding

## Differences in House and Senate Budgets:

- Woodrum Impacts: House budget includes \$12.3 million in Woodrum Impacts, Senate includes \$6.2 million
- SURE Probation Violators Sentencing Pilot Program: House eliminates pilot sentencing program for technical violators saving \$924,288 per year and 12 positions; Senate maintains this funding
- Payments in Lieu of Taxes: Senate adds \$1.4 million GF each year to reinstitute DOC payments in lieu of taxes

# Public Safety

## Department of Corrections Language

- Senate includes language requiring Governor to open Grayson Prison by July 1, 2013

## Military Affairs

- Senate provides \$485,000 per year to provide in-state tuition for those out-of-state students who join the Virginia National Guard

## State Police

- House includes \$200,000 each year and Senate includes \$402,124 per year in additional funding for firearms background checks
- Senate amendment provides \$1.3 million GF for the firearms background check program and transfers all fee collections (\$939,682) to GF
- Senate provides \$185,000 GF each year to expand the Northern Virginia pay differential for sworn State Police officers to Sen. District 27

## Parole Board

- Senate includes \$100,000 to make two more members of the Parole Board full-time members

## Veterans Services

- Senate includes \$140,000 GF each year and \$20,000 NGF to address financial issues identified by Auditor of Public Accounts