

**Recommended Amendments
to the 2010-2012 Budget
(HB 29)
and
to the 2013-14 Budget
(HB 30)**

House Appropriations Committee
February 19, 2012

Report of the Health and Human Resources Subcommittee

HB 30: Summary of Proposed HHR Spending and Savings Actions

- Subcommittee amendments focus on meeting critical needs:
 - Restoring funding for the health safety net
 - Ensuring adequate Medicaid payments for hospitals and nursing homes
 - Providing additional Medicaid waiver slots to address the waiting lists for intellectual disability and developmental disability services
- Savings amendments focus on technical adjustments:
 - Forecast adjustments in Medicaid and the Comprehensive Services Act
 - Additional federal Medicaid bonus payments for enrollment of children

Health Care Safety Net

- Amendments provide \$6.2 million in FY 2014 to:
 - Fully restore funding for the free clinics, community health centers and the Virginia Health Care Foundation: \$4.8 million GF
 - Substantially restore funding for:
 - ✓ Comprehensive Health Investment Project of Virginia: \$727,628
 - ✓ Other small health safety net organizations: \$510,800
 - ✓ Language directs the Commissioner of Health to allocate a pool of funding to organizations that enter into performance agreements that comply with the general provisions of the budget act
- Restores \$967,944 GF and \$696,362 NGF and 20 positions in FY 2013 for dental services provided through local health departments
 - Adds language establishing an advisory panel to work with the Commissioner of Health to transition from a preventive/treatment model of dental services to a prevention model
- Restores \$131,533 each year to local Area Agencies on Aging
- Amendments add \$500,000 each year for local Area Agencies on Aging to address the growing number of elderly citizens in need of health and nutritional services

Medicaid Critical Needs

- Provides \$15.8 million GF in FY 2013 and \$21.9 million GF in FY 2014 and federal matching funds to increase Medicaid hospital inpatient payments by 2.45 percent in FY 2013
- Provides \$11.5 million GF in FY 2013 and \$17.5 million GF in FY 2014 and a like amount of federal matching funds to increase Medicaid nursing home payments by 2.2 percent each year and to increase direct care ceilings by an additional one percent FY 2013
- Restores \$8.7 million GF in FY 2013 to the state teaching hospitals to correctly reflect the impact of inflation adjustments in the introduced budget
- Provides \$2.1 million GF in FY 2013 to continue the exemption of behavioral health medications from the Medicaid Preferred Drug List until most individuals enter Medicaid managed care by FY 2014
- Adds \$1.1 million GF and \$1.6 million in federal matching funds over the biennium to fund the impact of House Bill 183 which provides Medicaid and FAMIS benefits for legal immigrant pregnant women and children

Funding for Intellectual and Developmental Disability (ID) Services

- Provides \$30 million in FY 2013 for the Department of Behavioral Health and Developmental Services Trust Fund for expanding access to community-based developmental disability services
 - Adds language allocating the Trust Fund over the biennium for actions specified in the U.S. Department of Justice Settlement Agreement to increase community waiver slots, provide family supportive services, and improve crisis services among other items
- 200 additional Intellectual Disability (ID) community waiver slots to be phased in over the 2012-14 biennium
 - \$9.4 million GF and \$9.4 million NGF over the biennium
- 50 additional Developmentally Disabled (DD) waiver slots to be phased in over the 2012-14 biennium
 - \$1.1 million GF and \$1.1 million NGF over the biennium
- 1.6 percent increase in Medicaid waiver congregate care rates
 - \$4.2 million GF and \$4.2 million NGF over the biennium

Other HHR Restorations & Funding

- Restores funding in the Health Department to roll back fees in the introduced budget
 - \$454,120 GF each year to maintain current restaurant inspection fees of \$40
 - \$841,163 each year to maintain current fees for community waterworks connections of \$2.05
- Restores \$401,222 GF each year for community-based rehabilitation services (brain injury, personal assistance and independent living services; and long-term rehabilitation case management)
- Restores \$269,063 GF each year for extended employment and employment support services for individuals with disabilities
- Restores \$500,000 each year for Community Action Agencies with general fund dollars in lieu of TANF funds
- Provides \$1.5 million for proton beam therapy for cancer research and treatment in FY 2013
- Provides \$500,000 GF each year for mobile crisis services for children with serious emotional disorders

