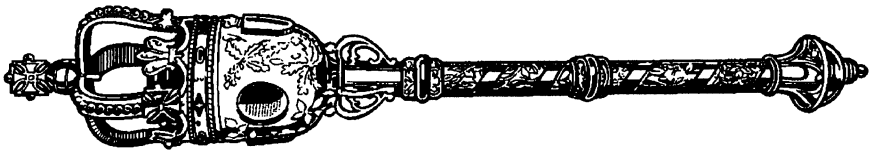
Report of the House Appropriations Subcommittee

on

General Government & Technology



House Bill 29

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House Bill 30

February 19, 2006

REPORT OF THE SUBCOMMITTEE
on
General Government and Technology

Mr. Chairman and Members of the Committee:

This Subcommittee's work has focused on two issues: first, making investments in critical programs for which the Commonwealth is primarily responsible and second, identifying those programs and activities that could be redirected to the Committee's priorities. I am pleased to present to you today a series of amendments supporting these goals.

Mr. Chairman, thanks to your leadership and the work of the other subcommittees, I am pleased to report that our recommendations include $20.9 million for several initiatives to improve our legal system, including provision of legal assistance for indigent Virginians, improvements in the operations of Virginia's court system, and additional staffing for the Office of the Attorney General.

The Subcommittee strongly believes in the ideal of "justice for all." Consequently, the Subcommittee recommends $8.9 million be appropriated to increase the amounts available for indigent criminal and civil defense. This sum includes $3.8 million to increase compensation for court-appointed attorneys for all types of misdemeanors and felonies, an additional $2.6 million to augment compensation in cases involving penalties of 20 years incarceration or more, $2.3 million to increase the number of public defenders, and $250,000 to increase civil legal aid.

The Subcommittee also thought investments should be made in Virginia's court system. The judiciary, the people's ultimate arbiters, has been overlooked in recent years. In response, the Subcommittee recommends $4.4 million for additional circuit court and general district court judgeships, $2.5 million to provide additional district court

staff for distribution across Virginia, and nearly $1 million to provide staffing for technical assistance to judges, clerks, and magistrates. This technical assistance will ensure that courtrooms operate as efficiently as possible both to improve the services rendered to Virginians and reduce the need for future increases in support. Further, Mr. Chairman, the Subcommittee recommended the creation of a court technology fund, a bill you sponsored. This bill provides a revenue stream for improving the information technology resources available to the courts. Given the creation of this fund, the court system will be better positioned to continue to process law enforcement warrants and collect prepayments of assessed fines and fees.

The Subcommittee also recommended an additional $3.9 million for the Office of the Attorney General. This additional general fund support will ensure the Attorney General is equipped to protect Virginians from sexually violent predators, prevent computer crimes and address Medicaid Fraud, and represent Virginia's interests in issues ranging from emergency preparedness to consumer fraud.

This Subcommittee was also charged with examining the spending in the introduced budget and identifying those program expansions and new initiatives from which savings could be redirected to the Committee's other priorities. The Subcommittee has identified $23.7 million in such savings. These savings range from level funding constitutional officers to reducing the amounts that will be spent to replace and modernize the Commonwealth's business software.

The Subcommittee recommends that the additional positions contained in the introduced budget for circuit court clerks, commissioners of the revenue, treasurers, and directors of finance be redirected to support the Committee's priorities. This recommendation will produce savings of $6.9 million. While the current levels of support provided to these offices are not reduced, it has become increasingly apparent that these constitutional offices provide local rather than state services. For example, while support is provided to commissioners of the revenue and treasurers for the processing of state

tax returns, during the 2005 tax filing season these offices processed only 10.5 percent of the 3.5 million individual returns submitted.

The Subcommittee is also recommending a reduction of $15.4 million from the $30.5 million included in the introduced Caboose and biennial budgets for the Enterprise Applications Public-Private Partnership Agreement. Given the due diligence that already has been performed as a component of this effort, it seemed the amounts included for further study of the issue were excessive.

Mr. Chairmen and fellow Committee members, I will ask staff to take you through our detailed recommendations, and then I hope it will be your pleasure to adopt our subcommittee report.

Respectfully Submitted by the House Appropriations Subcommittee on General Government and Technology:

Leo C. Wardrup, Chairman

Johnny S. Joannou

Robert Tata

Rosalyn R. Dance

Joe T. May

Watkins M. Abbitt, Jr.

Budget Amendment Recommendations

Amendment	House Bill 29 FY 2006	2006-08 BIENNIAL TOTAL General Fund	Nongeneral Fund	FTE
COMMERCE, AGRICULTURE AND NATURAL RESOURCES				
HB 29				
Compensation Board				
Eliminate Position Reallocation Language	Language			
Central Accounts				
Reduce Enterprise Application Funding	(2,842,212)			
School Efficiency Review Savings	(300,000)			
Alcohol Safety Commission	Language			
Total: HB 29	**(3,142,212)**			
HB 30 (2006-08 Budget)				
General Assembly				
Additional Session Per Diems		416,398	-	
Capital Guides Funding		264,750	-	
Joint Subcommittee on Higher Education		Language		
Division of Capitol Police				
Additional Capitol Police Staffing		942,591	-	12.00
Capitol Police Career Development		232,030	-	
Division of Legislative Services				
Capitol Guides Funding		(264,750)	-	
Legislative Services Pay Plan		224,988	-	
Commission on Immigration		20,000	-	
Joint Commission on Technology and Scie				
Legislative Services Pay Plan		33,448	-	
Freedom of Information Advisory Council				
Legislative Services Pay Plan		12,818	-	
Brown v. Board of Education Awards Committee				
Committee Operating Support		40,000	-	
Virginia Sesquicentennial Civil War Commission				
Committee Operating Support		30,000	-	
Commission on Intergovernmental Cooperation				
National Conference of State Legislatures		13,418	-	
Legislative Reversion Clearing Account				
Eliminate Across-the-Board Reductions		1,094,000	-	
Supreme Court of Virginia				
Additional Drug Court Funding		(734,000)	-	
Court Technology Assessment Funding		(250,000)	-	

