

# **Governor's Proposed Amendments 2012-2014 Appropriation Act (HB 1301, As Adopted)**

## **Amendment No. 1 Item 0 – Revenues Technical - Revenue Adjustments**

**General Assembly Action:** Adopted the “front page” revenue adjustments reflected in the General Assembly’s amendments to House Bill 1301 as introduced.

**Governor's Action (Technical):** The proposed amendment reflects net adjustments relating to amendments proposed to House Bills 1300 and 1301 which result in a net reduction of \$2.0 million in revenues and a reduction of \$13.1 million in GF spending over the biennium. As a result, there would be an unappropriated balance of \$22.0 million at the close of the biennium.

**Notes:**

- The front page will be adjusted to reflect the amendments adopted by the General Assembly.

## **Amendment No. 2 Item 50 – Virginia Criminal Sentencing Commission Language – Amending Immediate Sanction Program**

**General Assembly Action:** Included language extending the application of Chapter 845 of the 2010 Acts of Assembly, which authorized the creation of local immediate sanction programs for technical probation violators. The language provided for the establishment of up to four local immediate sanction programs, and for the evaluation of those programs by the Criminal Sentencing Commission two years after their creation. In the absence of action by the General Assembly, the provisions of Chapter 845 of the 2010 Acts of Assembly would have sunset on July 1, 2012.

**Governor's Action:** While the proposed amendment still provides for the continuation of the Code provisions creating the local immediate sanction programs and up to four local immediate sanction programs, the remainder of the language adopted by the General Assembly is stricken. In its place is language providing for the Criminal Sentencing Commission to (1) develop guidelines

for the programs' administration, administer the programs, and evaluate the programs' results, (2) develop a validated substance abuse assessment instrument for use by affected probation and parole districts, and (3) determine which localities may create immediate sanction programs. The language also provides that the local decision to create an immediate sanction program requires the concurrence of the chief judge of the circuit court and the Commonwealth's Attorney of the locality. A preliminary report regarding the programs, including preliminary recidivism results, is due to the Governor, the Chairmen of the House and Senate Courts of Justice Committees, and the Chairmen of the House Appropriation and Senate Finance Committees by October 1, 2013.

### **Amendment No. 3**

#### **Item 53 – Judicial Department Reversion Clearing Account Language – Fill Vacated Judgeships**

**General Assembly Action:** Included language authorizing the filling of 23 frozen judgeships. The budget assumed savings of \$3.3 million in FY 2013 and \$4.7 million in FY 2014 based on the continuation of the freeze for 13 vacancies in calendar year 2012 and 13 additional vacancies that are projected to occur in calendar year 2013.

**Governor's Action:** This amendment allows flexibility to fill any new vacancies which occur after August 1, 2012, and before December 1, 2012. This action would not impact the savings assumed in the budget because no new vacancies were projected to occur during this time period.

### **Amendment No. 4**

#### **Item 61 – Attorney General and Department of Law Increase Appropriation for the Expanded Consumer Affairs Services**

**General Assembly Action:** Increased the appropriation for the Regulatory, Consumer Advocacy, Litigation, and Enforcement Revolving Trust Fund from \$900,000 to \$1,250,000 of special funds in each of the three years as requested by the Attorney General. In addition, the General Assembly adopted House Bill 1291, the Omnibus reorganization of executive branch of state government, which transferred certain investigation and consumer complaint functions from the Department of Agriculture and Consumer Services to the Office of the Attorney General.

**Governor's Action:** The Governor's proposed amendment increases the NGF appropriation for the Regulatory, Consumer Advocacy, Litigation, and Enforcement Revolving Trust Fund by an additional \$300,000 in FY 2013 to cover one-time information technology costs related to the merger of some of the functions from the Department of Agriculture and Consumer Services to the Office of the Attorney General.

**Amendment No. 5**  
**Item 75 – Compensation Board**  
**Career Development Program Funding**

**General Assembly Action:** Reflected savings of \$900,000 GF in FY 2012 and \$1.0 million in each year of the 2012-2014 biennium to reflect a policy assumption included in the Appropriation Act since 2010 which limited state support for the Career Development Programs to those individuals in the program and receiving a salary supplement as of January 1, 2010.

**Governor's Action:** The Governor's proposed amendment provides \$973,919 GF in FY 2013 for career development salary supplements to employees who were qualified to receive the salary supplement as of January 1, 2010, but who were not receiving the supplement because of limited funding.

**Note:**

- The amendment does not provide funding for FY 2014. If amendment is adopted, either funding would need to be approved for FY 2014 in the 2013 Session, or the employees who start receiving the supplement would lose the supplement after one year.

**Amendment No. 6**  
**Item 75 – Compensation Board**  
**Technical - Allow Localities to Supplement Salaries to Offset Retirement Costs**

**General Assembly Action:** Adopted Senate Bill 497 which requires local employees to pay the 5% employee retirement contribution and further requires localities to provide a 5% salary offset to those employees for whom they are currently paying the 5% contribution.

**Governor's Action (Technical):** This technical amendment is intended to clarify that localities have the authority to provide the 5% salary offset to constitutional officers whose base salary is set through the Appropriation Act.

**Amendment No. 7**  
**Item 87 – State Board of Elections**  
**Technical – Provide Funding for Constitutional Amendments**

**General Assembly Action:** Adopted House Bill 5, House Bill 1021 and Senate Bill 240 which will result in two constitutional amendments being placed on the ballot in November 2012. House Bill 1021 allows the General Assembly to delay the reconvened session for a period of up to one week and House Bill 5 and Senate Bill 240 authorize a referendum to amend the constitutional provisions related to the taking or damaging of private property.

**Governor's Action (Technical):** The proposed amendment provides \$310,000 GF in FY 2013 for the State Board of Elections to cover costs that will be incurred by the Board relating to the referenda.

**Amendment No. 8**  
**Item 94 – Department of Agriculture and Consumer Services**  
**Technical – Eliminate Beekeeper Inspection Requirement**

**General Assembly Action:** Provided funding to reflect the adoption of House Bill 300 and Senate Bill 354 which create a new incentive grant program for beekeepers.

**Governor's Action (Technical):** The Governor's proposed amendment eliminates language included in House Bill 1301 as adopted relating to the implementation of the new incentive program. This language is not needed as the provisions of the program have since been codified pursuant to the conference agreement on the two pieces of legislation which create the program.

**Amendment No. 9**  
**Item 97 – Department of Agriculture and Consumer Services**  
**Split Additional Weights and Measures Funding Across Biennium**

**General Assembly Action:** The conference amendments to House Bill 1301 eliminated an \$8.00 per device fee that had been included in the introduced budget and provided an additional \$250,000 GF in the first year to help reduce the wait time between inspections of weights and measures devices.

**Governor's Action:** The Governor's proposed amendment would split the \$250,000 increase provided to support the weights and measures program between the first and second years, providing an increase of \$125,000 GF each year. This action would allow the Department to use the funds to hire additional personnel to inspect devices.

**Amendment No. 10**  
**Item 98 – Department of Agriculture and Consumer Services**  
**Increase GF Appropriation for Food Inspection**

**General Assembly Action:** The conference report for HB 1301 eliminated a proposed increase in the food inspection fee that had been included in the introduced budget and provided a GF increase for the program equal to a portion of the proposed fee but did not fully backfill the amounts. The conference amendment provided \$125,000 GF each year to replace the \$223,420 each year that would have been generated by increasing the fee from \$40 to \$60 each year.

**Governor's Action:** Proposes to provide an additional \$98,420 GF in the first year to fully replace the amount that would have been generated by the fee increase.

**Amendment No. 11**  
**Item 105 – Economic Development Incentive Payments**  
**Provide Funding for New Life Sciences Initiative**

**General Assembly Action:** Both the House and Senate budgets as well as the conference amendments eliminated a proposed new initiative that would have provided \$5.0 million GF each year for the creation of a life sciences research program. The initiative would have provided funding for a research consortium comprised of UVA, VCU, VT, GMU and EVMS to contract with private entities, foundations and other government sources for biosciences research. Ten percent of the funding would have been available for administrative expenses of the new non-stock corporation.

**Governor's Action:** The proposed amendment mirrors the proposal included in HB 1301 as introduced with the exception that it reduces the cost of the proposal from \$5.0 million each year to \$2.5 million each year.

**Notes:**

- The House eliminated the proposal because it was thought to be counter to the objectives of the new research roadmap implemented pursuant to legislation adopted by the 2011 Session of the General Assembly. The goal of the roadmap legislation was to focus and consolidate research efforts of the Commonwealth under one approval commission.
- One of the key silo industries identified in the research roadmap process is Life Sciences, and Commonwealth Research and Commercialization Fund grants have focused on this area.
- The Governor's amendment No. 13 provides an additional \$3.0 million to support the Commonwealth Research Commercialization Fund.

**Amendment No. 12**  
**Item 105 – Economic Development Incentive Payments**  
**Provide Additional Funding for Motion Picture Opportunity Fund**

**General Assembly Action:** The General Assembly reduced the proposed appropriation for the Motion Picture Opportunity Fund from \$3.5 million each year to \$2.0 million each year.

**Governor's Action:** The Governor's amendment proposes to increase the annual appropriation to \$3.0 million, matching the amount provided in FY 2012. However, the 2012 base included an increase of \$1.0 million provided by the 2011 General Assembly to fund an enhanced incentive for Steven Spielberg's "Lincoln" production and was one-time in nature.

**Amendment No. 13**  
**Item 105 – Economic Development Incentive Payments**  
**Increase Funding for Commonwealth Research Commercialization Fund**

**General Assembly Action:** HB 1301 as introduced included \$10.0 million GF each year for the Commonwealth Research Commercialization Fund (CRCF). The House Budget provided \$7.5 million GF each year for the Fund and the conference amendments reduced that amount to \$8.0 million GF in the first year and \$5.0 million GF in the second year.