HB 30: HHR Savings

- Medicaid savings derived from technical adjustments
 - \$44.3 million GF and \$44.3 million NGF in FY 2014 by adjusting the Medicaid forecast to reflect an the increase in new enrollees due to federal health care reform in January 1, 2014 instead of July 1, 2013
 - \$7.5 million GF in FY 2014 by applying the current FAMIS federal match rate for children receiving Medicaid services who are in families with incomes between 100% and 133% of the federal poverty level
 - ✓ The introduced budget assumed a lower Medicaid match rate based on federal health care reform legislation (50% FMAP)
 - ✓ Recently proposed federal regulations allow states to continue to receive the FAMIS match rate of (65% for Virginia)
 - \$4.1 million GF each year in additional federal bonus payments for efforts to enroll more children in Medicaid
 - \$3.6 million GF in FY 2013 and \$976,928 GF in FY 2014 to correct the calculation of hospital inflation savings in the Medicaid forecast
- \$17.7 million GF over the biennium from lower caseload and expenditures in the Comprehensive Services Act

HB 30: HHR Savings

- \$890,000 GF each year by continuing an existing transfer of a portion of the Vital Records fee transfer to the general fund
- \$488,000 GF in FY 2013 and \$1.9 million in FY 2014 by eliminating earmarks in agency budgets
 - \$1.5 million in FY 2014 for the Virginia Early Childhood Foundation
 - \$200,000 each year for Didlake, a community rehab. provider
 - \$200,000 each year for Northern Virginia Family Services
 - \$88,000 each year for Oxbow Center
- \$100,000 GF and \$100,000 NGF by eliminating funding to stagger the issuance of Supplemental Nutrition Assistance Program (SNAP) benefits for all current recipients
 - Language is added to stagger the issuance of SNAP benefits for new enrollees only, which will result in no disruption in the receipt of food benefits for current recipients and will not result in additional significant costs to the program to implement the change in the issuance schedule
- \$50,000 GF each year by reducing funding for Lyme Disease surveillance and education in the Health Department

Report of the Higher Education Subcommittee

Criteria for Higher Education Recommendations

- Through Use of Six-Year Plans, Address Funding Needs Consistent With TJ 21 Legislation
 - Resources will continue progress to achieving 100,000 new degrees
 - Funding allocated for basic operations, enrollment growth and incentive funding
 - Increase access and affordability
- Require Reallocation of Resources Tied to Incentive Funding
- Address High Priority Items In Higher Education
 - Salary Increases
 - Auxiliary Enterprise Interest Earnings

Funding Recommendations

- Basic Operations Funding
 - Provides \$59.2 million GF to address adding new full-time faculty, operations and maintenance of new facilities, utilities, and increased library and technology costs
- Enrollment Growth
 - \$42.6 million GF for projected increases in new in-state undergraduate students
 - ✓ New in-state undergraduate seats at CWM, JMU, UVA & VT (\$5.5 million)
 - ✓ Increased enrollment at the VCCS (\$13.8 million)
 - ✓ Growth in Transfer Students (\$8.0 million)
 - ✓ Efforts to Improve Retention & Graduation Rates (\$15.4 million)
- Incentive Funding
 - \$30.5 million GF targeted to specific programs / initiatives identified by the colleges that promote increased degree production especially in STEM-H fields, increased use of distance learning, year-round use of facilities
 - Institutions are expected to reallocate up to one percent of their existing resources (\$21 million) to support these programs
- Faculty & Classified Salary Increases
 - \$13.0 million GF in FY 2014 for a 2% increase

GF Allocations to Colleges and Universities

Institution	Amount	Institution	Amount
CNU	3,560,320	RU	6,146,181
CWM	2,827,457	UVA	9,246,292
GMU	10,892,898	UVA-W	1,828,414
JMU	11,591,979	VCU	15,978,208
LU	2,676,879	VMI	1,445,240
UMW	2,745,469	VT	10,252,567
NSU	4,098,092	VSU	3,818,190
ODU	15,225,573	RBC	642,643
VIMS	1,100,000	VCCS	41,274,494

Other Major Higher Education Budget & Policy Recommendations

- \$11.7 million for TAG program
- Cancer Research - \$6.0 million for VCU & UVA
 - All other research focused through the Lingamfelter research roadmap
- \$6.0 million for EVMS
- \$5.2 million restores auxiliary interest earnings
- \$3.0 million in capital equipment upgrade for Jeff Labs
- \$2.8 million for Virtual Library (VIVA)
- \$1.2 million for UMW Dahlgren Education Center
- \$1.0 million for VT Extension for more agriculture & 4H agents
- \$0.6 million for VT Unique Military enrollment growth
- \$0.5 million in FY 2014 for VCU School of Pharmacy Compounding Lab

Report of the Capital Outlay Subcommittee

Criteria for the Subcommittee's Recommendations

- Reduce Use of Tax-Supported Debt
- Structure Planning with Fidelity to Chairman Putney's Vision in Chapter 1, 2008 Special Session I
- Generate Budget Savings for High Priority Items