Budget Amendment Recommendations

Amendment	House Bill 29 FY 2006	2006-08 BIENNIAL TOTAL General Fund	Nongeneral Fund	FTE
Magistrate System Study Funding		(250,000)	-	
On-Site Spanish Language Training		(136,500)	-	
Court Technology Fund		-	12,267,300	
Technical Assistance Staff		944,860	-	7.00
Circuit Courts				
Additional Circuit Court Judgeship		437,582	-	1.00
Court-Appointed Attorney Compensation		2,623,100	-	
General District Courts				
Additional General District Court Judges		1,689,378	-	3.00
Additional District Court Staffing		2,464,792	-	30.00
Juvenile and Domestic Relations District Courts				
Additional J&DR Judgeships		2,252,504	-	4.00
Office of the Attorney General				
Additional Attorneys and Support Staff		3,372,833	976,511	31.00
Additional Salary Adjustments		314,732	-	
Training for Staff		200,000	-	
Complete Transfer of Tobacco Enforcment		38,156	-	
Tobacco Settlement Language		Language		
Counsel for Courtroom Repairs		Language		
Division of Debt Collection				
Debt Collection Procedure Changes		Language		
Compensation Board				
Level Fund Circuit Court Clerks		(3,311,510)	-	
Level Fund Treasurers		(1,503,406)	-	
Level Fund Commissioners of Revenue		(1,281,592)	-	
Level Fund Directors of Finance		(690,088)	-	
Circuit Court Clerks Salary Chart		Language		
Eliminate Reallocation Language		Language		
Constitutional Officer Succession		Language		
Department of General Services				
Ethanol Blended Fuels Initiative		(450,000)	-	
Department of Veterans Services				
Veterans Services Positions		577,256	-	10.00
Overhaul Office Space		110,000	-	
Sitter-Barfoot Veterans Care Center		-	12,187,100	233.00
Purchase Financial Management System		-	575,490	
Veterans Cemeteries Study		Language		

Budget Amendment Recommendations

Amendment	House Bill 29 FY 2006	2006-08 BIENNIAL TOTAL General Fund	Nongeneral Fund	FTE
State Board of Elections				
Constitutional Amendment Advertising		332,000	-	
Department of Planning and Budget				
Planning and Budget Agency Estimates		840,557	-	6.00
Department of Taxation				
Transfer of Master Settlement Agreement		(38,156)	-	
Communications Sales and Use Tax Fund		-	1,310,140	5.00
Earned Income Tax Credit		128,325	-	
Department of the Treasury				
Thurman Claims Bill		438,598	-	
Davidson Claims Bill		168,775	-	
Innovative Technology Authority				
Innovation Identification and Acceleration		(1,000,000)	-	
Virginia Information Technologies Agency				
Base Mapping Internal Service Fund		Language		
VITA Agency Advisory Committee		Language		
Central Appropriations				
Council on Virginia's Future		(1,500,000)	-	
Enterprise Applications Project		(12,547,277)	-	
VITA Base Mapping Project		1,202,985	-	
Interfund Transfers				
Charitable Gaming Investment Pool Bala		Language		
General Provisions			-	
Spending Authority		Language	-	
Appropriations Transfers		Language		
Appropriations Increases		Language	400,000	
NGF Revenues		Language	-	
Treasury Loans		Language	75,000	1.00
Capital Projects		Language	30,000	
Services and Clients		Language	-	
Cabinet Confirmation		Language	-	
Eliminate Creation of EA PPEA Positions		Language	-	
Delegation of Authority		Language	-	
		==========	=========	======
Total: HB 30		**(2,496,405)**	**27,821,541**	**343.00**

Administration

Compensation Board Language

Language:

Page 11, strike lines 9 through 26.

Explanation:

(This amendment eliminates language proposed within the introduced budget that would have required the Compensation Board to reallocate vacant positions within a given fiscal year based upon workload, population, or inmate crowding factors. The Compensation Board has an existing policy that provides for the reallocation of positions between constitutional offices after each fiscal year using the same factors.)

Central Appropriations

Central Appropriations Language

Language:

Page 169, after line 55, insert:

"EE. Out of the amounts for Ground Transportation System Safety shall be paid the salary of the Executive Director, $90,298 from July 1, 2004 to November 24, 2004, ~~$93,007~~ $99,911 from November 25, 2004 to November 24, 2005, and ~~$93,007~~ ~~$97,099~~ $103,835 from November 25, 2005, to June 30, 2006.

FF. On or before June 15, 2006, the Virginia Alcohol Safety Action Program Commission shall review all its accounts receivable and take what actions they deem appropriate concerning their collection and report the results of these actions to the Auditor of Public Accounts."

Explanation:

(This amendment increases the salary of the executive director of the Virginia Alcohol Safety Action Program Commission and instructs the commission to determine what share of its accounts receivable they deem collectible. These determinations are to be reported to the Auditor of Public Accounts. Paragraph EE. of this amendment will be made to Item 3, Chapter 951, 2005 Acts of Assembly, during the enrolling of House Bill 29. Paragraph FF. of this amendment will be made to §4-6.01, Chapter 951, 2005 Acts of Assembly, during the enrolling of House Bill 29.)

