

# Governor's Proposed Amendments 2008-2010 Appropriation Act (HB 29, As Adopted)

## Amendment No. 1 Item 0 - Revenues Revenue Adjustments

**General Assembly Action:** Adopted the “front page” revenues reflected in the Appropriation Act, including the mid-Session revenue reforecast.

**Governor's Action (Technical):** The proposed amendment reflects actions which adjust general fund resources including, \$900,000 for prior year recovery from the Richmond Department of Social Services, -\$600,000 for restoration of an erosion project at DJJ and \$103,369 for Dominion Power rate savings in the current year.

## Amendment No. 2 Item 70 – Compensation Board Language - Clarifying Initiation of Jail Per Diem Rate Adjustments

**General Assembly Action:** No action. The introduced budget included language adjusting the jail per diem rates paid by the Commonwealth. This rate adjustment, representing a 5 percent reduction in total jail per diem payments, was to become effective beginning March 1, 2010.

**Governor's Action (Technical):** The proposed amendment clarifies the language contained in the introduced budget to ensure the jail per diem rate adjustments apply only to those local and state-responsible inmates housed in local and regional jails on or after March 1, 2010. This technical amendment is required because the Compensation Board provides jail per diem payments on a reimbursement basis. Consequently, payments made on March 1, 2010, actually reflect the local and regional jail inmate populations for the previous quarter. Adding this language ensures that the rate adjustment is implemented correctly. It should be noted that this issue was not raised during the legislative budget process.

**Amendment No. 3**  
**Item 89 – State Board of Elections**  
**Cost of May Municipal Elections**

**General Assembly Action:** The adopted budget assumes savings within the State Board of elections of \$80,000 GF from requiring municipalities to reimburse the Board for cost incurred in May elections. This savings initiative was included in the 2009 introduced budget and was first adopted in the 2009 session.

**Governor's Action:** The Governor's amendment restores the \$80,000 in funding in FY 2010 to allow municipalities more time to move their election schedule without having to reimburse the SBE for the cost of the May elections.

**Amendment No. 4**  
**Item 235 – Frontier Culture Museum**  
**Language - Land Conveyance**

**General Assembly Action:** No action.

**Governor's Action:** The proposed amendment authorizes the Governor to convey any property or improvement of the Frontier Culture Museum to the museum's supporting foundation.

**Amendment No. 5**  
**Item 434 – Virginia Information Technologies Agency**  
**Language –Reporting of Contract Modifications to the House Appropriations**  
**and Senate Finance Committees**

**General Assembly Action:** The adopted budget included language requiring the Chief Information Officer and Secretary of Technology to provide the Chairmen of the House Appropriations and Senate Finance Committees with an analysis of the fiscal impact of any proposed contract modifications to the comprehensive agreement between VITA and Northrop Grumman prior to those modifications' execution.

**Governor's Action:** Modifications to the contract between VITA and Northrop Grumman were agreed to on March 31, 2010. Because of that action, the Governor's proposed amendment provides for the submission of two reports related to the modification of the contract. The first report, to be submitted within 30 following the execution of any contract modifications, would describe the contract modifications and their fiscal impacts. The second report, to be submitted by

the Chief Information Officer 15 days before June 25, 2010 and December 31, 2010, would describe activities, progress, and performance improvements related to any operational and contractual changes to the contract. This report will be submitted to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees, the Secretary of Technology, the Department of Planning and Budget, and JLARC.

**Amendment No. 6**  
**Item 472 – Central Appropriations**  
**Capture Additional Furlough Savings**

**General Assembly Action:** The General Assembly adopted the proposal included in the introduced budget to implement a one day furlough for executive branch agencies in May of 2010. The General Assembly included language giving institutions of higher education the flexibility to achieve the savings, one days of salary, through other means.

**Governor's Action:** The Governor's amendment assumes \$470,000 GF in additional savings from including the legislative branch, judicial branch, and independent agencies in the furlough. The amendment gives these agencies the same flexibility as the colleges to achieve the savings through other means.

**Amendment No. 7**  
**Item 472 – Central Appropriations**  
**Modify Potential Bonus Language**

**General Assembly Action:** The General Assembly adopted budget included language authorizing a 3% bonus for state employees in FY 2011, at a cost of approximately \$82.2 million GF, contingent on FY 2010 revenues exceeding the 2010 GF appropriation by the \$82.2 million amount. The language authorized the bonus on a prorated basis should the revenues exceed the appropriation by less than the \$82.2 million amount.

**Governor's Action:** Modifies the bonus language to allow the Governor to utilize any unspent GF balances realized from FY 2010 agency appropriations along with any revenues in excess of the forecast in the calculation used to determine the amount of bonus.

**Amendment No. 8**  
**Item 473 – Central Appropriations**  
**Additional Funding for the Payment of VITA Charges by State Agencies**

**General Assembly Action:** The adopted budget reduced the funding supplements provided to assist state agencies pay for VITA-provided services from \$19.4 million to \$9.7 million (a 50 percent reduction).

**Governor's Action:** The proposed amendment provides an additional \$9.7 million in funding supplements for state agencies. These supplements will be distributed to state agencies based upon the information provided by VITA to avoid adverse impacts on affected state agencies' operating budgets.