Reduce Tax-Supported Debt Burden

- Subcommittee recommends a \$96.4 million reduction in the amount of tax-supported debt from amounts proposed in HB 30 by eliminating the maintenance reserve supplemental funding proposal
- Provide \$28.5 million GF for the new Hampton Roads Veterans Care Center
- Provide \$27.5 million GF to address 15 high priority repair and renovation projects

Agency / Project	Agency / Project
CWM – Cooling Plant & Utilites	Emergency Svcs – Louisa High School
CWM – Brafferton Renovation	WWRC – Roof Replacement
Longwood – Biomass Boiler	VMFA – Roof Replacement
UMW – Stormwater Management	DOC – Baskerville Mechanical Systems
JMU – Replace Boiler, Phase I	DOC – Baskerville Plumbing
JMU – Newman Lake Dam	DOC – Keen Mt Roof
RBC – Campus Infrastructure	JYF – Road Wall / Sound Buffer
UVA Wise – Dam Safety	

Project Planning

- Eliminates proposed pre-planning of 59 projects
- As envisioned in Chairman Putney's capital program, advance 29 projects through detailed planning (preliminary / working drawings)
- Provides \$16.1 million from the central planning fund, \$600,000 GF & \$14.5 million NGF from colleges and universities
 - College and university projects are split 50/50 between state & institution
 - Colleges are reimbursed upon projects moving to construction phase
- Amendment also identifies a second group of 33 projects that will be moved to detailed planning once the first group is moved to the construction phase

Project Planning (Group I)

Agency	Project Title
Science Museum of Virginia	Construct Event Space and Upgrade Museum Exhibits
Department of General Services	Monroe Exterior Repairs and Jefferson Building Window Replacement
Department of Conservation and	Complete Phase I Development, Powhatan State Park
College of William and Mary	Renovate Tyler Hall
University of Virginia	Renovate the Rotunda
Virginia Tech	Construct Classroom Building
Virginia Military Institute	Construct Corps Physical Training Facilities, Phase I
Virginia State University	Renovate Lockett Hall
Norfolk State University	Renovate and Modify Brown Hall
Longwood University	Construct Student Success Center
University of Mary Washington	Renovate Mercer and Woodward Halls
James Madison University	Construct East Wing (1966 Addition) Hospital
Radford University	Construct New Academic Building, Phase I & II
Old Dominion University	Construct New School of Education
Virginia Commonwealth University	Construct and Renovate Information Commons and Libraries

Project Planning (Group I)

Agency	Project Title
Richard Bland University	Renovate Ernst Hall
Christopher Newport University	Construct Student Success Center
George Mason University	Construct Academic VII / Research III, Phase I
Virginia Community College System	Construct Phase III Academic Building, Midlothian Campus, John Tyler
Virginia Community College System	Renovate Bayside Building, Virginia Beach Campus, Tidewater
Virginia Community College System	Construct New Classroom and Administration Building, Blue Ridge
Virginia Community College System	Renovate Building B, Parham Road Campus, J. Sargeant Reynolds
Virginia Community College System	Renovate Reynolds Academic Building, Loudoun Campus, Northern Virginia
Virginia Community College System	Renovate Main Hall, Middletown Campus, Lord Fairfax
Virginia Community College System	Renovate Anderson Hall, Virginia Western
Virginia Institute of Marine Science	Construct Consolidated Scientific Research Facility
Jamestown-Yorktown Foundation	Yorktown Outside Areas, Signage and Amenities
Department of Veterans Services	Virginia War Memorial / DVS Offices and Parking
Roanoke Higher Education Center	Improvements / Waterproof Building

Treasury Board Budget Savings

- Treasury Board debt service savings of \$1.2 million in FY 13 and \$12.2 million in FY 14 due to revised issuance schedules due to debt reduction and lower than projected interest rates
- \$1.3 million savings on the out-of-state student capital fee as a result of higher enrollment numbers
 - Introduced budget did not update student credit hour data to FY 2011
- \$4.5 million savings over the biennium by raising the out-of-state student capital fee by \$1.50 per credit hour or about \$45 per year per out-of-state student
- Total savings from Treasury Board of about \$19.2 million

Other Capital Actions

- Direct unused open space funding authority for Civil War battlefield preservation
- \$15.0 million in nongeneral fund projects
 - Includes \$11 million NGF in DGIF for dam safety
- \$51.7 million in 9(c) revenue bond projects consistent with HB 54 that has passed the House
 - Project revenues cover the debt service costs
- \$329.2 million in 9(d) NGF revenue bonds primarily for higher education dorms, dining halls, and other auxiliary projects
 - Not tax-supported debt
 - Project generates revenues to cover the debt service and operating costs
 - Includes \$100 million in bond authority to be distributed for the NGF portion of previously approved projects