Legislative Department

General Assembly Of Virginia Language

Language:

Page 6, strike lines 8 through 56.
Page 7, strike lines 1 through 47.

Explanation:

(This amendment deletes language regarding the Joint Subcommittee Studying Higher Education Funding Policies. The joint subcommittee completed its work in 2004.)

Executive Offices	**FY 06-07**	**FY 07-08**	
Attorney General And Department	$1,606,252	$1,766,581	GF
Of Law	$559,088	$417,423	NGF
	29.00	31.00	FTE

Language:

Page 27, line 41, strike "$22,411,165" and insert "$24,576,505".
Page 27, line 41, strike "$22,465,969" and insert "$24,649,973".

Explanation:

(This amendment provides an additional 29 positions and $1.6 million the first year from the general fund and $559,088 from nongeneral funds the first year and an additional two positions and $1.8 million the second year from the general fund and $417,423 from nongeneral funds, to increase the number of attorneys, paralegals, and support staff employed by the Office of the Attorney General.)

Executive Offices

Attorney General And Department Of Law — Language

Language:

Page 28, strike lines 11 through 30 and insert:

"B. Out of this appropriation, $447,011 the first year and $469,747 the second year from the general fund is designated for efforts to enforce the 1998 Tobacco Master Settlement Agreement and Article 5 (§ 3.1-336.1, et seq.), Chapter 18, Title 3.1, Code of Virginia. The Department of Law shall be responsible for enforcement of Article 5 (§ 3.1-336, et seq.) Chapter 18, Title 3.1, Code of Virginia and the 1998 Tobacco Master Settlement Agreement. The general fund shall be reimbursed on a proportional basis from the Tobacco Indemnification and Community Revitalization Fund and the Virginia Tobacco Settlement Fund for costs associated with the enforcement of the 1998 Tobacco Master Settlement Agreement pursuant to transfers directed by Item 458, paragraphs A.2 and B.2, and § 3-1.01, Paragraph Q of this act."

Explanation:

(This amendment incorporates technical revisions to language that was proposed in the introduced budget regarding the enforcement of the 1998 Tobacco Master Settlement Agreement. The language proposed in the introduced budget was incorporated within the Office of the Attorney General with the proposed transfer of positions from the Department of Taxation to the Office of the Attorney General.)

Executive Offices

Attorney General And Department Of Law — Language

Language:

Page 28, after line 36, insert:

"D. At the request of the Attorney General, the Director, Department of Planning and Budget, shall provide an amount from the general fund sufficient to pay the compensation, fees, and expenses of counsel appointed by the Office of the Attorney General in actions brought pursuant to § 15.2-1643, Code of Virginia, to cause court facilities to be made secure, or put in good repair, or rendered otherwise safe."

Explanation:

(This amendment requires the Director of the Department of Planning and Budget, when requested by the Attorney General, to provide general fund support for those attorneys appointed to pursue suits brought by judges against localities to improve courthouse security or conditions. This amendment was sought by the Supreme Court of Virginia.)

Executive Offices

Division Of Debt Collection Language

Language:

Page 30, strike lines 9-11 and insert:

"Virginia. This deposit provision shall also apply to state agencies for any direct payment received by an agency on an account that has been referred for collection to the Division of Debt Collection. Upon making a deposit into the Fund, the state agency shall report the deposit to the Division of Debt Collection."

Page 30, strike lines 21-33 and insert:

"3.a. The Division of Debt Collection is entitled to retain as fees up to 30 percent of any revenues generated by it pursuant to paragraph B.1. to pay operating costs supported by the appropriation in this item.

b. Upon closing its books at the end of the fiscal year, after the execution of all transfers as required by paragraph B.5. of this item, the Division of Debt Collection shall transfer to the general fund all retained fees in excess of a $400,000 balance in its operating accounts after payment of all fiscal year operating costs.

4. The Director, Department of Planning and Budget, may grant an exception to the provisions in paragraph B.3.b. if the Division of Debt Collection can show just cause."

Page 30, line 34, strike "4." and insert "5.".

page 30, line 47, strike "5." and insert "C."

Page 30, after line 49, insert:

"D. The Attorney General shall provide a report on the most cost-effective strategies for improving Virginia's collections of accounts receivable, including both general and nongeneral fund receivables. The Secretary of Finance shall provide assistance as necessary in the preparation of this report. Copies of this report shall be provided to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 15, 2006."

Explanation:

(This amendment clarifies procedures for collecting accounts receivable.)

Administration

Compensation Board Language

Language:

Page 48, strike line 9.

Explanation:

(This amendment strikes a repeated line in the salary chart for Circuit Court Clerks.)

Administration

Compensation Board Language

Language:

Page 53, strike lines 23 through 38.

Explanation:

(This amendment eliminates language proposed within the introduced budget that would have required the Compensation Board to reallocate vacant positions within a given fiscal year based upon workload, population, or inmate crowding factors. The Compensation Board has an existing policy that provides for the reallocation of positions between constitutional offices after each fiscal year using the same factors.)

Administration

Compensation Board Language

Language:

Page 52, after line 50, insert:

"3. Any officer whose salary is specified in Items 59, 61, 62, 63, 64, and 65 of this act shall provide reasonable access to his work place, files, records, and computer network as may be requested by his duly elected successor after the successor has been certified."

