

**HB 1650**  
**Budget Conference**  
**Highlights**

**February 24, 2007**

## **Transportation**

- Provides \$500.0 million in one-time general fund dollars for transportation projects over the biennium including the \$339.0 million appropriated for transportation by the 2006 General Assembly but not allocated

### **Allocation of \$500.0 million General Fund Appropriation**

- \$305.0 million GF deposited into the Transportation Partnership Opportunity Fund (TPOF) for PPTA and design-build projects as follows:
  - Capital Beltway HOT Lanes, Hillsville Bypass, I-64/264 Interchange, Route 50 widening in Loudoun and Fairfax counties improvements, Route 37 Eastern Bypass in Frederick County, Norfolk Southern ROW in Virginia Beach
  - Language does not specify what amounts would be allocated to which project
- \$65.0 million GF for the Rail Enhancement Fund to be used to complete funding for ongoing rail improvements in the Richmond-DC corridor and begin Phase 1 of I-81 rail corridor
- \$60.0 million GF in transit capital funding as follows: \$20.0 million for Metro, \$15.0 million for VRE, \$10.0 million for Norfolk Light Rail project, and \$15.0 million for statewide distribution
- \$50.0 million GF for Port-related improvements in Hampton Roads. Up to \$40.0 million for the Route 164 rail relocation and the remainder for design/engineering for Craney Island expansion
- \$20.0 million GF to supplement the VDOT revenue sharing program
- Reallocates unspent GF balances from a Hampton Roads regional transit project appropriated by the 2005 General Assembly to provide \$6.2 million for Hampton Roads Transit of hybrid-electric buses to serve the City of Norfolk

## **Higher Education**

- Provides a \$79.8 million GF increase for colleges and universities or about 2.2 percent in the second year of the biennium
  - Focused on base operating needs, financial aid, and research
- Includes \$7.2 million GF to create a tuition moderation incentive fund to keep tuition and fee increases for in-state undergraduate students to more than six percent

## **Base Operating Support and Enrollment Growth**

- Conference recommendations reflect application of legislative funding guidelines and the House priority to recognize of in-state student enrollment growth since the 2006 Session
- About an \$18 million GF increase for public colleges and universities which when coupled with the nearly \$550 million biennial increase in the 2006 Session brings Virginia's higher education system to about 99 percent of the funding guideline recommendation in each year of the biennium
- \$16.2 million for financial aid for undergraduates at public and private institutions
  - \$13.7 for undergraduate financial aid for students at public institutions an increase of almost 15 percent
  - \$1.5 million for TAG to increase the award for undergraduate students to and \$3,200 in FY 2008 using SCHEV's enrollment projections
- \$6.0 million GF for research primarily at Virginia's doctoral research institutions
  - \$2.0 million for cancer research at the University of Virginia and Virginia Commonwealth University
  - \$1.5 million for the Virginia Coastal Energy Research Consortium
  - \$1.0 million for Jefferson Labs
  - \$1.0 million for the Commonwealth Technology Research Fund

The table below summarizes the recommendations for each institution

Inst	Enrollment Growth & Base Adequacy	Tuition Moderation Incentive	Financial Aid	Faculty Salaries	Other Funding
CNU	576,797	101,512	319,867	221,661	250,000
CWM	856,137	185,879	215,481	434,200	0
GMU	1,270,189	614,746	1,418,382	1,557,313	100,000
JMU	1,896,006	784,186	630,754	763,294	0
LU	150,000	72,597	364,227	190,759	0
UMW	248,695	120,363	135,196	210,760	0
NSU	150,000	72,597	667,105	296,049	0
ODU	818,070	259,591	1,692,778	875,310	500,000
RU	1,385,043	670,333	723,669	484,999	100,001
UVA	1,382,214	409,113	290,163	1,460,943	150,000
UVAW	150,000	72,597	221,751	125,619	246,358
VCU	2,804,774	1,041,950	2,056,744	1,630,388	100,000
VMI	328,546	131,281	25,148	70,217	330,000
VSU	598,741	289,778	576,233	183,164	352,500
VT	3,073,676	1,295,297	903,989	1,366,886	0
RBC	102,020	49,376	13,621	33,410	0
VCCS	2,074,062	1,003,804	3,490,688	4,080,758	0
Central Accounts				4,300,000	0
<b>All Inst.</b>	<b>17,864,970</b>	<b>7,175,000</b>	<b>13,745,796</b>	<b>18,285,730</b>	<b>2,128,859</b>