Report of the Elementary and Secondary Education Subcommittee

Technical Update to HB29

- The Subcommittee's recommended budget for FY 2012 equals \$4.9 billion GF and \$1.4 billion NGF (Lottery, literary and federal)
- Includes a technical update to recognize the \$7.0 million increase in the reforecast of Lottery revenues
- An equal amount of general fund dollars for the Supplemental Support for School Operating Costs account was transferred into the Lottery and generated a \$7.0 million GF savings
 - Funding distributions to school divisions will not be impacted and will only reflect a change in the revenue fund source

Direct Aid to Public Education

- The Subcommittee's recommended 2012-14 biennial budget for Direct Aid totals \$10.4 billion GF and \$2.8 billion NGF (Lottery, Literary and federal)
- Recommendations reflect a total of \$158.3 million GF in additional new spending and \$25.4 million GF in savings, for a net increase of \$132.9 million more than the introduced budget and include the following major actions:
 - Inflation update
 - K-3 Class Size Reduction update
 - Expand Early Reading Intervention

K-12 Budget Increases

- The Subcommittee recommends allocating a total \$106.1 million over the biennium to fund the state's share of the latest inflation rates that were reported by Global Insight in January 2012
- Provides full funding to update the K-3 Class Size Reduction program to reflect the change in the percentage of free lunch eligible students and adjust the account for retirement rate change: \$44.8 million over the biennium
- Recommends expanding the Early Reading Intervention program for eligible third graders by increasing the portion funded from 25% to 62% in the first year, and then fully funds 100% of the initiative in the second year
 - Adds \$2.1 million in the first year
 - Adds \$4.1 million the second year
- Recommends almost \$1.0 million to expand the Youth Development Academies, and \$200,000 to help offset the purchase of Epipens for schools

VRS Rate Adjustment

- The Subcommittee recommends full funding of the teacher retirement rate at 10.23%, which is based on an 8.0% ROR, 2.5% COLA and 30-year amortization period
- Provides \$30.0 million each year for DOE to make a lump-sum payment directly to VRS, which represents the state share of the repayment of deferred contribution from 2010-12
 - School divisions will not be required to pay a local match to the state's lump sum payment
 - This recommended lower rate will save \$40 million each year for the state's share and about twice that for the local school divisions' share

Other Recommended Actions

- The Subcommittee recommends capturing savings from eliminating several initiatives that were included in the introduced budget:
 - Communities in Schools
 - PSAT Testing fees for 10th graders
 - Pilot for Recruitment of College Student
 - Jobs for Virginia Graduates
- Provides \$3.0 million in the Central Office budget for Information Technology Academies to provide support students and teachers pursuing information technology industry certifications
- Also, recommends providing \$200,000 the first year to pay for the development of a feasibility plan that would focus on establishing a Science, Technology, Engineering, and Applied Mathematic (STEAM) residential school in Virginia

Recommended Language

- Recommends reinstating a portion of language related to the consolidation of school divisions and local governments which was inadvertently left out of HB30 that clarifies the reversion to township as a consolidation for a local government
- Adds new language for two funding methodologies of full-time virtual schools
 - A school division can provide a full-time virtual school program for its students by the beginning of FY 2014
 - ✓ These students will be counted in ADM as a regular student
 - If a virtual program is not offered then the resident division must allow students to enroll in another division's virtual program
 - ✓ The resident school division will pay a portion of their calculated required local effort SOQ cost for the virtual student to the enrolling division and the enrolling division will receive the resident school division's share of state SOQ funding and the sales tax PPA for each student

Report of the Compensation and Retirement Subcommittee

VRS Contribution Rates

- Subcommittee recommends increased VRS contributions of \$408.7 million GF over the biennium
 - Based on June 2011 actuarial valuation
 - Assumes a 30-year amortization period, 8% rate of return, and 2.5% cost of living adjustment
 - Recommendations would require rates for political subdivisions to be based on same assumptions as state employee and teacher plans
 - ✓ Estimated to reduce local costs by \$70.0 million compared to FY 2012 contribution rates

(GF \$ in Millions)

Program	FY 2013	FY 2014	Total
State Employee Retirement	\$42.1	\$44.0	\$86.1
State Employee Other Programs	0.6	0.6	1.2
Teacher Retirement	141.0	140.6	281.6
Teachers Other Programs	<u>19.9</u>	<u>19.9</u>	<u>39.8</u>
Total All Programs	\$203.6	\$205.1	\$408.7