Explanation:

(This amendment requires constitutional officers to provide their duly elected successor with access to the current constitutional officer's work place, files, records, and computer network.)

Administration

Department Of Veterans Services Language

Language:

Page 66, after line 4, insert:

"The Commissioner, Department of Veterans Services, shall commission a study, not to exceed $50,000 in cost, to examine the need for and cost of additional veterans cemeteries in the Commonwealth of Virginia. The scope of the study shall encompass Virginia's state-owned veterans cemeteries, and national veterans cemeteries that currently exist in or may be constructed in the Commonwealth of Virginia. The study shall (i) examine the current services provided by either state and national veterans cemeteries in the Commonwealth of Virginia; (ii) identify situations where the cemetery needs of Virginia's veterans are not presently met by a state or national veterans cemetery; (iii) recommend how Virginia and the federal government can improve the cemetery services provided to Virginia's veterans and identify the related costs or such services; and (iv) recommend whether Virginia should acquire property for additional veterans cemeteries and identify the related costs of additional cemeteries. The Commissioner shall report the results of the study to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees no later than November 1, 2006."

Explanation:

(This amendment authorizes implementation of a study to determine Virginia's needs for new cemeteries for veterans. The study will review current services provided by state and national veterans cemeteries in Virginia, identify needs that are not presently met, recommend how to improve the cemetery services, identify the related costs and methods of acquiring, and recommend whether Virginia should acquire additional property.)

Technology

Virginia Information Technologies Agency — Language

Language:

Page 359, after line 35, insert:

"C. The Virginia Information Technologies Agency, in consultation with the state agencies that rely upon the products of the Virginia Base Mapping Program (VBMP), shall develop an internal service fund providing for an equitable rate structure supporting updates to the Commonwealth's base map and digital centerline files, the updates to which are to be undertaken every four years, beginning with the next scheduled update in fiscal year 2010. The Virginia Information Technologies Agency shall report on the development of this internal service fund rate structure and the agency's plans to fully fund the acquisition of all work products directly related to digital orthophotography to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees, and the Joint Legislative Audit and Review Commission by October 1, 2006. It is the intent of the General Assembly that the new internal service fund be effective by July 1, 2008."

Explanation:

(This amendment provides authorization for the Virginia Information Technologies Agency to develop an internal service fund to finance future updates to the Virginia digital base map and centerline files used for the provision of E-911 services, state and local economic development efforts, state and local emergency management planning, and other services. The internal service fund is to be developed by VITA in consultation with the state agencies that rely on these digital orthophotographic files. Prior to the internal service fund's operation, the agency must report on the development of the internal service fund as well as its plans to acquire the needed work products and files.)

Technology

Virginia Information Technologies Agency — Language

Language:

Page 362, strike lines 28 through 42.

Explanation:

(This amendment strikes language creating an agency head advisory board for the the Virginia Information Technologies Agency (VITA). This committee was to advise the Chief Information Officer about the services provided by VITA and its development of new technology applications, policies, procedures, and guidelines affecting state agencies. The agency is establishing such a group, so the language is unnecessary.)

Transfers

Interfund Transfers Language

Language:

Page 481, after line 4, insert:

"AA. Notwithstanding the provisions of § 18.2-340.31C, Code of Virginia, or any other provisions of law, on or before June 30, 2007, the State Comptroller shall transfer to the general fund an amount estimated at $587,000 from the general account of the former Charitable Gaming Commission representing all assets of the commission held in the local government investment pool by the State Treasurer."

Explanation:

(This amendment transfers Charitable Gaming Commission funds to the general fund for use on other priorities. The Commission was abolished by Chapter 884 of the Acts of Assembly of 2003 and was replaced by the Department of Charitable Gaming. The funds now collected through this authority are deposited into the general fund and the Department is funded through a general fund appropriation in Item 67 of the introduced bill.)

Appropriations

Withholding of Spending Authority Language

Language:

Page 485, strike lines 27 through 49 and insert:

"a. For purposes of this subsection, withholding of spending authority is defined as any action that impedes or limits the ability to spend the appropriated moneys, regardless of the mechanism used to effect such withholding.

b.1. Changed Expenditure Factors: The Governor is authorized to reduce spending authority, by withholding allotments of appropriations, when expenditure factors, such as enrollments or population in institutions, are smaller than the estimates upon which the appropriation was based. Moneys generated from the withholding action shall not be reallocated for any other purpose, provided the withholding of allotments of appropriations under this provision shall not occur until at least 15 days after the Governor has transmitted a statement of changed factors and intent to withhold moneys to the Chairmen of the House Appropriations and Senate Finance Committees.

2. Moneys shall not be withheld on the basis of reorganization plans or program evaluations until such plans or evaluations have been specifically presented in writing to the General Assembly at its next regularly scheduled session.

c. Increased Nongeneral Fund Revenue:

1. General fund appropriations to any state agency for operating expenses are supplemental to nongeneral fund revenues collected by the agency. To the extent that nongeneral fund revenues collected in a fiscal year exceed the estimate on which the operating budget was based, the Governor is authorized to withhold general fund spending authority, by withholding allotments of appropriations, in an equivalent amount. However, this limitation shall not apply to (a) restricted excess tuition and fees for educational and general programs in the institutions of higher education, as defined in § 4-2.01 c of this act; (b) appropriations to institutions of higher education designated for fellowships, scholarships and loans; (c) gifts or grants which are made to any state agency for the direct costs of a stipulated project; (d) appropriations to institutions for the mentally ill or mentally retarded payable from the Mental Health and Mental Retardation Revenue Fund; and (e) general fund appropriations for highway construction and mass transit. Moneys unallotted under this provision shall not be reallocated for any other purpose.