### Other Major Higher Education

- \$17.1 million to provide a four percent average faculty salary increase in FY 2008
  - Includes \$4.3 million in central accounts
- \$1.8 million to provide an additional 10 percent salary increase for nursing faculty in order to address recruitment and retention issues
- \$1.4 million for education programs, promotions, and staff to accommodate increased visitation and support revenue-generating activities at Jamestown

## **Public Education**

- Provides a total of over \$11.8 billion GF for direct aid to public education over the biennium
  - Adds \$11.9 million in FY 2008 to increase the teacher retiree health care credit from \$2.50 to \$4.00 per month and removes the cap on the years of service
  - Provides \$2.6 million in FY 2008 for an early childhood education initiative that will allow eligible school divisions to participate in a pilot program that evaluates existing partnerships between school divisions and private / non-profits providers that offer an at-risk four-year-old program
  - Adds \$2.4 million in FY 2008 to include Frederick, Winchester and Culpeper in the cost of competing adjustment. This action will complete those divisions which comprise the Washington D.C. / Baltimore, Maryland combined statistical area
  - Adds \$1.5 million in FY 2008 for a net sales tax forecast increase based on a revised adjustment on the food collection revenues
  - Adds \$500,000 in FY 2008 for additional career and technical education equipment which will increase the initial base allocation from \$2,000 to \$3,000 for every school division, with the additional funding distributed on the basis of enrollment in career and technical courses
- Details of the FY2007 and FY 2008 school divisions' distributions are attached

## **Health and Human Resources**

- Major programs funded in the budget include:
  - An additional \$117.6 million GF for mandatory programs such as Medicaid, Temporary Assistance to Needy Families (TANF), Comprehensive Services Act, and to fund the impact of the federal law and policy changes on

children's services, child support enforcement, MHMR licensing and human rights programs, and aging programs

- New investments in community mental health, mental retardation and substance abuse services totaling \$23.3 million GF and \$19.4 million NGF
  - 330 Mental Retardation (MR) waiver slots
  - MR waiver start-up funding for new slots
  - 100 Developmentally Disabled (DD) waiver slots
  - Northern Virginia waiver rate differential of 15 percent
  - Substance abuse treatment services for individuals served through Community Services Boards or who are eligible for Medicaid
  - Mental health services for children in nine local or regional juvenile detention centers
  - 2 Regional Community Support Centers at Central Virginia Training Center and Southeastern Virginia Training Center for mentally retarded individuals in communities
- Health care provider rate increases beginning July 1, 2007 totaling \$8.7 million GF and \$6.2 million NGF
  - 10 percent increase for Medicaid pediatric services
  - 5 percent increase for all other physician services (except OB/GYN services)
  - 6 percent payment adjustment increase in Medicaid rates for inpatient psychiatric hospital services
  - Increase in Medicaid payments to rural hospitals
  - Increase in Auxiliary Grant payments from \$1,048 to \$1,061 per month for low-income aged and disabled individuals residing in Assisted Living Facilities

### **Commerce and Trade**

- Provides \$12.0 million in incentive payments to attract a major research entity to the I-81 corridor

- Funding for this incentive comes in part from redirecting the \$5.0 million increase requested in House Bill 1650 as introduced for the Governor's Opportunity Fund
- Provides an additional \$2.0 million in the first year for the Department of Business Assistance's Workforce Services Program

### **Natural Resources**

- Added \$20 million GF to the Water Quality Improvement Fund for the provision of grants to localities and public service authorities to upgrade wastewater treatment plants within the Chesapeake Bay watershed
- Provided \$6.6 million GF for the conservation of land through the Virginia Land Conservation Fund, the purchase of agricultural development rights, and operating support for the Virginia Outdoors Foundation
- Added \$6.1 million GF to support the combined sewer overflow projects in the cities of Lynchburg and Richmond
- Provided \$3.8 million GF for nonpoint source pollution control, representing the remaining deposit due to the Water Quality Improvement Fund based on FY 2006 year-end revenue surpluses
- Added \$1.0 million GF in additional operating support and 10 positions to increase support for Virginia's state parks
- Provided \$300,000 GF in additional support for Virginia's soil and water conservation districts
- Included \$730,000 NGF and 20 positions to provide the necessary support for the Department of Environmental Quality to assume control of the permitting, monitoring, and enforcement of Virginia's laws governing the application of biosolids