Proposed VRS Rates

Program	2012 Rate	HB 30
State Employee Retirement	6.58%	8.76%
SPORS	21.16%	24.74%
VaLORS	13.09%	14.80%
Judicial Retirement System	42.58%	45.44%
Teachers Retirement *	6.33%	10.23%
State Employee Health Ins. Credit	0.99%	1.00%
Teacher Health Ins. Credit	0.60%	1.11%
VSDP	0.66%	0.47%
State Employee Life Insurance	1.02%	1.19%
Teachers Life Insurance	0.28%	0.48%

* The recommendations include a \$30.0 million GF lump sum payment each year for the teacher retirement plan in addition to the 10.23% retirement contribution

Note: Rates for FY 2012 for state employee programs are the rates paid by the agencies to Comptroller

Revenue Reserve – Salary Increase

- Recommendations include a revenue reserve of \$42.2 million GF in FY 2014 to provide a cushion in case of any downward revisions to the revenue forecast after the 2012 Session
 - If FY 2013 revenue collections for personal and corporate income and sales tax collections are more than 1% below the forecast adopted in the 2013 Session this reserve would be available to offset these revenue changes
- If reserve is not required to meet any revenue reduction, the reserve is available as follows:
 - \$33.2 million GF for a 2% salary adjustment for state employees effective July 10, 2013 (August 1 paycheck)
 - Does not apply to universities which will fund cost of any salary increase from their existing appropriation
 - \$9.0 million GF for a 2% salary adjustment for constitutional officers and their employees

State Employee Health Insurance

- Subcommittee recommends \$43.6 million GF in FY 2013 and \$55.6 million GF in FY 2014 for increased premiums for the state employee health insurance program
- Proposal would increase premiums for state employees in COVA care by an average of around 11%
 - Continues the adjustment which uses HIF balances to subsidize the employee and employer rates at a significantly lower rate (subsidy would be around 4.5% of total rate compared to 14.5% in FY 2012)
 - Increases the rate for COBRA and early retirees by less than 1% (they have never benefited from the premium subsidy)
- Includes \$0.5 million GF each year for premium increases for the University of Virginia Health insurance program

Other Benefit Issues

5% Employee Contribution Language

- Subcommittee recommends language giving local school boards and localities who are paying the 5% employee contribution on behalf of their Plan 1 employees the option of requiring these employees to pay a portion of or all of the 5% employee contribution
 - Language is optional and salary offset is also optional

Line of Duty

- Recommendations include \$1.7 million GF each year for estimated increased cost for the Line of Duty premiums for state employees
 - Budget assumes an annual cost per eligible employee of \$474 for FY 2013
- Includes amendments stating that localities that opt-out of the state run program do not have to continue to use the State Comptroller to process the payments on their behalf

Report of the Transportation Subcommittee

HB 29: Transportation

- Reflects appropriation of two-thirds of FY 2011 surplus to transportation as required by § 2.2-1514 of the *Code of Virginia*
 - Totals \$67.2 million GF
 - \$9.9 million of that amount would be dedicated to mass transit
 - The remainder, \$57.3 million, would be deposited into the Virginia Transportation Infrastructure Bank (VTIB)
- Adjusts the VDOT NGF appropriation by \$1.0 billion to reflect the Six Year Program and budget adopted by the Commonwealth Transportation Board in June, 2011
 - The increased amounts reflect the programming of proceeds from the sale of Commonwealth of Virginia Transportation Capital Project Revenue Bonds, the assumed issuance of the 2012 Series of GARVEE bonds, and updates to forecasts of federal apportionments

HB 30: VDOT

- Provides \$46.5 million in FY 2013 and \$48.1 million in FY 2014 to reflect the deposit of an additional 0.05% of the general sales and use tax to the Highway Maintenance and Operating Fund pursuant to HB 1248
 - Legislation increases the share of sales tax going to transportation from 0.5% to 0.75% over an 8-year period
 - Amount based on the unencumbered GF share of the sales tax which is not applied to food
- Includes net adjustments of \$386.7 million in FY 2013 and \$319.2 million in FY 2014 reflecting the December revisions to the Commonwealth Transportation Fund forecast as well as adjustments included in the FY 2012-2017 Six Year Program update adopted last June
 - Revised CTF forecast for upcoming biennium assumes growth of 5.0% in FY 2013 and 3.4% in FY 2014 (inclusive of the additional sales tax)
 - Major adjustments in the Six Year Program reflected the issuance of CPR bonds in the upcoming biennium, reduced FRAN debt service and revisions to assumed federal revenues
- Includes new funding for the HMOF from 2 sources: \$2.3 million each year from the deposit of Waste Tire Trust Fund revenues into the HMOF and \$4.8 million in FY 2013 and \$4.6 million pursuant to the revised overweight permit fee structure adopted pursuant to HB 806