2. To the degree that new or additional grant funds become available to supplement general fund appropriations for a program, following enactment of an appropriation

act, the Governor is authorized to withhold general fund spending authority, by withholding allotments of appropriations, in an amount equivalent to that provided from grant funds, unless such action is prohibited by the original provider of the grant funds. The withholding action shall not include general fund appropriations, which are required to match grant funds. Moneys unallotted under this provision shall not be reallocated for any other purpose.

d. Reduced General Fund Resources:

1. The term "general fund resources" as applied in this subsection includes revenues collected and paid into the general fund of the state treasury during the current biennium, transfers to the general fund of the state treasury during the current biennium, and all unexpended balances brought forward from the previous biennium.

2. In the event that general fund resources are estimated by the Governor to be insufficient to pay in full all general fund appropriations authorized by the General Assembly, the Governor shall, subject to the qualifications herein contained, withhold general fund spending authority, by withholding allotments of appropriations, to prevent any expenditure in excess of the estimated general fund resources available.

3. In making this determination, the Governor shall take into account actual general fund revenue collections for the current fiscal year and the results of a formal written re-estimate of general fund revenues for the current and next biennium, prepared within the previous 90 days, in accordance with the process specified in § 2.2-1503, Code of Virginia. Said re-estimate of general fund revenues shall be communicated to the Chairmen of the Senate Finance, House Appropriations and House Finance Committees, prior to taking action to reduce general fund allotments of appropriations on account of reduced resources.

4.a) In addition to monthly reports on the status of revenue collections relative to the current fiscal year's estimate, the Governor shall provide a written quarterly assessment of the current economic outlook for the remainder of the fiscal year to the Chairmen of the Senate Finance, House Appropriations, and House Finance Committees.

b) Within five business days after the preliminary close of the state accounts at the end of the fiscal year, the State Comptroller shall provide the Governor with the actual total of (1) individual income taxes, (2) corporate income taxes, and (3) sales taxes for the just-completed fiscal year, with a comparison of such actual totals with the total of such taxes in the official budget estimate for that fiscal year. If that comparison indicates that the total of (1) individual income taxes, (2) corporate income taxes, and (3) sales taxes, as shown on the preliminary close, was one percent or more below the amount of such taxes in the official budget estimate for the just-completed fiscal year, the Governor shall prepare a written re-estimate of general fund revenues for the current biennium and the next biennium in accordance with § 2.2-1503, Code of

Virginia, to be reported to the Chairmen of the Senate Finance, House Finance and House Appropriations Committees, not later than September 1 following the close of the fiscal year.
5. The Governor shall take no action to withhold allotments until a written plan detailing specific reduction actions approved by the Governor, identified by program and appropriation item, has been presented to the Chairmen of the House Appropriations and Senate Finance Committees. Subsequent modifications to the approved reduction plan also must be submitted to the Chairmen of the House Appropriations and Senate Finance Committees, prior to withholding allotments of appropriations. This reduction plan, with modifications thereto, shall be the sole basis for withholding spending authority due to reduced revenues.
6. In addition to the budget reduction plan approved by the Governor, all budget reduction proposals submitted by state agencies to the Governor or the Governor's staff, including but not limited to the Department of Planning and Budget, the Governor's Cabinet Secretaries, or the Chief of Staff, whether submitted electronically or otherwise, shall be forwarded within five calendar days of submission to the Chairmen of the Senate Finance and House Appropriations Committees.
7. In effecting the reduction of expenditures, the Governor shall not withhold allotments of appropriations for:
a) More than 15 percent cumulatively of the annual general fund appropriation contained in this act for operating expenses of any one state or nonstate agency or institution designated in this act by title, and the exact amount withheld, by state or nonstate agency or institution, shall be reported within five calendar days to the Chairmen of the Senate Finance and House Appropriations Committees. State agencies providing funds directly to grantees named in this act shall not apportion a larger cut to the grantee than the proportional cut apportioned to the agency. Without regard to § 4-5.07 b.4. of this act, the remaining appropriation to the grantee which is not subject to the cut, equal to at least 85 percent of the annual appropriation, shall be made by July 31, or in two equal installments, one payable by July 31 and the other payable by December 31, if the remaining appropriation is less than or equal to $500,000, except in cases where the normal conditions of the grant dictate a different payment schedule.
b) The payment of principal and interest on the bonded debt or other bonded obligations of the Commonwealth, its agencies and its authorities, or for payment of a legally authorized deficit.
c) The payments for care of graves of Confederate dead.
d) The employer contributions, and employer-paid member contributions, to the Social Security System, Virginia Retirement System, Judicial Retirement System, State Police Officers Retirement System, Virginia Law Officers Retirement System,

Optional Retirement Plan for College and University Faculty, Optional Retirement Plan for Political Appointees, Optional Retirement Plan for Superintendents, the Volunteer Service Award Program, the Virginia Retirement System's group life insurance, sickness and disability, and retiree health care credit programs for state employees, state-supported local employees and teachers. If the Virginia Retirement System Board of Trustees approves a contribution rate for a fiscal year that is lower than the rate on which the appropriation was based, or if the United States government approves a Social Security rate that is lower than that in effect for the current budget, the Governor may withhold excess contributions. However, employer and employee paid rates or contributions for health insurance and matching deferred compensation for state employees, state-supported local employees and teachers may not be increased or decreased beyond the amounts approved by the General Assembly. Payments for the employee benefit programs listed in this paragraph may not be delayed beyond the customary billing cycles that have been established by law or policy by the governing board.

e) The payments in fulfillment of any contract awarded for the design, construction and furnishing of any state building.

f) The salary of any state officer for whom the Constitution of Virginia prohibits a change in salary.

g) The salary of any officer or employee in the Executive Department by more than two percent (irrespective of the fund source for payment of salaries and wages); however, the percentage of reduction shall be uniformly applied to all employees within the Executive Department.

h) The appropriation supported by the State Bar Fund, as authorized by § 54.1-3913, Code of Virginia, unless the supporting revenues for such appropriation are estimated to be insufficient to pay the appropriation.