**Governor's Action:** The Governor's proposed amendment would provide an additional \$3.0 million GF in the second year for the CRCF, bringing the total appropriation to \$8.0 million GF each year. The amendment also adjusts the sub-distributions of the funding to reflect the percentage share dedicated to the CIT "GAP" fund and the Commonwealth Research and Commercialization Fund. The distribution mirrors the relative shares provided by the General Assembly.

**Amendment No. 14**  
**Item 105 – Economic Development Incentive Payments**  
**Move Virginia Israel Advisory Board Funding**

**General Assembly Action:** The General Assembly moved the pass-through appropriation for the Virginia Israel Advisory Board from the Department of Business Assistance to the Virginia Economic Development Partnership (VEDP) to reflect the role played by the Board of enhancing Virginia's international trade with Israel. The conference amendments also included language authorizing the VEDP to increase the appropriation to the Board by \$47,896 each year.

**Governor's Action:** The Governor's proposed amendment would move the Virginia Israel Advisory Board funding from VEDP to the Economic Development Incentive Accounts item and directly appropriate the additional \$47,896 annually that was authorized by the General Assembly. This would bring the total appropriation for the Board to \$175,361 each year. A companion amendment No. 15 removes the funding from the Virginia Economic Development Partnership.

**Amendment No. 15**  
**Item 123 – Virginia Economic Development Partnership**  
**Move Virginia Israel Advisory Board Funding**

**General Assembly Action:** The General Assembly moved the pass-through appropriation for the Virginia Israel Advisory Board from the Department of Business Assistance to the Virginia Economic Development Partnership to reflect the role played by the Board of enhancing Virginia's international trade with Israel.

**Governor's Action:** The Governor's proposed amendment would eliminate the funding provided for the Virginia Israel Advisory Board funding from VEDP. A companion amendment, No. 14, adds the funding to the Economic Development Incentives Payments item.

**Amendment No. 16**  
**Item 123 – Virginia Economic Development Partnership**  
**Increase Funding for International Marketing**

**General Assembly Action:** The conference amendments reduced the Governor's proposed first year appropriation increase for international marketing at the Virginia Economic Development Partnership from \$1.0 million to \$500,000. No funding was proposed or provided for the second year of the biennium.

**Governor's Action:** Proposes to provide a second year appropriation in a like amount of \$500,000 to support the marketing efforts at the four new international offices opened with funding provided by the 2011 General Assembly.

**Amendment No. 17**  
**Item 123 – Virginia Economic Development Partnership**  
**Provide Funding for Shenandoah Valley Center for Manufacturing**

**General Assembly Action:** Included language directing the Virginia Economic Development Partnership (VEDP) to continue its efforts, begun pursuant to language adopted by the 2011 General Assembly, to leverage the expertise of the Center for Advanced Manufacturing to plan for a satellite site in the Shenandoah Valley.

**Governor's Action:** The Governor's amendment would provide a general fund appropriation of \$195,000 in the second year to cover the costs associated with the effort instead of requiring to the VEDP to support the efforts with its existing budget.

**Amendment No. 18**  
**Item 130 – Secretary of Education**  
**Report Use of Reallocation Requirement**

**General Assembly Action:** Required public colleges and universities to reallocate existing educational and general program funding by \$17.3 million or 1.5 percent in FY 2013 and \$23.1 million or 2.0 percent in FY 2014. Those funds were to be targeted to specific initiatives adopted by the General Assembly from the institutions' six-year plans as well as the goals of the Top Jobs for the 21<sup>st</sup> Century legislation. The General Assembly also adopted reporting requirements under the six-year plan process in the State Council of Higher Education (SCHEV) item. SCHEV is charged with evaluating progress of the individual initiatives with regard to improvements in retention, graduation and degree production.

**Governor's Action:** The Governor's proposed amendment would require colleges and universities to report the amount and specific uses of the reallocation in their final Fall 2012 and Fall 2013 six-year academic plans.

**Notes:**

- The General Assembly already has developed and mandated a process for the development and update of institutions' six-year plans which includes reporting the information contained in this amendment.
- The General Assembly adopted language in HB 1301 which already requires SCHEV to evaluate the use of reallocated amounts as part of the six-year plan process for initiatives contained in the budget as well as goals of the Top Jobs for the 21<sup>st</sup> Century legislation.

**Amendment No. 19**  
**Item 130 – Secretary of Education**  
**Restore Funding for College Partnership Laboratory Schools Initiative**

**General Assembly Action:** Eliminated the \$600,000 GF each year in planning grant funding for the College Partnership Laboratory Schools (CPLS) initiative proposed in the introduced budget.

**Governor's Action:** The proposed amendment restores \$600,000 GF in the first year to provide an opportunity to the 23 private institutions of higher education, in addition to the 14 public colleges and universities that offer teacher education programs approved by the Board of Education, the opportunity to apply for CPLS planning grants in FY 2013 pursuant to House Bill 765 and Senate Bill 475 as enacted by the 2012 General Assembly.

**Notes:**

- HB 1301, as adopted by the House, included \$600,000 GF each year for the College Partnership Laboratory Schools, however the Senate budget eliminated both years of funding.

**Amendment No. 20**  
**Item 131 – Department of Education – Central Office**  
**Language – Modify the Information Technology Academy (ITA)**

**General Assembly Action:** Provided \$1.5 million GF each year to implement the new Information Technology Academy (ITA) initiative to support students and teachers pursuing IT industry certifications through an IT Academy model. Funding will be used to provide training, instructional resources for students and teachers in high schools and regional Career and Technical Education (CTE) program centers.

**Governor's Action:** The proposed amendment eliminates a section of language included in the Conference budget and restores the original executive amendment language that allows the students' parents to use the program's IT Academy curriculum resources and directs the Department of Education to support the implementation of the IT programs in school divisions across the Southside and Southwest regions in the state that are at least at comparable levels of implementation with divisions in other regions.

**Notes:**

- The first part of the proposed language does not allow a local school division to determine how best to coordinate or prioritize the program's resources for parents' use. As the

language is written, a parent could come into a school to use the IT program curriculum resources and the school would have to allow the access regardless of any need that the students or teachers would have for their IT classes. It could potentially set up a conflict of who has precedence over use of the schools' limited program resources.

- It would be very difficult for the DOE to implement the second part of the proposed language, which requires that the initiative is implemented at least at the same level in each region of the state, for several reasons.
  1. Currently, there is no evaluation matrix for DOE to use to assess each high school or regional CTE center's ability to start an ITA program.
  2. DOE would have to establish implementation benchmarks and set up a monitoring system to ensure that each region of the state is implementing the program at the same rate which would be very difficult to develop prior to the beginning of FY 2013.
  3. Additional resources may be needed to bring those schools lagging behind up to par with other divisions in order to be able to implement the IT program equally.

**Amendment No. 21**  
**Item 137 – Department of Education – Central Office**  
**Provide Funding to Support Implementation of Tax Credit Program**

**General Assembly Action:** No action taken.

**Governor's Action:** The Governor's proposed amendment provides \$185,000 GF in the first year to support costs related to the implementation of the provisions of the Education Scholarship Tax Credit program and the expansion of the Neighborhood Assistance Tax Credit program as approved pursuant to House Bill 321 and Senate Bill 131.

**Notes:**

- The Department of Planning and Budget's Fiscal Impact Statement did not indicate there were any administrative costs associated with the legislation.
- However, DOE has indicated that the implementation requirements of the adopted legislation will necessitate the reallocation of staff currently being funded with federal funds from the IDEA program to administer, on a more full time basis, the expanded work load of these two tax credit programs.
- In addition to the staffing costs, DOE anticipates expenses related to IT costs to develop a secured web-based portal for applications, monitoring and accountability of private school information and tuition grant data.
- Although the amendment only proposes first year funding, it is expected that there will be continuing annual costs.

**Amendment No. 22**  
**Item 138 – Direct Aid to Public Education**  
**Reallocate Funding from Project Discovery to Communities in Schools**

**General Assembly Action:** Provided \$350,000 GF each year to Communities in Schools and \$350,000 GF each year to Project Discovery.

**Governor's Action:** The Governor's proposed amendment reprograms \$175,000 GF each year from Project Discovery and reallocates the funding to Communities in Schools.

**Notes:**

- The introduced budget eliminated funding for Project Discovery and provided \$1.0 million GF each year to Communities in Schools.
- The House budget did not provide funding for Project Discovery and eliminated the \$1.0 million GF each year in the introduced budget for Communities in Schools.
- The Senate budget restored the \$619,650 GF for Project Discovery that had been eliminated in the introduced budget and reduced the introduced budget amount for Communities in Schools to \$500,000 GF each year.

**Amendment No. 23**  
**Item 138 – Direct Aid to Public Education**  
**Provide Funding for Teacher Recruitment Initiative**

**General Assembly Action:** Eliminated the \$300,000 GF in the first year and \$400,000 GF in the second year for the new initiative that was included in the introduced budget.

**Governor's Action:** This amendment would provide \$700,000 GF in funding and the language as was proposed in the introduced budget.

**Notes:**

- The House budget eliminated the proposed initiative and the \$700,000 GF funding in the introduced budget.
- The Senate budget included \$50,000 GF in the first year and \$300,000 GF in the second year in the SCHEV budget for the college recruitment pilot initiative.
- The final conference agreement did not provide any funding for the proposed pilot.