HB 30: Other Transportation Agencies

- Virginia Commercial Space Flight Authority:
 - Provides a one-time appropriation of \$4.0 million GF in the first year within the Secretary of Transportation's budget for final improvements to complete the new launch pad at the Mid-Atlantic Regional Spaceport at NASA's Wallops Flight Facility
 - Also includes language authorizing the use of up to \$15.0 million in Transportation Trust Fund revenues for the operational and capital needs of the facility, reflecting adoption by the House of HB 813, which addresses the longer-term operating and organizational needs of the Virginia Commercial Space Flight Authority
- Virginia Port Authority:
 - Included in the Capital Section of HB 30 is authority to utilize \$105.5 million in terminal revenue bonds to construct an addition to the leased APM terminal and address expansion needs at NIT

HB 30: Transportation Language Amendments

- Language mirroring House Bill 33, which prohibits mandatory project labor agreements for transportation projects, but allows for voluntary agreements
- Language directing the Secretary of Transportation to establish a workgroup to evaluate the composition of the Northern Virginia MPO and report to the money committees in October
- Language directing the Secretary to establish a workgroup including representatives of VML and VACO to consider potential options for devolution of secondary roads and report to the money committees in October
- Language prohibiting the dilution of transit operating funding caused by providing non-formula support for new starts/routes for more than 2 years
- Language requiring the Commission on Transportation Accountability to report on its review of the efficiency of VDOT's SWaM program

Report of the Economic Development, Agriculture and Natural Resources Subcommittee

Economic Development Incentive Payments Total \$117.2 million GF

Economic Development Incentives - \$ in millions	FY 2013	FY 2014
Governor's Opportunity Fund	11.8	11.8
Commonwealth Research Commercialization Fund	7.5	7.5
Motion Picture Opportunity Fund	2.5	2.5
Advanced Manufacturing Initiative	2.0	2.0
BRAC/Oceana (moved to Central Accounts)	7.5	0.0
SRI International (final payment)	1.0	0.0
Aerospace Facility Incentive Grants	9.3	10.4
Advanced Shipbuilding Training Facility Grant	5.0	5.0
Virginia Investment Partnership (VIP) grants	3.2	5.3
Semiconductor Manufacturing Grants (Micron)	5.4	5.4
Major Eligible Employers Grants (VIP Subfund)	5.0	5.0
VA Economic Development Incentive Grant (VEDIG)	0.8	1.3

HB 30: Commerce and Trade Agencies

- Virginia Economic Development Partnership
 - Includes additional \$500,000 in the first year to expand Virginia's marketing activities in countries in which we have in-country representation -- Europe, Japan, India and China
- Virginia Tourism Authority
 - Increases general advertising and marketing funds by \$1.0 million GF over the biennium
 - Restores language requiring specific set-asides for the "See Virginia First" and "See Virginia Parks" cooperative advertising programs, while retaining funding for other competitively bid advertising
 - Increases the competitive regional marketing matching grants by \$275,000 each year, increasing the program size to \$1.7 million annually
 - Eliminates proposed non-state funding throughout. These projects are eligible recipients of the application-based regional tourism partnership grant program

HB 30: Commerce and Trade Agencies

- Department of Housing and Community Development
 - Provides \$6.2 million in FY 2013 for operating expenses of the Fort Monroe Authority. The property officially conveyed to the Commonwealth on September 30, 2011
 - Provides \$1.0 million GF to support the creation of permanent supportive housing and \$500,000 for rapid re-housing to support homeless prevention programs in the first year, both of which were recommendations of the Governor's Housing Commission
 - Provides \$1.0 million GF in FY 2014 for the Derelict Structures Program
- Department of Mines, Minerals and Energy
 - Provides \$500,000 the first year for Offshore Wind Research and Development - maintains funding levels from FY 2012

HB 30: Commerce and Trade Agencies

- Virginia Employment Commission
 - Eliminates a proposal which would have imposed an annual per employee administrative surcharge of \$1.36 for each employee for calendar year 2013
 - Provides full payment of the \$6.7 million interest payment owed on loans from federal government for unemployment insurance benefits due in FY 2013
 - The payment would be made with a combination of general fund support and unencumbered amounts in the VEC penalties and interest account