8. The Governor is authorized to withhold specific allotments of appropriations by a uniform percentage, a graduated reduction or on an individual basis, or apply a combination of these actions, in effecting the authorized reduction of expenditures, up to the maximum of 15 percent, as prescribed in subdivision 7a of this subsection.

9. Each nongeneral fund appropriation shall be payable in full only to the extent the nongeneral fund revenues from which the appropriation is payable are estimated to be sufficient. The Governor is authorized to reduce allotments of nongeneral fund appropriations by the amount necessary to ensure that expenditures do not exceed the supporting revenues for such appropriations; however, the Governor shall take no action to reduce allotments of appropriations for major nongeneral fund sources on account of reduced revenues until such time as a formal written re-estimate of revenues for the current and next biennium, prepared in accordance with the process specified in § 2.2-1503, Code of Virginia, has been reported to the Chairmen of the

Senate Finance, House Finance, and House Appropriations Committees. For purposes of this subsection, major nongeneral fund sources are defined as Highway Maintenance and Operating Fund and Transportation Trust Fund.

10. Notwithstanding any contrary provisions of law, the Governor is authorized to transfer to the general fund on June 30 of each year of the biennium, or within 20 days from that date, any available unexpended balances in other funds in the state treasury, subject to the following:

a) The Governor shall declare in writing to the Chairmen of the Senate Finance and House Appropriations Committees that a fiscal emergency exists which warrants the transfer of nongeneral funds to the general fund and reports the exact amount of such transfer within five calendar days of the transfer;

b) No such transfer may be made from retirement or other trust accounts, the State Bar Fund as authorized by § 54.1-3913, Code of Virginia, debt service funds, or federal funds; and

c) The Governor shall include for informative purposes, in the first biennial budget he submits subsequent to the transfer, the amount transferred from each account or fund and recommendations for restoring such amounts.

11. The Director, Department of Planning and Budget, shall report spending authority withheld under the provisions of this subsection to the Chairmen of the Senate Finance and House Appropriations Committees within five calendar days of the action to withhold. Said report shall include the amount withheld by agency and appropriation item.

12. If action to withhold allotments of appropriation under this provision is inadequate to eliminate the imbalance between projected general fund resources and appropriations, the Speaker of the House of Delegates and the President Pro Tempore of the Senate shall be advised in writing by the Governor, so that they may consider requesting a special session of the legislature."

Page 486, strike lines 1 through 55.

Page 487, strike lines 1 through 33.

Explanation:

(This amendment restores language in the General Provisions as provided in prior appropriations acts.)

Appropriations

Appropriation Transfers Language

Language:

Page 487, strike lines 36 through 48 and insert:

"1.a) During any fiscal year, the Director, Department of Planning and Budget, may transfer appropriation authority from one state or other agency to another, to effect the following:

1) distribution of amounts budgeted in the central appropriation to agencies, or withdrawal of budgeted amounts from agencies in accordance with specific language in the central appropriation establishing reversion clearing accounts;

2) distribution of pass-through grants or other funds held by an agency as fiscal agent;

3) correction of errors within this act, where such errors have been identified in writing by the Chairmen of the House Appropriations and Senate Finance Committees;

4) proper accounting between fund sources 0100 and 0300 in higher education institutions;

5) transfers specifically authorized elsewhere in this act or as specified in the Code of Virginia;

6) to supplement capital projects in order to realize efficiencies or provide for cost overruns unrelated to changes in size or scope; or

7) to administer a program for another agency or to effect budgeted program purposes approved by the General Assembly, pursuant to a signed agreement between the respective agencies.

b. During any fiscal year, the Director, Department of Planning and Budget, may transfer appropriation authority within an agency to effect proper accounting between fund sources and to effect program purposes approved by the General Assembly, unless specifically provided otherwise in this act or as specified in the Code of Virginia. However, appropriation authority for local aid programs and aid to individuals, with the exception of student financial aid, shall not be transferred elsewhere without advance notice to the Chairmen of the House Appropriations and Senate Finance Committees. Further, any transfers between capital projects shall be made only to realize efficiencies or provide for cost overruns unrelated to changes in size or scope.

c.1. In addition to authority granted elsewhere in this act, the Director, Department of Planning and Budget, may transfer operating appropriations authority among sub-agencies within the Judicial System, the Department of Corrections, and the

Department of Mental Health, Mental Retardation and Substance Abuse Services to effect changes in operating expense requirements which may occur during the biennium. 2. The Director, Department of Planning and Budget, may transfer appropriations from the Department of Mental Health, Mental Retardation and Substance Abuse Services to the Department of Medical Assistance Services, consisting of the general fund amounts required to match federal funds for reimbursement of services provided by its institutions and Community Services Boards.