**Amendment No. 24**  
**Item 138 – Direct Aid to Public Education**  
**Eliminate Funding for the New College Readiness Center Pilot Program**

**General Assembly Action:** Provided \$175,000 GF in the first year for the College Readiness Center, which will be used for a pilot program in one selected school division.

**Governor's Action:** This proposed amendment eliminates the \$175,000 GF in the first year that was included in the adopted budget.

**Notes:**

- The proposed Center would provide an extended school calendar in grades six through eight for selected students. The goal of the program would be to increase the number of students who attain a college degree without the need for remedial services at the college level.
- The designated school division would be required to provide an evaluation of the initial outcomes related to the Center by the end of FY 2013.

**Amendment No. 25**  
**Item 138 – Direct Aid to Public Education**  
**Additional Funding for Youth Development Academies**

**General Assembly Action:** Provided \$475,279 GF in the second year for seven additional locations to expand the Youth Development Academies into each of the eight Superintendent planning regions across the state.

**Governor's Action:** The proposed amendment provides an additional \$135,794 GF in the first year to add two additional academy sites for a total of three locations in the first year.

**Notes:**

- The introduced budget included \$67,897 GF each year for one selected pilot site. Interested school divisions would apply to host a two week long summer academy which would focus on civics education, financial literacy, community service, preventive health, character education, and leadership skills for students. The proposed funding supported the expansion of character education curriculum pursuant to legislation in House Bill 1179.
- The House budget included an additional \$475,279 GF each year which would have provided enough funding to have an academy in each of the eight superintendent regions.

**Amendment No. 26**  
**Item 139 – Direct Aid to Public Education**  
**Provide Funding to Early Reading Intervention Program**

**General Assembly Action:** Provided \$2.1 million GF in the first year and \$4.1 million GF in the second year to expand the funding level for the third grade Early Reading Intervention Program. The additional allocation increased the percentage of funding for third grade reading remediation from 25% to 62.5% in the first year and then to 100% in the second year.

**Governor's Action:** The proposed amendment provides an additional \$2.1 million GF in the first year to fully fund the expansion of the third grade to 100%.

The new language requires school divisions to report the students who received intervention remediation services, the type, duration, and results of the services, as well as whether the remediated students were promoted or retained in the third grade along with the reason to promote or retain them.

In addition, at the beginning of the school year school divisions would be required to discuss with the parents of those third grade students who need reading intervention services a developed plan for remediation and retesting. Then at the end of school year, all reading remediation and reading diagnostic test results would be discussed with the students and their parents before the student is potentially promoted to the fourth grade.

Lastly, the amendment language allows school divisions to use their state funding appropriated for the SOQ Prevention, Intervention, and Remediation, Remedial Summer School, or the At-Risk Add-On to help meet the requirements of the program.

**Amendment No. 27**  
**Item 139 – Direct Aid to Public Education**  
**Allocate Additional Lottery Proceeds to Offset GF Revenue for Textbooks**

**General Assembly Action:** No action taken.

**Governor's Action:** This amendment recognizes \$7.0 million NGF each year in additional Lottery Proceeds revenue based on an increase in the forecast resulting in a general fund offset of a like amount.

**Amendment No. 28**  
**Item 139 – Direct Aid to Public Education**  
**Language - Add Contingency Language to COCA Funding for Support Positions**

**General Assembly Action:** Provided \$27.9 million GF in the first year and \$12.1 million GF in the second year to partially restore funding for the Cost of Competing Adjustment (COCA) for support positions that was eliminated in the introduced budget.

**Governor's Action:** This proposed amendment adds language that would make the \$12.1 million GF appropriation in FY 2014 for the COCA supplement for support positions contingent on the findings of a JLARC review of the COCA funding methodology and also on a determination whether the funded rates overstate any adjustment needed based on empirical evidence.

The Governor has a companion amendment, #29, that also would require the Secretary of Education, and the Department of Education and Human Resources Management to evaluate the need for a COCA supplement for support positions in Northern Virginia.

**Notes:**

- The House budget added \$12.0 million GF in the first year and \$12.3 million GF in the second year to partially restore funding for the COCA supplement for support positions.
- The Senate budget added \$30.1 million GF in the first year and \$12.1 million GF in the second year to partially restore funding for the COCA supplement for support positions.
- The Conference Committee discussed but rejected any requirements for an evaluation review to be completed on the COCA funding.

**Amendment No. 29**  
**Item 139 – Direct Aid to Public Education**  
**Language – Evaluate Need for a COCA Supplement for Support Positions**

**General Assembly Action:** Provided \$27.9 million GF in the first year and \$12.1 million GF in the second year to partially restore funding for the Cost of Competing Adjustment (COCA) for support positions that was eliminated in the introduced budget.

**Governor's Action:** The proposed language directs the Secretary of Education, and the Departments of Education and Human Resources Management to evaluate the need for a COCA payment for support positions in Northern Virginia (NOVA) that are funded in the SOQ funding model. Further, the language mandates that the evaluation include, but not necessarily be limited to, determining whether any COCA supplements are needed to attract and retain the support

positions in NOVA school divisions. Lastly, the review will determine which, if any, divisions should be eligible for COCA funding.

The Governor has a companion amendment, #28, that would make the second year funding contingent on the finding of a required JLARC review of the current COCA methodology and on a determination of whether the funded rates overstate any adjustment that may be warranted.

**Notes:**

- Neither the Secretary of Education nor the Department of Education has the needed staff resources or experience to complete an evaluation of this magnitude. A large scale review would take a dedicated team to compile job market analysis of the different types of support positions.
- The proposed amendment does not specifically mention whether the other COCA divisions, outside of NOVA, are included in the evaluation.
- The Conference Committee discussed but rejected any requirements for an evaluation review to be completed on the COCA funding.

**Amendment No. 30**  
**Item 139 – Direct Aid to Public Education**  
**Language – Exclude FY 2014 Block Grant Allocation from 2016-2018**  
**Rebenchmarking Update**

**General Assembly Action:** Provided \$55.0 million GF each year in one time funding for a Block Grant allocation that school divisions may use to fund costs related to inflation, payments for the increase in the VRS rates, and any one-time costs associated with Pre-K. Language did not require school divisions to provide a local match of funding.

**Governor's Action:** The proposed language amendment excludes the one-time block funding allocation in the second year from the calculation costs included in the rebenchmarking update process for the 2016-2018 biennium.

**Notes:**

- The costs reported by the school divisions on their Annual Superintendent's Report (ASR) for FY2014 will be used as the base year for 2016-2018 rebenchmarking calculation.

**Amendment No. 31**  
**Item 164 – George Mason University**  
**Additional Operating Support**

**General Assembly Action:** Provided \$4.5 million GF each year for additional operating support, enrollment growth and incentive funding tied to the six-year plans.

**Governor's Action:** The proposed amendment adds \$500,000 GF each year for additional operating support.

**Amendment No. 32**  
**Item 228 – Virginia Cooperative Extension and Agricultural Experiment Station**  
**Technical – Allocate Faculty Salary Increase**

**General Assembly Action:** Provided \$692,764 GF and \$36,461 NGF for a two percent faculty salary increase for teaching, research, administrative, and part-time faculty of the Cooperative Extension.

**Governor's Action (Technical):** The Governor's proposed amendment allocates the salary increase funding between the research and public service programs to reflect each programs portion of the salary increase.

**Amendment No. 33**  
**Item 260 – Department of Accounts**  
**Technical – Amend Data Standards**

**General Assembly Action:** Included language requiring that, prior to accessing the working capital advance provided for the development of the Cardinal financial accounting system, the State Comptroller certify to the Auditor of Public Accounts that vendor accounting information standards had been developed by him in concert with the Department of General Services and the Virginia Information Technologies Agency. These standards were supposed to have been created three years ago pursuant to Chapters 758 and 812 of the 2009 Acts of Assembly.

The language required the State Comptroller to certify these standards had been incorporated into the Commonwealth's electronic procurement program, eVA, and that both Cardinal and state agencies permitted to use other financial systems have internal controls incorporating industry best practices to minimize improper payments to vendors. These systems were also to ensure an exchange of information so that the Commonwealth could uniformly determine vendor, goods

and services, and other information necessary to monitor how the Commonwealth's resources were used.

**Governor's Action (Technical):** The Governor's proposed amendment eliminates the requirement that the State Comptroller certify that the vendor accounting standards be incorporated into the electronic procurement system, because the State Comptroller does not oversee administration of the electronic procurement system and makes technical amendments to the language adopted by the General Assembly.

**Amendment No. 34**  
**Item 280 – Treasury Board**  
**Technical – Debt Service Savings**

**General Assembly Action:** Adopted \$8.0 million GF in debt service savings over the biennium to reflect revised issuance schedules and lower interest rates.

**Governor's Action (Technical):** The proposed amendment recommends an additional \$3.5 million GF debt service savings in FY 2013 based on recent refunding of bonds.

**Amendment No. 35**  
**Item 283 – Comprehensive Services for At-Risk Youth and Families**  
**Restore Audit Funding**

**General Assembly Action:** Reduced one-time funding in FY 2013 for an audit of the Comprehensive Services Act (CSA) program by \$120,000 GF, leaving \$380,000 GF for the audit.

**Governor's Action:** Restores \$120,000 GF in FY 2013, providing a total of \$500,000 for an audit of the CSA program.

**Notes:**

- The amount provided by the General Assembly for the CSA audit (\$380,000 GF) is consistent with amounts spent on other agency audits within the Health and Human Resources Secretariat.

**Amendment No. 36**  
**Item 283 – Comprehensive Services for At-Risk Youth and Families**  
**Language – Limit State Expenditures for Wrap-Around Services**

**General Assembly Action:** Restored \$2.2 million GF each year for CSA school-based wrap-around services for students with disabilities, reflecting the current level of expenditures on these services by localities.