**Amendment No. 9**  
**Item 475.10 – Central Appropriations**  
**Capture Dominion Power Rate Savings**

**General Assembly Action:** The General Assembly adopted budget assumed \$7.1 million in revenues in FY 2010 as a result of savings as a result of the Virginia Dominion Power rate reduction approved by the State Corporation Commission in March of 2010. The \$7.1 million in savings represents the estimated refund from month power bills which are being reduced retroactively.

**Governor's Action:** This amendment assumes GF savings of \$103,696 in FY 2010 as a result of the rate reduction and its impact on the power bills in the last quarter of the fiscal year. Amendment number 12 is a companion amendment which transfers to the GF \$98,221 in FY 2010 in NGF savings.

**Amendment No. 10**  
**Item 2-0 - Capital General Provisions**  
**Language – Eliminate Reversion of Planning Funds**

**General Assembly Action:** Approved the reversion of \$600,000 in excess planning funds from the Pamunkey Erosion project provided for the Department of Juvenile Justice's Hanover Juvenile Correctional Center.

**Governor's Action:** The proposed amendment eliminates this reversion language and permits the use of these funds by the Department of Juvenile Justice. There is a companion amendment for Item C-145.05.

**Notes:**

- This project was provided \$600,000 in planning funds in Chapter 1, 2008 Special Session I. The project's completed planning cost \$126,912, leaving \$473,088 in excess planning funds.
- Chapter 781 provided \$1,704,000 in VPBA bonds to complete the erosion control project and restore the expended planning funds to the Central Planning Fund account. The Bureau of Capital Outlay Management (BCOM), in accordance with the procedures outlined in Chapter 1, recommended less than \$1,579,904 for this project. Subsequently, environmental requirements increased the cost of this project.
- Current planning documents indicate all funding sources provided for this project will be necessary. This information was not communicated during the Session and the processes outlined for addressing additional capital costs were not followed.

**Amendment No. 11  
Item C-145.05 – Department of Juvenile Justice  
Language – Eliminate Reversion of Planning Funds**

**General Assembly Action:** Required the Department of Juvenile Justice to transfer expended planning funds through \$1.7 million in VPBA bonds authorized in Chapter 781 for the Pamunkey Erosion project at the Hanover Juvenile Correctional Center. This is a companion amendment to Item 2-0 General Conditions.

**Governor's Action:** The proposed amendment strikes the required reimbursement to the Central Planning Fund pursuant to Chapter 1, 2008 Special Session I.

**Notes:**

- The Pamunkey Erosion project's funding level would be \$2.2 million compared to an agency-requested and BCOM-recommended funding level of about \$1.6 million.
- The project's costs have increased due to environmental requirements. Again, this information was not available during the Session.
- Without correction, the erosion could affect cottages and the facility's infirmary. Hanover Juvenile Correctional Center housed 148 juvenile offenders in 2009.

**Amendment No. 12**  
**Item 3-1.01 – Interfund Transfers**  
**Capture Dominion Power Rate Savings**

**General Assembly Action:** The General Assembly adopted budget assumed \$7.1 million in revenues in FY 2010 as a result of savings as a result of the Virginia Dominion Power rate reduction approved by the State Corporation Commission in March of 2010. The \$7.1 million in savings represents the estimated refund from month power bills which are being reduced retroactively.

**Governor's Action:** This amendment transfers to the GF \$98,221 in FY 2010 in NGF savings as a result of the rate reduction and its impact on the power bills in the last quarter of the fiscal year. Out of this amount, \$28,122 is set aside as the federal share of the savings. Amendment number 9 is a companion amendment which assumes GF savings of \$103,696.

**Amendment No. 13**  
**Item 4-7.01 – General Provisions**  
**Language – Positions Exempt from Hiring Freezes**

**General Assembly Action:** No action. Section 4-7.01 of the General Provisions governs the Commonwealth's Manpower Control Program. Among its provisions, this section exempts certain positions from any administratively imposed hiring freeze. These positions include those assigned to public safety, public health, institutional higher education, and natural resources agencies, as well as the staff who provide direct patient care services or who are essential to the safe and efficient operation of state facilities.

**Governor's Action:** The proposed amendment eliminates the existing language and substitutes language stating that prior to the imposition of any hiring freeze, the Governor shall consider exempting certain positions needed to safely and efficiently operate state facilities or to perform essential services such as public safety and public health functions.

**Notes:**

- The existing language regarding the positions exempted from administrative hiring freezes has been contained in the Appropriation Act's General Provisions since 1996.

**Amendment No. 14**  
**Item 5-0.00 – Additional Enactments**  
**Maintain § 199 Domestic Production Deduction**

**General Assembly Action:** General Assembly phased-out the federal § 199 domestic production by maintaining TY 2009 deduction levels (6%) in Tax Year 2010, and reducing the deduction level to 3% in Tax Year 2011. This federal tax deduction was set to increase to 9% in Tax Year 2010 and had been fully eliminated in HB 29/30 as introduced. More than 20 other states, including DC, GA, MD, NC, SC, TN and WV already have deconformed from this federal provision first adopted in 2004.

**Governor's Action:** The proposed amendment maintains the deduction at the 6% for Tax Years 2010 and 2011 at a cost of \$10.0 million in FY 2012. A companion amendment to HB 30 is included.