Agriculture and Forestry

HB 30: Agriculture and Forestry

- Includes \$1.0 million GF each year to capitalize the Governor's Agriculture and Forestry Industries Development Fund to support localities in attracting and expanding agricultural and forestry facilities pursuant to HB 766
 - Modeled on the Governor's Opportunity Fund but geared to the unique needs of these industries
- Provides an additional \$260,226 the first year and \$410,226 the second year to expand international marketing of Virginia's agricultural products in Eastern Europe, North Africa and Central America/Caribbean
- Eliminates a proposed per device fee for the weights and measures program
- Provides funding to avoid increasing the food inspection fee for non-restaurant establishments. HB 30 as introduced proposed increasing the fee from \$40 to \$60 per year

HB 30: Agriculture and Forestry

- Provides \$75,000 each year for the investigation of specialty crops
- Includes an additional \$40,000 each year to match federal coyote control funding
- Authorizes the sale of 6 DOF-owned buildings with proceeds of the sale of 3 being retained by the Department to purchase mobile technology equipment to support the employees now working in field
- Provides \$250,000 each year to purchase additional equipment through the MELP program
- Increases general fund support for the reforestation of timberlands program and provides GF support for the full costs of the agency's accounts receivable system

Natural Resources

Water Quality Improvement Fund

- Deposits \$42.8 million to the WQIF in FY 2013, allocated as follows:
 - \$38.5 million for DEQ wastewater treatment plant upgrades
 - \$4.3 million for the Natural Resources Commitment Fund
 - ✓ Provides for implementation of agricultural best management practices and technical assistance by soil and water conservation districts
 - Transfers \$7.5 million to the WQIF Reserve, created by the General Assembly in 2004
 - ✓ Adding this transfer, the reserve fund balance would total \$13.0 million
 - ✓ The reserve fund provides support for water quality initiatives when no year-end surplus or other funding is available
- Restores \$1.0 million each year in soil and water conservation district funding for staffing and office expenses
 - HB 30 cut soil and water conservation district funding by \$2.0 million
 - \$1.0 million provides \$21,000 in operating support per year for each of Virginia's 47 soil and water districts
 - Language restores the provision of legal services by the Attorney General to soil and water conservation districts "at no charge"

Other Natural Resources Actions

- Eliminates \$450,000 in proposed fee increases at state parks
- Provides additional funding to rehabilitate two dams to meet state safety standards
- \$80,000 in FY 2013 is provided for the Chesapeake Bay Foundation's educational field studies
- \$25,000 each year is provided for the Virginia Indian Commemorative Commission
 - \$70,836 is captured from the elimination of the Council on Indians pursuant to the Governor's government restructuring legislation

Report of the Public Safety Subcommittee

HB 29: Public Safety

- Includes \$7.4 million GF for the Department of Corrections (DOC) to pay for inmate medical care
- Provides \$4.6 million GF in additional jail per diems including 5,000 state-responsible inmates
- Includes savings of \$2.0 million from local delays in opening jail expansion projects in Loudoun and Pittsylvania counties
- Reduces the Department of Juvenile Justice's appropriations by \$3.0 million
- Includes \$582,645 for the operations and maintenance of new phone systems that were installed in nine DOC facilities
- Provides \$495,505 for increased costs of operation for the privately-run prison in Lawrenceville

Department of Corrections

- Provides \$12.3 million for Woodrum Fund costs from the passage of 11 bills which increase correctional costs because of new/increased criminal penalties
 - Dollars will be used to offset a portion of the costs of the Department of Corrections' prison operations budget in FY 2013
- Captures savings of \$924,288 GF and 12 positions each year from elimination of a new pilot program sentencing technical violators to jail
 - Also deletes language about the selection and evaluation of pilot sites and for the payment of jail per diems based on the state-responsible rate

Other Public Safety Items

- Provides \$7.4 million GF each year in additional funding for sheriffs
- Includes \$4.7 million GF in FY 2013 and \$5.4 million GF in FY 2014 to provide operating support for newly constructed or expanded jails
 - Includes Meherrin River and Blue Ridge regional jails and Patrick and Loudoun County local jails
- Includes the staffing to reduce the ratio of veterans claims agents from one per 26,212 veterans living in Virginia to one per 23,000 veterans living in Virginia
- Provides \$150,000 GF each year for the licensing fees associated with an automated veterans claims processing system
 - The new system should improve the speed with which claims are processed and help veterans secure the benefits to which they are entitled
- Provides 5 positions each year to permit the Department of Forensic Science to re-establish photo support services
- Includes \$200,000 GF each year for firearms background checks