**Governor's Action:** Adds language setting out the amounts available for CSA wrap-around services each year and clarifying that the funding is for services as defined in the CSA policy manual. In addition, language requires a report from the Secretary of Health and Human Resources by January 1, 2013 detailing the effectiveness of the services in maintaining children in the least restrictive setting.

**Notes:**

- School-based wrap-around services for students with disabilities are designed to prevent the need for more restrictive CSA placements. Services may include intensive in-home services, behavioral therapy, and in some cases day school placements.
- The CSA policy manual states that CSA pool funding for mandated children in special education “may be utilized to fund non-residential services in the home and community for a student with a disability when the needs associated with his/her disability extend beyond the school setting and threaten the student’s ability to be maintained in the home, community, or school setting.”

**Amendment No. 37**  
**Item 284 – Department for the Aging**  
**Reduce Funding for Area Agencies on Aging**

**General Assembly Action:** Provided \$1.0 million GF the first year and \$1.5 million GF the second year to mitigate the loss of funding attributable to the impact of census changes on the funding formula for distributing state and federal aging funds.

**Governor's Action:** Eliminates the funding provided to Area Agencies on Aging to mitigate funding reductions.

**Notes:**

- The introduced budget reduced funding for the AAAs by \$131,853 GF over the biennium (almost 2%). Because of changes in decennial census, 14 of 25 AAAs would have seen their funding reduced in the 2012-14 biennium due to the reallocation of federal and state funds

through the existing funding formula for AAAs. This reduction would have amounted to \$1.3 million in FY 2013 and \$1.6 million in FY 2014.

- Currently, funding for most aging programs operated by the AAAs is distributed based on the percentage of elderly; low-income elderly, rural elderly, and minority elderly residing in the planning district(s) served by the AAAs. For some aging programs, the number of elderly residing in medically underserved areas is also a factor in the funding formula.
- Most AAAs that would experience funding reductions are located in rural planning districts.
- The Department for the Aging reports that the AAAs will also experience a loss of federal funding in federal FY 2013 totaling about \$780,000.

### **Amendment No. 38** **Item 284 – Department for the Aging** **Restore Pharmacy Connect Funding**

**General Assembly Action:** The General Assembly adopted actions contained in the introduced budget to reduce funding for the Pharmacy Connect program by 50 percent in FY 2013 (\$107,750 GF) and eliminate all funding (\$215,500 GF) in FY 2014.

**Governor's Action:** Restores \$107,750 GF in FY 2013 and \$215,500 GF in FY 2014 for the Pharmacy Connect Program in Southwest Virginia.

**Notes:**

- The program provides access to free and reduced prescription drugs for uninsured and underinsured adults by linking individuals to programs available through participating pharmaceutical companies.
- Pharmacy Connect was one of the first programs in Virginia to use innovative computer software developed by the Virginia Health Care Foundation to link uninsured individuals with free or reduced prescription drug programs available through pharmaceutical companies. The program is not eligible to receive operating funds from the Foundation.
- In addition to the Pharmacy Connect program, funding for 10 other specific community-based aging programs were reduced by similar percentages in the 2012-14 biennium.

**Amendment No. 39**  
**Item 297 – Department of Health**  
**Funding for Proton Therapy**

**General Assembly Action:** Provided \$1.5 million GF in FY 2013 to the Hampton University Foundation to support the use of proton therapy for the treatment of certain types of cancer.

**Governor's Action:** Recommends an additional \$510,000 GF each year to support proton therapy and clarifies the organization's official name as the Hampton Roads Proton Beam Therapy Institute at Hampton University, LLC.

**Amendment No. 40**  
**Item 297 – Department of Health**  
**Support Poison Control Centers with Motor Vehicle Registration Revenues**

**General Assembly Action:** Restored \$500,000 GF in FY 2013 to fund statewide poison control services through two centers instead of three and added language requiring the Commissioner of Health to assess the level of funding needed to provide statewide coverage for poison control services through the two centers.

**Governor's Action:** Supplants \$500,000 GF the first year with \$500,000 NGF and provides \$500,000 NGF the second year for poison control services using \$4 for Life funds that otherwise would be provided to the Office of Emergency Medical Services to support EMS programs. In addition, language is modified to provide funding to one poison control center and to require the Secretary of Health and Human Resources to submit a report to assess the level of funding needed to support one center.

**Notes:**

- The proposed amendment does not correctly appropriate \$4 for Life funding to fund Poison Control services because the language retains a reference to the general fund, not nongeneral funds. Consequently, the agency would be required to spend \$500,000 each year from the general fund without having the funds to do so. Further, \$4 for Life funding which is contained in a separate item, is not reduced nor transferred to the item containing the funding for the Poison Control Centers.

**Amendment No. 41**  
**Item 306 – Department of Medical Assistance Services**  
**Fund FAMIS Coverage of Legal Immigrant Children and Pregnant Women**

**General Assembly Action:** Provided \$127,492 GF and \$364,367 NGF in FY 2013 and \$276,618 GF and \$790,563 NGF in FY 2014 to extend health care coverage to children and pregnant women who are legal immigrants lawfully residing in the United States through the Family Access to Medical Insurance Security (FAMIS) program pursuant to Chapters 646 and 689 of the Acts of Assembly of 2012 (HB 183 / SB 568). Language was added to provide the agency with authority to implement any regulatory changes associated with the legislation effective July 1, 2012.

**Governor's Action:** Provides an additional \$166,185 GF and \$181,034 NGF in FY 2013 and \$227,010 GF and \$144,747 NGF in FY 2014 to fully fund the cost estimates included in the fiscal impact statement prepared by the Department of Planning and Budget. In addition, language is added to clarify that the FAMIS expansion includes coverage for legal immigrant children as well as pregnant women.

**Notes:**

- A companion amendment, #42, addresses costs of this coverage on the Medicaid program.
- The Governor's action provides additional funding for legal immigrant children and pregnant women in the FAMIS and Medicaid programs consistent with the original fiscal impact statement (FIS) on the legislation passed during the 2012 Regular Session.
- A review of the original FIS by JLARC reduced the estimated fiscal impact significantly because the DPB FIS did not account for potential savings from improved neonatal outcomes as a result of providing prenatal care to legal alien pregnant women.
- Further fiscal review by Appropriations staff, in consultation with JLARC staff, determined that assumptions regarding the cost savings from improved neonatal outcomes for children covered by the managed care and the Medicaid fee-for-service program would result in slightly higher savings than contained in the JLARC review. The House budget reflected the additional savings in the funding provided to implement the legislation.
- During the Conference Committee deliberations, the agency noted the difference between the original fiscal impact and the amounts contained in the House and Senate adopted budgets, but indicated that it had no position on the ultimate funding amounts provided to implement the legislation.

## Amendment No. 42

### Item 307 – Department of Medical Assistance Services Fund Medicaid Coverage of Legal Immigrant Children and Pregnant Women

**General Assembly Action:** Provided \$281,397 GF and \$281,397 NGF in FY 2013 and \$417,528 GF and \$417,528 NGF in FY 2014 to extend health care coverage to children and pregnant women who are legal immigrants that are lawfully residing in the United States through the Medicaid program, pursuant to Chapters 646 and 689 of the Acts of Assembly of 2012 (HB 183 / SB 568). Language was added to provide the agency with authority to implement any regulatory changes associated with the legislation effective July 1, 2012.

**Governor's Action:** Provides an additional \$566,619 GF and \$566,619 NGF in FY 2013 and \$642,493 GF and \$642,493 NGF in FY 2014 to fully fund the cost estimates included in the fiscal impact statement prepared by the Department of Planning and Budget.

#### Notes:

- A companion amendment, #43, addresses costs of this coverage on the FAMIS program.
- The Governor's action provides additional funding for legal immigrant children and pregnant women in the FAMIS and Medicaid programs consistent with the original fiscal impact statement (FIS) on the legislation passed during the 2012 Regular Session.
- A review of the original FIS by JLARC reduced the estimate of the fiscal impact significantly because the DPB FIS did not account for potential savings from improved neonatal outcomes as a result of providing prenatal care to legal alien pregnant women.
- Further fiscal review by Appropriations staff, in consultation with JLARC staff, determined that assumptions regarding the cost savings from improved neonatal outcomes for children covered by the Medicaid fee-for-service program would result in slightly higher savings than contained in the JLARC fiscal review. The adopted budget reflected the additional savings in the funding provided to implement the legislation.
- During the Conference Committee deliberations, the agency noted the difference between the original fiscal impact and the amounts contained in the House and Senate adopted budgets, but indicated that it had no position on the ultimate funding amounts provided for to implement the legislation.

**Amendment No. 43**  
**Item 307 – Department of Medical Assistance Services**  
**Increase Ambulance Rates**

**General Assembly Action:** Provided \$94,670 GF and \$94,670 NGF in FY 2013 and \$118,620 GF and \$118,620 NGF in FY 2014 to increase the Medicaid rates for air and ground ambulance services by 5%.

**Governor's Action:** Provides an additional \$632,319 GF and a like amount of federal Medicaid matching funds each year to increase emergency transportation and neonatal transportation rates to 40% of the Medicare Virginia urban rates in effect for calendar year 2011. Language is modified in the budget to effect this change.

**Notes:**

- Medicaid ambulance rates have not been increased since 1998. Currently Medicaid pays about 29% of Medicare rates.

**Amendment No. 44**  
**Item 307 – Department of Medical Assistance Services**  
**Add Behavioral Health Drugs to the Medicaid Preferred Drug List**

**General Assembly Action:** Restored \$2.1 million GF and \$2.1 million NGF in FY 2013 that was eliminated in the introduced budget to continue the current exemption of antidepressant, antianxiety and antipsychotic medications used to treat mental illness from the Medicaid Preferred Drug List.