## **Public Safety**

- Adds \$1.1 million for HB 599 (Aid to Localities with Police Departments), raising the total to \$215.8 million, to add a hold harmless provision for six localities
- Provides \$8.2 million to increase compensation for adult and juvenile correctional officers
- Adds \$3.5 million for re-entry programs to reduce recidivism by offenders leaving prison and jail, and provided \$579,999 to assume the cost of an expiring federal grant for the Virginia Serious and Violent Reentry (VASAVOR) Program in the Fairfax County and Newport News Jails
- Adds \$2.6 million for local Victim-Witness Programs to maintain existing programs which are experiencing slower growth in nongeneral fund revenues from court fees
- Adds \$900,000 to the budget for Community Services Boards for mental health services for the nine remaining local juvenile detention centers that have not received federal or state funds
- Provides \$5.5 million for the proposed All-Hazards Initiative to strengthen emergency response capabilities, including \$2.5 million for a new evacuation facility grant program
- Authorizes \$99 million (from VPBA bonds) for a new 1,024-bed medium security correctional facility in the Mount Rogers Planning District, and \$1.2 million GF for planning for a new facility in Charlotte County

## **Capital Outlay**

- Provides over \$807.8 million in capital outlay funding from general fund and nongeneral fund sources

## **General Fund and Bond Projects**

- \$134.0 million is directed toward new construction and renovation projects primarily in higher education and public safety
  - Addresses space needs at colleges and universities to accommodate enrollment growth
  - Provides for construction of Mt. Rogers Correctional Center
- \$133.1 million to address cost overruns on previously approved projects primarily in higher education
- The table below summarizes the general fund and VPBA / VCBA bond projects

	(GF \$ in millions)
New Construction / Renovation Projects	\$ 134.0
Cost Overruns on Previously Approved Projects	133.1
Equipment for Projects Scheduled to Open 2006-08	38.5
Planning	20.1
Property Acquisitions	<u>2.2</u>
Total General Funds	\$ 327.9

### **Nongeneral Fund Supported Projects**

- Projects funded through nongeneral funds such as gifts, federal funds, auxiliary enterprise revenues, and port revenues
- The table below summarizes the nongeneral fund projects

	(NGF \$ in millions)
9 (c) Revenue Bonds	\$ 116.6
9 (d) Revenue Bonds	246.0
Nongeneral Funds	<u>117.3</u>
Total General Funds	\$ 479.9

## **Employee Compensation**

- Provides more than \$120.2 million for salary increases and other employee benefit increases for state employees, state supported local, and teachers

### **Employee Salary Increases**

- \$21.2 million to provide an additional one percent salary increase for state employees in the second year
  - Brings salary adjustment up to 4 percent for state employees and state supported local employees
- \$41.9 million in addition to \$22.0 million reserve included in Chapters 3 & 10 to fund the state's share of a 3 percent salary increase for SOQ positions (teachers) effective December 1, 2007
- \$18.0 million for targeted salary increases, examples include:
  - Additional 4 percent for judicial employees (total of 8 percent)
  - \$1,200 salary increase for Correctional officers at DOC and DJJ, \$600 for supervisors
  - 9 percent salary increase for attorneys and staff in public defender offices

### **Employee Benefit Increases**

- \$11.9 million GF to increase the retiree health credit for retired teachers to \$4.0 per month for each year of creditable service pursuant to House Bill 2370
- \$9.8 million GF to fund inflation in the state employee health and an expanded wellness benefit
- \$14.4 million GF to fund Other Post Employment Benefits on an accrual basis
- \$2.3 million GF to increase the multiplier for the State Police Officers Retirement System from 1.7 percent to 1.85 percent for each year of creditable service

## **General Government**

- \$9.2 million the second year to fund waivers to the caps on the payments to court appointed counsel pursuant to House Bill 2361
- Authorizes additional staff for the Judicial Branch
  - 24 attorney’s for the Indigent Defense Commission
  - 10 Foreign Language Interpreters for the Supreme Court of Virginia
  - 2 staff at the Supreme Court of Virginia for data entry
  - 3 staff for the Court of Appeals
- \$3.8 million for funding within the Legislative branch
  - \$2.2 million for the Commemoration of the 150th anniversary of the civil war
  - \$1.6 million for cost related to the renovated Capitol
- \$3.1 million the second year for additional staffing at Commonwealths Attorneys’ offices