3. The Director, Department of Planning and Budget, may transfer appropriations from the Office of Comprehensive Services to the Department of Medical Assistance Services, consisting of the general fund amounts required to match federal funds for reimbursement of services provided to eligible children.

4. The Director, Department of Planning and Budget, may transfer an appropriation or portion thereof within a state or other agency, or from one such agency to another, to support changes in agency organization, program or responsibility enacted by the General Assembly to be effective during the current biennium.

5. The Director, Department of Planning and Budget, may transfer appropriations from the second year to the first year, with said transfer to be reported in writing to the Chairmen of the Senate Finance and House Appropriations Committees within five calendar days of the transfer, when the expenditure of such funds is required to:

a) address a threat to life, safety, health or property, or

b) provide for unbudgeted cost increases for statutorily required services or federally mandated services, in order to continue those services at the present level, or

c) provide for payment of overtime salaries and wages, when the obligations for payment of such overtime were incurred during a situation deemed threatening to life, safety, health, or property, or

d) provide for payments to the beneficiaries of certain public safety officers killed in the line of duty, as authorized in Title 2.2, Chapter 4, Code of Virginia and for payments to the beneficiaries of certain members of the National Guard and United States military reserves killed in action in any armed conflict on or after October 7, 2001, as authorized in § 44-93.1 B., Code of Virginia; or

e) continue a program at the present level of service or at an increased level of service when required to address unanticipated increases in workload such as enrollment, caseload or like factors, or unanticipated costs, or

f) to address unanticipated business or industrial development opportunities which will benefit the state's economy, provided that any such appropriations be used in a manner consistent with the purposes of the program as originally appropriated.

6. An appropriation transfer shall not occur except through properly executed appropriation transfer documents designed specifically for that purpose, and all

transactions effecting appropriation transfers shall be entered in the state's computerized budgeting and accounting systems.

7. The Director, Department of Planning and Budget, may transfer from any other agency, appropriations to supplement any project of the Virginia Public Building Authority authorized by the General Assembly and approved by the Governor. Such capital project shall be transferred to the state agency designated as the managing agency for the Virginia Public Building Authority.

8. In the event of the transition of a city to town status pursuant to the provisions of Chapter 41 of Title 15.2 of the Code of Virginia (§ 15.2-4100 et seq.) subsequent to July 1, 1999, the provisions of § 15.2-1302 shall govern distributions from state agencies to the county in which the town is situated, and the Director, Department of Planning and Budget, is authorized to transfer appropriations or portions thereof within a state agency, or from one such agency to another, if necessary to fulfill the requirements of § 15.2-1302."

Page 488, strike lines 1 through 46.

Explanation:

(This amendment restores language in the General Provisions as provided in prior appropriations acts.)

Appropriations

Limited Adjustments of Appropriations Language

Language:

Page 491, strike lines 15 through 29 and insert:

"a. LIMITED CONTINUATION OF APPROPRIATIONS.

Notwithstanding any contrary provision of law, any unexpended balances on the books of the State Comptroller as of the last day of the previous biennium shall be continued in force for such period, not exceeding 10 days from such date, as may be necessary in order to permit payment of any claims, demands or liabilities incurred prior to such date and unpaid at the close of business on such date, and shown by audit in the Department of Accounts to be a just and legal charge, for values received as of the last day of the previous biennium, against such unexpended balances.

b. LIMITATIONS ON CASH DISBURSEMENTS.

Notwithstanding any contrary provision of law, the State Comptroller may begin preparing the accounts of the Commonwealth for each subsequent fiscal year on or about 10 days before the start of such fiscal year. The books will be open only to enter budgetary transactions and transactions that will not require the receipt or disbursement of funds until after June 30. Should an emergency arise, or in years in which July 1 falls on a weekend requiring the processing of transactions on or before June 30, the State Comptroller may, with the written concurrence of the Auditor of Public Accounts, authorize the disbursement of funds drawn against appropriations of the subsequent fiscal year, not to exceed the sum of three million dollars ($3,000,000) from the general fund. This provision does not apply to debt service payments on bonds of the Commonwealth which shall be made in accordance with bond documents, trust indentures, and/or escrow agreements."

Explanation:

(This amendment restores language in the General Provisions as provided in prior appropriations acts.)

Revenues

Nongeneral Fund Revenues Language

Language:

Page 492, strike lines 50 through 53 and insert:

"b) In coordination with the institutions, the State Council of Higher Education for Virginia shall report no later than August 1 of each year on the estimated amount of revenue each institution expects to collect from tuition and mandatory educational and general fees during the fiscal year."

Page 493, strike lines 4 through 7 and insert:

"d) Each institution must notify the Executive Director, State Council of Higher Education for Virginia, prior to requesting an administrative increase to the nongeneral fund appropriation for tuition and fee revenue within its educational and general program. Within 30 days of receiving such notification, the Director of the State Council of Higher Education for Virginia shall review and provide comment, as necessary, to the Director, Department of Planning and Budget. The Director, Department of Planning and Budget, shall evaluate the institution's request along with any comments received from the Executive Director, State Council of Higher Education for Virginia, prior to taking action on the requested administrative increase.

e) In consultation with the Director, Department of Planning and Budget, the Executive Director, State Council of Higher Education for Virginia, shall include a summary of all requested and approved administrative increases to nongeneral fund appropriations for tuition and fee revenue within the educational and general programs of the institutions of higher education as part of the annual nongeneral fund revenue report.

f) In consultation with the Department of Planning and Budget and the State Council of Higher Education for Virginia, the Governor shall reconcile actual nongeneral fund expenditures with nongeneral fund appropriations included in the act and recommend technical adjustments, as he deems appropriate, in submitting his budget amendments prior to the next General Assembly session."