**Governor's Action:** Eliminates funding to exempt behavioral health drugs from the Medicaid Preferred Drug List in FY 2013 and adds the drugs to the Preferred Drug list beginning July 1, 2012.

**Notes:**

- The Governor's action does not provide for any transition period to provide notification to Medicaid recipients, physicians and pharmacists of the change. Nor does it allow for any provisions to grandfather in existing Medicaid recipients whose prescriptions have already been carefully selected to stabilize their complex behavioral health needs.
- Drugs that are not included on the Medicaid Preferred Drug List must be authorized prior to being dispensed if the physician chooses to prescribe a drug that is not contained on the Preferred Drug List.

- The adopted budget provided a full year to transition existing Medicaid recipients to the Preferred Drug List in FY 2014, thus providing the Medicaid Pharmacy and Therapeutics Committee sufficient time to conduct the analysis and develop the list of preferred behavioral health drugs. Further, this transition period would provide time to educate patients, physicians and pharmacies of the changes for these medications.

**Amendment No. 45**  
**Item 307 – Department of Medical Assistance Services**  
**Capture Savings from Settlement Payment**

**General Assembly Action:** No action taken.

**Governor's Action:** Reduces the GF appropriation for Medicaid by \$3.5 million in the first year and supplants it with a like amount in nongeneral funds to the Virginia Health Care Fund (VHCF) to recognize additional revenues to the VHCF from a Medicaid settlement with a pharmaceutical company. Additional revenues to the Fund reduce the need for general fund support for the Medicaid program.

**Amendment No. 46**  
**Item 307 – Department of Medical Assistance Services**  
**Language – Eliminate Stakeholder Advisory Committee for Dual Eligibles**

**General Assembly Action:** Adopted language requiring the Director of the Department of Medical Assistance Services (DMAS) to create an advisory committee to provide input on the implementation of a care coordination system for individuals who are eligible for both Medicare and Medicaid (dual-eligibles).

**Governor's Action:** Eliminates the budget language requiring DMAS to establish a stakeholder advisory group to support implementation of care coordination for individuals who are dually eligible for Medicare and Medicaid. The explanation indicates that the adopted language creating an advisory group is duplicative of work required by the federal Centers for Medicare and Medicaid Services for the dual-eligible demonstration project.

**Notes:**

- Both the House and Senate budgets included language creating an advisory committee to support Medicaid initiatives for care coordination and quality improvement for the dual-eligible Medicaid population.

- Language adopted by the General Assembly specifies that the advisory committee is to include representatives from health systems, health plans, long-term care providers, health policy researchers, physicians, and others with expertise in serving the aged, blind, and disabled, and dual-eligible populations.
- The adopted budget lays out the role of the advisory committee to support the Medicaid initiatives by identifying care coordination and quality improvement priorities; assisting in securing analytic and care management support resources from federal, private and other sources; and helping design and communicate performance reports.
- Recently, the Department of Medical Assistance Services (DMAS) submitted a Letter of Intent to the Centers for Medicare and Medicaid (CMS) Coordination Office to participate in a three-year demonstration project that allows states to enroll individuals eligible for both Medicare and Medicaid into managed care organizations that provide all Medicare and Medicaid benefits and supplementary services, through a seamless, integrated program.

**Amendment No. 47**  
**Item 331 – Department of Social Services**  
**Language – Clarify Adoption Subsidy Eligibility Requirements**

**General Assembly Action:** No action taken.

**Governor's Action:** The Governor's amendment adds language clarifying that adoption assistance payments and services are not available for children adopted through parental placements (i.e., private adoptions), and this restriction does not apply to existing adoption assistance agreements.

**Notes:**

- A recent lawsuit challenged the Commonwealth arguing that current Code language requires the state to provide adoption subsidies to any privately adopted child who meets the state's special needs criteria.
- Legislation enacted by the 2010 General Assembly incorporated federal rules and current department practices regarding adoptions into the Code of Virginia. However, the revised language removed references to state custody when the definition of adoption subsidies was modified. This change appears to have created a loophole by which privately adopted children may be eligible for adoption assistance, thereby exposing the Commonwealth to significant and unexpected cost increases in the adoption subsidy program.

**Amendment No. 48**  
**Item 331 – Department of Social Services**  
**Support Prince William County Residential Counseling Programs**

**General Assembly Action:** No action taken.

**Governor's Action:** Adds \$100,000 GF each year for the County of Prince William to establish a pilot program to improve services and performance at licensed residential treatment centers for children eligible for Comprehensive Services Act pool funding. Language specifies that the objective of the grant funds is to help the facilities improve practices to achieve placement of children in the least restrictive environment. Of the amount, up to \$10,000 per year may be retained by Prince William County to administer the grants.

**Notes:**

- The Senate budget provided \$206,462 each year to lower the match rate for CSA residential services provided in Prince William County, which was rejected by the Conference Committee.
- There are two residential facilities in Prince William County which would be eligible to receive grant funding through this amendment.
- The proposed language indicates that grant funding would be used to help improve outcomes such as improved patient scores on the Child and Adolescent Needs and Strengths instrument and appropriate lengths of stay.
- It is not clear that the two residential facilities in Prince William County are experiencing problems in achieving these outcomes.

**Amendment No. 49**  
**Item 335 – Department of Social Services**  
**Technical – Allow for the Sharing of Eligibility Information**

**General Assembly Action:** No action taken.

**Governor's Action (Technical):** The Governor's amendment adds language to provide authority for the Departments of Social Services, Medical Assistance Services and Motor Vehicles to provide necessary data to the Virginia Information Technologies Agencies, including private contractors, in support of the modernization of the eligibility determination system, health information technology and the Medical Information Technology Architecture (MITA) program. Language specifies that the access, use and viewing of necessary data shall be described in a Memorandum

of Agreement between the respective agencies and subject to federal and state laws and policies regarding confidentiality and security safeguards.

**Notes:**

- Chapter 890, Acts of Assembly of 2011, authorized funding for changes to the eligibility information system for benefit programs provided through the Department of Social Services. HB 1301 provides funding of \$10.8 million GF and \$52.7 million NGF over the 2012-14 biennium to replace and improve this system.
- Chapter 890 also authorized funding for changes to the MITA to implement approximately 23 data projects required through the American Recovery and Reinvestment Act and the Patient Protection and Patient Affordability Act.
- The proposed language provides authority to allow for information sharing among the agencies involved, thus enabling these projects to move forward in a timely manner.

**Amendment No. 50**  
**Item 367 – Department of Environmental Quality**  
**Restore Funding for Legal Costs Related to Environmental Regulation**

**General Assembly Action:** Eliminated \$306,500 GF from the proposed budgets for the Departments of Environmental Quality (DEQ) and Historic Resources (DHR). The amounts included for DEQ were for the legal defense of environmental regulations issued by DEQ and the Department of Mines, Minerals, and Energy. The amounts proposed for DHR were for legal services provided by the Attorney General. Language was included within the Office of Attorney General clarifying that general fund legal costs are to be supported through the Attorney General's budget and that the OAG should work with nongeneral fund agencies to ensure that appropriate nongeneral fund costs are charged to state agencies for nongeneral fund-supported functions.

**Governor's Action:** The Governor's proposed amendment reverses the General Assembly's action and restores the entire \$306,500 in annual general fund support for legal costs. The Governor's amendment provides that this entire sum be used for the legal defense of environmental regulations and other applicable laws.

**Amendment No. 51**  
**Item 372 - Department of Historic Resources**  
**Provide Authority to Conduct Certified Audits**

**General Assembly Action:** No action taken.

**Governor's Action:** The Governor's proposed amendment authorizes the Department of Historic Resources to require applicants for historic preservation tax credits to provide an audit by a certified public accountant licensed in Virginia pursuant to guidelines developed by DHR in consultation with the Auditor of Public Accounts. The language also permits DHR to contract with tax, financial, and other professionals to assist DHR in overseeing projects involving the issuance of historic preservation tax credits. These costs would be borne by the parties involved in historic rehabilitation projects. Within the past three years, two instances of criminal fraud have been exposed involving the use of historic preservation tax credits. In each case, DHR brought these matters to the attention of law enforcement.

**Amendment No. 52**  
**Item 389 – Department of Corrections**  
**Technical – Remove Additional Funding for Sexually**  
**Violent Predator Evaluations**

**General Assembly Action:** Included two positions and \$76,231 GF in FY 2013 and \$115,394 GF in FY 2014 as proposed by the Governor in his executive amendments. The positions and funding were to be used for the evaluation of additional state inmates who could be considered for involuntary commitment as sexually violent predators. Currently, inmates convicted of certain offenses scoring either a four or five on the Static-99 assessment are considered for involuntary commitment as sexually violent predators. Legislation adopted by the General Assembly provides that in addition to the Static-99 assessment, the Director of the Department of Corrections refer those inmates whose records contain such "aggravating circumstances" that they appear to meet the definition of a sexually violent predator for involuntary commitment consideration.

**Governor's Action (Technical):** The proposed amendment would eliminate the additional funding for evaluation of those state inmates whose records contain the "aggravating circumstances." The fiscal impact statement accompanying the final versions of HB 1271 (Jones) and SB 314 (Blevins) stated the legislation would have no fiscal impact.