Report of the General Government Subcommittee

Rainy Day Fund Deposit

Rainy Day Fund

- Subcommittee recommendations include \$132.7 million in FY 2013 and \$166.4 million in FY 2014 for deposits into the revenue stabilization fund
 - The FY 2013 deposit is funded completely from FY 2011 year-end surplus
 - \$114.0 million of the estimated \$166.4 million FY 2014 deposit is available from the FY 2012 revenue reserve include in Chapter 890
- By the end of the biennium the amount of cash in the revenue stabilization fund will approximately double, from around \$300 million currently to \$600 million
 - Fund would be up to 50% of its value prior to the “great recession”
 - Was \$1.2 billion in FY 2007

HB 30: Judicial Branch Actions

- The subcommittee recommends filling 33 judgeships which are newly vacant or will become vacant sometime during calendar years 2012 and 2013
 - Recommendations would keep 13 judgeships vacant
 - Amendment adjusts introduced budget to reflect \$6.7 million in additional savings over the 3 years from the judicial vacancy savings
- Subcommittee report includes \$240,000 to fund the judicial caseload study pursuant to HB 745
- Includes \$1.0 million GF in FY 2013 and \$2.2 million GF in FY 2014 for additional staffing in General District and Juvenile and Domestic Relation courts
 - Funds 22 FTEs in FY 2013 and 46 FTEs in FY 2014
- Recommendations include a net savings of \$372,000 over the biennium from hiring 10 full time foreign language interpreters to replace contract expenditures for these services

Other General Government Actions

Balance Reversions

- Subcommittee recommends reverting an additional \$20.1 million in unspent agency balances from FY 2011 and FY 2012, increasing the total reversions from \$86.1 million to \$106.2 million
 - This amount includes \$2.8 million from legislative balances

Other Savings

- Includes savings of \$294,412 over the biennium from eliminating the school efficiency review program at the Department of Planning and Budget
- Captures savings of around \$1.0 million a year from the language included in the budget in 2010 to limit state support for the career development programs for employees of constitutional officers to those employees in the program as of January 1, 2010

Report of the Technology, Oversight, & Government Activities Subcommittee

Local Aid Reductions and FACT Fund

- Provides \$32.5 million in FY 2013 and \$37.5 million in FY 2014 to reduce the total amount of local aid reverted to the Commonwealth by localities
 - Reduces local aid reversions by \$70 million – from \$120 million to \$50 million for biennium
- Authorizes a total of \$50.0 million for the Federal Action Contingency Trust (FACT) Fund
 - Provides \$30.0 million in FY 2012 and authorizes the use of \$20.0 million from FY 2012 balances to further capitalize the Fund
 - \$7.5 million of the FY 2012 amounts are set-aside to continue providing support for BRAC-Oceana in FY 2013
- Provides three criteria for use of fund:
 - 1) to address localities affected by the 2005 BRAC or subsequent BRAC recommendations;
 - 2) to continue statutorily-required federally mandated services at the present level if federal reductions are imposed; and
 - 3) to address economic development opportunities to transition industries negatively affected by BRAC or federal reductions
- Establishes FACT Fund Approval Commission to evaluate proposed uses of the FACT Fund and recommend approval or denial to the Governor
 - Governor must also notify the Chairmen of House Appropriations and Senate Finance Committees in writing about any distribution of money from the FACT Fund

Technology and General Provisions

- Includes several actions addressing costs incurred by state agencies:
 - Provides \$5.0 million in FY 2013 and \$1.8 million in FY 2014 to install new telephone systems for six state agencies
 - Provides state agencies \$1.7 million GF each year to cover operating and maintenance costs for the Performance Budgeting system
 - Provides \$1.4 million per year to VITA to eliminate information technology savings that were double-counted during budget development
- Language permits university consortia to apply for grants from the Commonwealth Research and Commercialization Fund

Savings Items

- Reduces unallocated information technology funding by \$2.0 million GF each year
 - The General Assembly provided \$26.6 million GF in FY 2011 and \$28.7 million GF in FY 2012 to address state agencies' increased costs for information technology services
- Captures \$1.0 million GF in FY 2013 and \$1.3 million GF in FY 2014 by eliminating funding for marketing and diversification of Virginia's modeling and simulation and cyber-security initiatives
 - These are two of the investment areas outlined in the Commonwealth Research and Commercialization Fund, to which the General Assembly provided \$10 million GF last Session
- Reduces the Miscellaneous Contingency Reserve Account by 50 percent, or \$750,000 GF each year
 - In addressing contingencies, the Governor is permitted to use up to \$2.0 million from the unappropriated GF balance and up to \$1.0 million per year from the Governor's Opportunity Fund