Page 493, strike lines 38 through 40.

Explanation:

(This amendment restores language in the General Provisions as provided in prior appropriations acts.)

Debt

Treasury Loans Language

Language:

Page 497, after line 15, after "LOANS", insert:
"FOR PROJECTS INCLUDED IN THIS ACT".
Page 497, after line 15, after "loans", insert "for projects included in this act".
Page 497, after line 45 insert:
"c. ANTICIPATION LOANS FOR PROJECTS NOT INCLUDED IN THIS ACT OR FOR PROJECTS AUTHORIZED UNDER § 4-4.01N: Authorization for anticipation loans for projects not included in this act or for projects authorized under § 4-4.01N are limited to the provisions below:
1. Such loans are limited to those projects that shall be repaid from revenues derived from nongeneral fund sources.
2.a) When the payment of authorized obligations for operating expenses is required prior to the collection of nongeneral fund revenues, any state agency may borrow from the state treasury the required sums with the prior written approval of the Secretary of Finance or his designee as to the amount, terms and sources of such funds; such loans shall not exceed the amount of the anticipated collections of such revenues and shall be repaid only from such revenues when collected.
b) When the payment of obligations for capital expenses for projects authorized under § 4-4.01N is required prior to the collection of nongeneral fund revenues, any state agency or body corporate and politic, constituting a public corporation and government instrumentality, may borrow from the state treasury the required sums with the prior written approval of the Secretary of Finance or his designee as to the amount, terms and sources of such funds. Such loans shall be repaid only from nongeneral fund revenues associated with the project.
3. Anticipation loans for operating expenses shall be in amounts not greater than the sum identified by the agency as the minimum amount required to meet the projected expenditures. The term of any anticipation loans granted for operating expenses shall not exceed twelve months.
4. Before an anticipation loan is provided for a capital project authorized under § 4-4.01 N, the agency shall develop a plan for financing such capital project and approval of the State Treasurer shall be obtained for all such plans and reported to the Chairman of the House Appropriations and Senate Finance Committees.
5. Anticipation loans for capital projects authorized under § 4-4.01 N shall be in amounts not greater than the sum identified by the agency as required to meet the

projected expenditures for the project within the current biennium. Such loans shall be repaid only from nongeneral fund revenues associated with the project.

6. The State Treasurer shall charge current market interest rates on anticipation loans made for capital projects authorized under § 4-4.01 N. Interest payments on anticipation loans for nongeneral fund capital projects authorized under § 4-4.01 N shall be made from appropriated nongeneral fund revenues. Such interest shall not be paid with the funds from the anticipation loan without the approval of the State Treasurer.

a) REPORTING: All outstanding loans shall be reported by the Governor to the Chairmen of the House Appropriations and Senate Finance Committees by August 15 of each year. The report shall include a status of the repayment schedule for each loan.

"

Explanation:

(This amendment clarifies that anticipation for projects authorized under § 4-4.01 N of this act are limited to projects supported by nongeneral funds.)

Capital Projects

General Language

Language:

Page 499, strike lines 12 through 19.

Page 500, line 52, before "capital" insert "nongeneral fund".

Page 501, after line 16, insert:

"5) Permanent funding for any project initiated under this section shall only be from nongeneral fund sources."

Explanation:

(This amendment strikes a new provision that would have allowed agencies to transfer capital project funding to the operating budget. In addition, the amendment clarifies the initiation of capital projects not specifically included in an appropriation act.)

Special Conditions and Restrictions on Expenditures
Services and Clients Language

Language:
Page 506, strike lines 26 through 28.
Page 506, line 31, after "obtaining", strike the remainder of the line and insert "the authorization of the General Assembly."
Page 506, strike line 32.
Page 507, strike lines 11 through 13.

Explanation:
(This amendment restores language in the General Provisions as provided in prior appropriations acts and eliminates language contained in the introduced budget requiring that state agencies within the Executive Department submit any changes in internal service fund rates to the Governor for his approval prior to the submission of those rates to the Joint Legislative Audit and Review Commission for legislative approval.)

Positions and Employment

Employee Compensation Language

Language:

Page 512, line 7, strike "listed below".

Page 512, line 7, after "positions", insert:

"by the General Assembly, pursuant to the provisions of §§ 2.2-200 and 2.2-400, Code of Virginia,".

Page 512, line 7, after "shown.", insert:

"No person subject to confirmation by the General Assembly pursuant to the provisions of §§ 2.2-200 and 2.2-400, Code of Virginia, whose confirmation was subject to consideration by the General Assembly during its regular Session and was subsequently withdrawn, shall receive any compensation for his service if reappointed after the conclusion of the General Assembly's regular Session."

Explanation:

(This amendment clarifies that all cabinet level positions are subject to confirmation by the General Assembly. The amendment also ensures that appointments cannot be withdrawn during the General Assembly's regular Session only to be made following the conclusion of that Session.)

Statewide Plans

Manpower Control Program Language

Language:

Page 522, strike lines 16 through 18.

Explanation:

(This amendment eliminates language authorizing the Director of the Department of Planning and Budget to create new positions for agencies involved in the implementation of the Enterprise Application Public-Private Partnership Agreement.)

Reporting Requirements

State Agencies Language

Language:

Page 524, line 18, strike "or".

Page 524, line 19, after "amendments" insert ", or budget reduction proposals".

Explanation:

(This amendment restores language in the General Provisions as provided in prior appropriations acts.)