**Amendment No. 53**  
**Item 389 – Department of Corrections**  
**Provide Aid to Town of Boydton**

**General Assembly Action:** The General Assembly included \$95,000 in general fund support for the Town of Boydton in FY 2012 to provide the locality with transitional assistance following the closure of Mecklenburg Correctional Center. This amount was to equalize the FY 2012 payments made to the locality by the Department of Corrections (DOC) to those made by DOC in FY 2011 for sewage treatment services. This transitional assistance payment was divided into two parts, the second of which was to be reduced on a dollar for dollar basis by any amounts the Town received from new development projects, including, but not limited to, the new Microsoft data center.

**Governor's Action:** The Governor's amendment proposes spending \$200,000 GF in FY 2013 and \$100,000 GF in FY 2014 to extend the FY 2012 transitional assistance payment to the Town of Boydton into the new biennium. Similar to the General Assembly's action, language states the town will either receive the amounts shown above, or the revenue it received from providing sewage treatment services to Mecklenburg Correctional Center in FY 2011 minus any additional revenue from sewage treatment services for customers in FY 2013 or FY 2014, including, but not limited to, the new Microsoft data center.

**Amendment No. 54**  
**Item 420 – Virginia Parole Board**  
**Technical – Increase Number of Authorized Positions**

**General Assembly Action:** The General Assembly provided \$70,000 GF each year to provide for a third full-time parole board member. Currently, only the chairman and vice-chairman of the Virginia Parole Board are full-time positions.

**Governor's Action (Technical):** The proposed amendment eliminates language restricting full-time positions for Virginia Parole Board to the chairman and vice-chairman and adds a position to the Virginia Parole Board's maximum employment level to allow for the additional full-time position the General Assembly funded.

**Amendment No. 55**  
**Item 423 – Innovation and Entrepreneurship Investment Authority**  
**Funding for Cyber Security and Modeling/Simulation Initiatives**

**General Assembly Action:** Eliminated proposed general fund spending of \$1.0 million in FY 2013 and \$1.3 million in FY 2014 to market Virginia's cyber-security industry and modeling and

simulation activities. Language permitted the use of up to \$1.0 million each year from the Commonwealth Research and Commercialization Fund for these purposes.

**Governor's Action:** The Governor's amendment proposes \$1.0 million each year from the general fund for these activities.

**Notes:**

- Amendment #13 provides an additional \$3.0 million for the CRCF that is available for these purposes.

**Amendment No. 56**  
**Item 430 – Secretary of Transportation**  
**Technical – Conform Spaceflight Authority to Amendments Adopted at Veto Session**

**General Assembly Action:** The conference amendments adopted by the General Assembly provided \$7.5 million each year for the operational and maintenance costs of the Virginia Commercial Spaceflight Authority, mirroring the provisions of HB 813 and SB 284 as adopted by the Regular Session of the 2012 General Assembly.

**Governor's Action (Technical):** Subsequent to the passage of the Appropriation Act, the Governor presented amendments to HB 813 and SB 284 at the Reconvened Session which increased the annual appropriation for the VCSFA from \$7.5 million each year to \$9.5 million each year. These amendments were adopted by the General Assembly. The proposed budget amendments conform the Appropriation Act to the amendments to the legislation adopted at the first reconvened Session.

**Amendment No. 57**  
**Item 441 – Department of Rail and Public Transportation (DRPT)**  
**Amend Funding Source for Fast Ferry Demonstration**

**General Assembly Action:** The Senate amendments to HB 1301 included an appropriation of \$200,000 from existing DRPT funding to undertake a demonstration project for a potential fast ferry project in Hampton Roads. The budget conferees agreed to fund the project provided the anticipated grants from the Federal Maritime Association to support the remaining costs of the project were received.

**Governor's Action:** The Governor's proposed amendment eliminates the requirement that federal grants must be received for this project in order to begin planning immediately.

**Amendment No. 58**  
**Item 446 – Virginia Department of Transportation**  
**Language – Eliminate Exemption for City/County Maintained Roads**

**General Assembly Action:** The conference amendments included language to clarify that in the counties that maintain their own roadways (Arlington and Henrico) as well as in cities and towns in the state urban system, VDOT is authorized to withhold funding from such jurisdictions if their plans conflict with the state transportation plans only as such funding is provided for roadways maintained by the state, not roadways managed and maintained by the localities. This language was intended to clarify provisions of HB 1248 as adopted by the 2012 General Assembly to ensure that while VDOT has an avenue to ensure that Interstate and primary extension routes are not impacted by local planning decisions in conflict with those adopted by VDOT, that localities maintain control of planning local roadways.

**Governor's Action:** The Governor's proposed amendment would eliminate the clarifying language adopted by the General Assembly.

**Amendment No. 59**  
**Item 459 – Secretary of Veterans Affairs and Homeland Security**  
**Provide Funding to Assist Localities Affected by BRAC**

**General Assembly Action:** The General Assembly included language within the FACT Fund provisions of House Bill 1300 that sets aside \$7.5 million of the amounts appropriated for the FACT Fund to fund the state's share of efforts to mitigate encroachment at the Oceana Naval Air Station in FY 2013. A companion amendment to HB 1301 removed the separate appropriation for that activity in FY 2013.

**Governor's Action:** The proposed amendment provides a direct general fund appropriation of \$7.5 million in FY 2013 to assist localities affected by recommendations from the 2005 Base Realignment and Closure Commission (BRAC) and moves oversight of the funding to the Secretary of Veteran's Affairs and Homeland Security. Any funding provided to Virginia Beach is limited to mitigating adverse impacts in Accident Potential Zone 1 and the Clear Zone areas, and Virginia Beach is to report before November 1 of each year to Chairmen of the House Appropriations and Senate Finance Committee and the Governor on properties purchased and any remaining unspent balances.

**Notes:**

- The language included in the proposed amendment is far more restrictive regarding the use of these funds than are the Code provisions which established the program. As a result, the City of Virginia Beach has requested that the General Assembly reject this amendment as well as the companion amendment to House Bill 1300 (Amendment No. 15). This opposition is based on their concern that language included in the amendment limits the use of the funds beyond current practice, and interferes with the City's ability to leverage these funds to receive additional federal funding for mitigation in the Interfacility Traffic Area (ITA) between Oceana and Fentress Jet Bases, a priority of the Navy.
- The General Assembly removed the language objected to by Virginia Beach when it amended the proposal in HB 1301 as introduced.

**Amendment No. 60**  
**Item 462 – Department of Veterans Services**  
**Establish the Fort Monroe Freedom Support Center**

**General Assembly Action:** No action taken.

**Governor's Action:** The proposed amendment adds one position and \$199,900 GF in FY 2013 and \$187,612 GF in FY 2014 to establish a Fort Monroe Freedom Support Center designed to provide a one-stop location for the families of military service members, retiring service members and veterans by bringing together the Department of Veterans' Affairs and nonprofit organizations serving the military community. The position would be for a Center director, who would serve as a veteran's claims agent and recruit nonprofit organizations to support the Center's purpose.

**Amendment No. 61**  
**Item 464 – Department of Veterans Services**  
**Offset Costs Relating to Transition to Payroll Services Bureau**

**General Assembly Action:** Provided \$150,494 GF and \$20,000 NGF each year for administrative costs within the Department of Veterans Services and to support the agency's transition into the DOA's payroll services bureau.

**Governor's Action:** The Governor's proposed amendment provides additional general funds of \$94,666 in FY 2013 to assist the agency in reorganizing its administrative functions while it transitions into the payroll services bureau. The Auditor of Public Accounts has recommended the agency reorganize its administrative functions to both improve its internal controls and reduce its administrative expenses.

**Amendment No. 62**  
**Item 468 – Central Appropriations**  
**Technical - Modify Language Regarding DHRM Health Insurance Program**

**General Assembly Action:** The General Assembly adopted an amendment which required the Department of Human Resources Management to include provisions in future contracts which ensure the Department has complete access to all financial information regarding the contractor's administration of the health insurance program.

**Governor's Action (Technical):** The Governor's amendment modifies the language to require the reporting in the aggregate without requiring detail on individual pharmacy products.

**Amendment No. 63**  
**Item 468 – Central Appropriations**  
**Language – Modify Provisions Related to the Three Percent One-Time Employee Bonus**

**General Assembly Action:** The General Assembly provided a 3% bonus to state employees on December 1, 2012, contingent on year-end unexpended balances that are recommended for reversion and any FY 2012 year-end revenue surplus. The budget adopted by the General Assembly earmarks up to \$77.2 million in funding for the bonus after the constitutionally required year-end deposits have been made.

**Governor's Action:** The Governor proposes to make the bonus contingent solely on agency unspent balances that are recommended for reversion. Furthermore, the amendment requires the unspent balances to exceed the cost of the bonus by 50%. In other words, agencies must generate \$1.50 in savings for every \$1.00 required for the bonus for the provisions to go into effect. The amendment states that once the bonus amount is calculated and paid each individual agency must meet up to 50% of the cost of the bonus for their employees through either their FY 2012 reversions or through a reduction in their FY 2013 appropriation.

**Notes:**

- The language adopted by the General Assembly in HB 1301 is identical to the language in Chapter 874, 2010 Session, implementing the bonus provided in December 2010.
- The budget as adopted by the General Assembly for FY 2012 assumes \$5.3 million in vacancy and turnover under central appropriations for the executive branch agencies.
- In addition, the budget includes numerous balance reversions in FY 2012 within the individual agencies which would make meeting the savings required in the Governor's

amendment very difficult. These reversions include a Governor's proposal for a \$4.0 million reversion in FY 2012 from the Compensation Boards budget.

- In a companion amendment, #64, the Governor proposes that the bonus for higher education institutions be paid entirely from nongeneral funds, and no transfer of general fund amounts to support the bonus is provided.

## **Amendment No. 64**

### **Item 468 – Central Appropriations**

### **Bonus for Employees of Higher Education Institutions**

**General Assembly Action:** The General Assembly provided a 3% bonus to state employees on December 1, 2012, contingent on year-end unexpended balances that are recommended for reversion and any FY 2012 year-end revenue surplus. The adopted by the General Assembly earmarks up to \$77.2 million in funding for the bonus after the constitutionally required year-end deposits have been made.

**Governor's Action:** The Governor's proposed amendment would require public higher education institutions, including the Virginia Institute of Marine Science, VT-Extension and VSU-Extension, to generate the savings necessary from existing nongeneral fund resources to pay the full costs of any bonus for their employees.

#### **Notes:**

- Virginia has used a fund split policy for higher education for over 30 years. Under this policy each institution receives a portion of its operating cost from general funds and then is required to generate the remaining cost from nongeneral fund sources, primarily tuition and fees. This amendment would be a major departure from that policy.
- The total cost of the bonus for higher education is about \$67 million.
- As a result of not being eligible to receive the general fund share of the bonus, institutions would be required to generate about \$33 million in additional savings. That is equivalent to about three percent of the current general fund appropriation for public colleges and universities.
- Institutions with high proportion of in-state students are more impacted by this shift in policy, especially Longwood, UVA at Wise, Christopher Newport, Mary Washington, Radford, Richard Bland, Norfolk State, Old Dominion, VCU and the VCCS.
- The Virginia Institute of Marine Science, VT-Extension and VSU-Extension are funded almost entirely from general fund. The bonus would essentially result in these agencies having to reduce parts of their budgets by as much as six to eight percent in order to fund the bonus.

- Several institutions have already taken action on tuition and fees assuming the general fund share would be available.
- Institutions are already required under the budget as adopted to reallocate 1.5 percent in FY 2013 to support initiatives contained in the budget as well as the objectives of the Top Jobs legislation.

**Amendment No. 65**  
**Item 469 – Central Appropriations**  
**Increase Authorization to Use Unappropriated Balance**

**General Assembly Action:** No action taken.

**Governor's Action:** The proposed amendment would increase the amount of the unappropriated balance the Governor may use to address various unanticipated expenditures from \$2.0 million to \$5.0 million.

**Notes:**

- The Governor's use of the unappropriated balance in addressing unanticipated expenditures has been capped at \$2.0 million since the 2000 Session of the General Assembly.
- In addition to the \$2.0 million from the unappropriated balance, the General Assembly provides the Governor \$750,000 each year from the general fund to address unanticipated expenditures.
- Since the 2006 Session of the General Assembly, the Governor has also been authorized to use up to \$1.0 million each year from his Governor's Opportunity Fund to address these unanticipated expenditures.

**Amendment No. 66**  
**Item 469 – Central Appropriations**  
**Technical – Update Miscellaneous Contingency Reserve Account References**

**General Assembly Action:** Reduced the general fund amount available for addressing unanticipated expenditures from \$1.5 million per year to \$750,000 per year.

**Governor's Action (Technical):** The proposed amendment simply changes embedded language referencing the general fund amount available for unanticipated expenditures to reflect the General Assembly's action.

**Amendment No. 67**  
**Item 469 – Central Appropriations**  
**Language – Modify Provisions of FACT Fund Review**

**General Assembly Action:** The General Assembly amended language proposed by the Governor relating to the utilization of monies appropriated to the Federal Action Contingency Fund, or FACT Fund. The conference amendment language was modeled on the Major Economic Investment or MEI Commission established by the 2009 General Assembly to address unanticipated economic development proposals that arise between legislative Sessions. Under this model, the General Assembly commission would approve proposals put forward by the Governor regarding the use of the \$30 million deposited into the Fund in FY 2012 and the additional \$20.0 million that would become available to the fund in FY 2014 in the event of a revenue surplus. The General Assembly also added the Secretary of the Health and Human Resources as an Advisory member of the Commission because many of the federal programs that would be reduced under sequestration are within this area of government.

**Governor's Action:** The Governor's proposed amendments change the role of the General Assembly to an Advisory Commission that would make recommendations, as opposed to a group which would approve proposals put forth by the Governor. The language also replaces the Secretary of Health and Human Resources with the Secretary of Veterans Affairs and Homeland Security. An identical amendment is proposed to HB 1300.

**Amendment No. 68**  
**Item 471 – Central Appropriations**  
**Eliminate Funding for the Education Commission of the States**

**General Assembly Action:** The introduced budget assumed savings of \$91,800 GF each year from eliminating the payment of dues for the Education Commission of the States. The General Assembly restored the funding in the first year but accepted the elimination in the second year.

**Governor's Action:** The Governor's proposed amendment eliminates the funding for the dues in the first year and captures \$91,800 GF in savings in FY 2013.

**Amendment No. 69**  
**Item 471 – Central Appropriations**  
**Restore Funding for the Ohio River Valley Water Sanitation Commission**

**General Assembly Action:** No action taken. The introduced budget eliminated the dues paid to the Ohio River Valley Water Sanitation Commission.

**Governor's Action:** The Governor's proposed amendment restores \$48,500 each year from the general fund to provide payment of dues to the Ohio River Valley Water Sanitation Commission. Because the Commission was established as an interstate compact, an act of Congress is required for Virginia to terminate its participation in the commission.

**Amendment No. 70**  
**Item 471 – Central Appropriations**  
**Increase Attorney General Cost for Reorganization Plan**

**General Assembly Action:** General Assembly adopted House Bill 1291, the Omnibus reorganization of executive branch of state government, which merged and eliminated certain agencies, boards and commissions.

**Governor's Action:** The Governor's amendment provides \$113,767 GF in FY 2013 and \$147,278 GF in FY 2014 and 2 FTEs for the office of the Attorney General to support the OAG's increased workload as a result of the reorganization. Net savings of almost \$2.0 million a year by FY 2014 are retained.

**Amendment No. 71**  
**Item C-33.20 – Department of Game and Inland Fisheries**  
**Technical – Repair High Hazard Dams**

**General Assembly Action:** Authorized \$11.0 million in nongeneral fund revenue bonds for the Department of Game and Inland Fisheries to repair and replace high hazard dams.

**Governor's Action (Technical):** Proposes language that requires for the accounting of the expenditures for each of the dams repaired or replaced under this item.

**Amendment No. 72**  
**Item C-33.50 – Department of Corrections**  
**Medical Master Plan**

**General Assembly Action:** Required the Department of Corrections and VCU Health Systems to develop a master plan for inmate medical care for the proposed new medical facility at Powhatan Correctional Center.

**Governor's Action:** The proposed amendment provides \$50,000 GF in the first year for a study to be contracted by the Department of Corrections and submitted to the Secretary of Public Safety to evaluate the need for new or additional health care facilities to provide health care for inmates, including geriatric services.

**Amendment No. 73**  
**Item C-33.60 – Department of Corrections**  
**Convey Mecklenburg Correctional Center Property to the County**

**General Assembly Action:** The General Assembly authorized the conveyance of the Mecklenburg Correctional Center property back to Mecklenburg County. The adopted language also authorized the use of inmate labor for site clearing and demolition preparation.

**Governor's Action:** The Governor's amendments provide for the conveyance subject to the following conditions:

- 1) If the county keeps the existing firing range on the property open for its use, the Department of Corrections (DOC) may continue access to the range;
- 2) As part of its access to the range, DOC will be required to construct any additional berms at its own expense;
- 3) The County is responsible for all costs associated with the closure of the firing range, including permitting, remediation and environmental compliance;
- 4) Subject to sufficient funding, DOC is responsible for the demolition and disposal of all prison structures designated by the county;
- 5) DOC retains all salvage proceeds to defray cost of demolition;
- 6) County is responsible for remediation of all environmental contamination except remediation required for demolished prison buildings.

**Notes:**

- Revenues generated from salvage operations are expected to cover the cost of the project.

**Amendment No. 74**  
**Item C-33.70 – Department of Corrections**  
**Replace Windows at Virginia Correctional Center for Women (VCCW)**

**General Assembly Action:** Eliminated \$250,000 preplanning for this project.

**Governor's Action:** The Governor's proposed amendment would reallocate \$4,737,600 of Virginia Public Building Authority bonds from seven DOC projects and \$263,500 GF from two DOC projects in order to fund the replacement of windows at the VCCW.

**Amendment No. 75**  
**Item C-38.10 – Central Capital Outlay**  
**Capital Project Pool**

**General Assembly Action:** Provided \$19.5 million GF, \$73.4 million in bond authority, and \$10.3 million NGF to implement 36 high priority capital maintenance, renovation and repair projects.

**Governor's Action:** The Governor's proposed amendment has three parts:

1. reduces the bond authority by \$10.7 million;
2. captures \$19.5 million GF appropriated for the capital project pool, and;
3. re-purposes \$30.2 million of previously authorized debt for energy conservation projects for the projects contained in the capital project pool.

**Notes:**

- In 2010 Session, the General Assembly authorized \$35.2 million Virginia Public Building Authority Bonds in Chapter 874 (Appropriation Act) to finance energy conservation projects at the Seat of Government (Department of General Services), for Department of Corrections and Department of Game and Inland Fisheries facilities, and at institutions of higher education.
- Presently, no projects have been funded through this authorization; however, the debt authorization has been incorporated into the debt capacity calculations as well as Treasury Board debt service.

**Amendment No. 76**  
**Item C-38.10 – Central Capital Outlay**  
**Technical – Capital Project Pool**

**General Assembly Action:** Provided \$19.5 million GF, \$73.4 million in bond authority and \$10.3 million NGF to implement 36 high priority capital maintenance, renovation and repair projects.

**Governor's Action (Technical):** Proposes language that directs the Department of General Services to work with the Workers' Compensation Commission on the acquisition or construction of a new headquarters building as well as any sale of the existing headquarters facility.

**Amendment No. 77**  
**Item C-39.05 – Central Capital Outlay**  
**Capital Project Detailed Planning**

**General Assembly Action:** Provided \$41.5 million central planning and nongeneral fund sources to implement detailed planning of 32 projects consistent with the capital outlay program patroned by Delegate Putney in the 2008 Special Session I legislation.

**Governor's Action:** Proposes \$250,000 GF to conduct preplanning for an academic building at Southwest Virginia Higher Education Center.

**Notes:**

- It is contemplated that the building will house a new medical school to be operated by King College, a private baccalaureate college from Tennessee.
- The introduced budget included \$14.8 million NGF to preplan 59 projects. The House budget eliminated all preplanning and adopted a budget that provided for detailed planning for high priority projects that were part of the six-year capital plan. The new medical school was not a part of the existing six-year capital plan.
- The Commonwealth currently has five medical schools at UVA, VCU, Virginia Tech-Carilion in Roanoke, Eastern Virginia Medical School and the Edward Via Virginia School of Osteopathic Medicine in Blacksburg.
- A regional medical school exists less than 60 miles from Abingdon at East Tennessee State in Johnson City, TN.
- Both the House and Senate eliminated the preplanning for this project.

**Amendment No. 78**  
**Item C-39.05 – Central Capital Outlay**  
**Technical – Capital Project Detailed Planning**

**General Assembly Action:** Provided \$41.5 million central planning and nongeneral fund sources to implement detailed planning of 32 projects consistent with the capital outlay program patroned by Delegate Putney in the 2008 Special Session I legislation.

**Governor's Action (Technical):** The Governor's proposed language amendment would allow Virginia military institute to plan both Phase I and Phase II of the Corps Physical Training Facilities project simultaneously.

**Notes:**

- Phase I of the project was included in the adopted HB 1301 project list.
- The General Assembly has previously allowed project phases to be planned together, most recently for the Integrated Science Center at CNU.

**Amendment No. 79**  
**Item C-39.10 – Central Capital Outlay**  
**Language - Capital Lease Authority**

**General Assembly Action:** Included language that authorized the Virginia Port Authority to enter into a capital lease to purchase gantry cranes and the University of Mary Washington to enter into a lease arrangement to provide for student housing.

**Governor's Action:** The Governor's proposed language would allow the Department of Corrections to enter into a capital lease to acquire facilities to house probation and parole offices in Richmond and Virginia Beach with the costs to be paid from the agency operating budget.

**Notes:**

- Capital leases are considered debt and do impact debt capacity to some degree.
- The acquisition of a probation and parole offices in Richmond was included as a preplanning project in the introduced budget. Both the House and Senate eliminated this project in their budgets.
- The capital lease may not be needed for a year until the current operating lease expires. DOC anticipates that the operating lease savings will cover the cost of the capital lease.

**Amendment No. 80**  
**Item C-39.10 – Central Capital Outlay**  
**Language - Capital Lease Authority**

**General Assembly Action:** Included language that authorized the Virginia Port Authority to enter into a capital lease to purchase gantry cranes and the University of Mary Washington to enter into a lease arrangement to provide for student housing.

**Governor's Action:** The Governor's proposed language would allow the Department of General Services to negotiate a capital lease to replace the existing facility in Culpeper.

**Notes:**

- Capital leases are considered debt and do impact debt capacity to some degree.

**Amendment No. 81**  
**Item 3-1.01 – Interfund Transfers**  
**Technical – Adjust Lottery Proceeds Fund Transfer Amount**

**General Assembly Action:** No action taken.

**Governor's Action (Technical):** This proposed amendment updates the referenced Lottery Proceeds revenue figures set out in language in Part 3, Interfund Transfers, section of the budget to recognize the additional \$7.0 million each year in additional funding.

**Amendment No. 82**  
**Item 3-1.01 – Interfund Transfers**  
**Language – Capture Revenue from Property Sale to Dominion Virginia Power**

**General Assembly Action:** No action taken.

**Governor's Action:** The Governor's proposed language authorizes the Department of General Services to sell some property in Richmond to Virginia Power. The revenue assumptions have been adjusted to assume \$250,000 in revenue in FY 2013 from this sale.

**Amendment No. 83**  
**Item 3-1.01 – Interfund Transfers**  
**Language – Transfer Cash Balances to Virginia Land Conservation Fund**

**General Assembly Action:** No action taken.

**Governor's Action:** The Governor's legislation reorganizing state government eliminated the Foundation for Virginia's Natural Resources Trust Fund. The Foundation for Virginia's Natural Resources Trust Fund reportedly has a remaining balance of \$8,000. The Governor's proposed amendment seeks to transfer this balance to the Virginia Land Conservation Fund, where the funds would be used for either the direct acquisition of fee simple land purchases, the provision of grants to state agencies, including the Virginia Outdoors Foundation, for either fee simple acquisition or the purchase of easements, or grants to other nonprofit organizations whose purpose is to acquire land through fee simple purchases or the purchase of easements.

**Amendment No. 84**  
**Item 3-6.04 – Miscellaneous Transfers**  
**Language – Raise Cap on Qualified Equity and Subordinated Debt Tax Credit**

**General Assembly Action:** The General Assembly included language continuing the existing \$3.0 million annual cap on the qualified equity and subordinated debt tax credit. House Bill 1301 as introduced had removed the language which capped the program at \$3.0 million annually as opposed to the \$5.0 million annual cap included in the *Code of Virginia*.

**Governor's Action:** The Governor's proposed amendment would increase the cap on the tax credit from \$3.0 million to \$4.0 million each year.

**Amendment No. 85**  
**Item 3-6.05 – Adjustments and Modifications to Fees**  
**Language – Deposit of Fines and Fees**

**General Assembly Action:** Included language directing that in localities where the total collections of fines and fees stemming from actions in district court exceed more than 40 percent of the total statewide collections from such actions, that the State Comptroller deposit one-half of the amount in excess of 40 percent into the Literary Fund before remitting the balance of those fines and fees to those localities. This language was estimated to produce \$1.0 million per year for deposit into the Literary Fund, which is used for school construction and other educational costs.

**Governor's Action:** The Governor's proposed amendment directs that only localities in which the collection of fines and fees exceeds 50 percent of statewide district court collections would be affected. This reduces the number of affected localities from 28 to 6 and reduces the amount of money deposited to the Literary Fund to \$261,972 per year. The amendment also directs the State Inspector General to contract for an independent evaluation of the type of court fines and fees collected by the state and localities, including the magnitude of such fines and fees, the distribution of such fines and fees, the factors that affect these collections, and any recommendations about the use of these fines and fees. The Governor's proposed amendment provides \$200,000 for this independent evaluation.

**Amendment No. 86**  
**Item 4-5.11 – General Provisions**  
**Language – Remove Restriction on Use of Surplus for Transportation**

**General Assembly Action:** The conference amendments included language overriding provisions of HB 1248 as adopted by the 2012 Session of the General Assembly. The language would prohibit the use of the 1/3 of any unencumbered revenue surplus set aside for non-recurring activities for transportation. HB 1248 removed language in the definition of “non-recurring activities” that specified that this non-recurring excludes transportation.

**Governor's Action:** The Governor's proposed amendment would eliminate the language, and thus the use of the surplus would be governed by the Code provisions that set aside 2/3 for transportation and one-third for transportation, but does not limit the definition of non-recurring to expressly exclude transportation.

**Notes:**

- Neither the language adopted by the General Assembly or the Governor's proposed amendment impact any of the requirements relating to the year-end balances and surplus. In all cases, the requirements of the Revenue Stabilization Fund, Water Quality Improvement Fund and mandatory reappropriations are met prior to any distribution for another purpose.

## **Amendment No. 87**

### **Item 4-6.03 – Positions and Employment**

#### **Language – Require Elected Officials to Pay Five Percent VRS Employee Share**

**General Assembly Action:** The 2011 General Assembly adopted language which required the required state employees who were in the VRS prior to July 1, 2010 (Plan 1 employees) to begin paying the 5% employee contribution (consistent with new hires) while also providing them a 5% salary offset. Plan 1 elected officials and judges were excluded as a result of constitutional issues.

**Governor's Action:** The Governor's proposed amendment implements the 5%/5% swap for elected officials as soon as constitutionally possible (after their next election).

## **Amendment No. 88**

### **Item 5-0.00 – Additional Enactments**

#### **Language – Create a Port Development Grant Program**

**General Assembly Action:** House Bill 1183 and SB 578 as introduced included a proposal to create a new economic development zone in the Route 460 corridor to support development of the Port of Virginia as well as a \$25.0 million per year tax credit available to businesses locating in the zone beginning in FY 2015. The House adopted substitute to HB 1183 removed this section from the legislation. SB 578 was amended by the Senate to replace the tax credit with a grant program. The conference report for the two bills eliminated the proposal for the new zone and both the credit or grant concept. During the Reconvened Session, the Governor proposed amendments to the bills which would have reinserted the grant program into the legislation, with a reduced cap of \$10.0 million a year. The House ruled that the amendment was not germane because the program and the proposed Code section were not included in the adopted legislation and therefore the amendment was not adopted.

**Governor's Action:** The proposed amendment would add a new Part 5 to the budget and would enact and codify a new section to § 62.1 which creates a grant program entitled the Port of Virginia Economic and Infrastructure Development Zone Grant Fund. The new Code provisions establish the Fund, designate 37 localities as part of the zone, and authorize grants capped at \$5.0 million each year.

#### **Notes:**

- There is no appropriation in the adopted budget or Governor's proposed amendment providing funding for the establishment of this new program created by adding a new section to § 62.1.