

Federal Action Contingency Trust (FACT) Fund

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Federal Action Contingency Trust Fund

- Governor McDonnell proposed the creation of the Federal Action Contingency Trust Fund, or FACT Fund, in his introduced budget last December to help address the negative impact of potential federal budget actions
- Language and funding were included in both the “Caboose” and “Big Bills” establishing the Fund and governing its uses
- Item 470 K.1. of Chapter 2 (caboose) appropriates \$30.0 million GF as an initial capitalization of the Fund
 - These amounts were not utilized in FY 2012 but carry-forward into the current biennium
- Item 469 J.1. of Chapter 3 (2012-14 biennial budget) makes a conditional appropriation of an additional \$20.0 million GF to the Fund from the portion of any FY 2013 GF balances designated for non-recurring uses
- The language establishing the Fund is included as an appendix following this presentation

Purposes of FACT Fund

- The general purposes of this FACT Fund as outlined in the Appropriation Act
 - To assist impacted localities in funding needs associated with the implementation of and response to the recommendations of the 2005 Base Realignment and Closure Commission (BRAC) and the recommendations of any subsequent BRAC action;
 - To continue statutorily-required, federally-mandated services at the present level if federal budget reductions are imposed; and
 - Address unique economic development opportunities to attract businesses in targeted sectors to help transition industries negatively affected by federal budget reductions or BRAC recommendations

Uses of the FACT Fund

- Language in Chapters 2 and 3 sets aside portions of the appropriated amounts for specific purposes
- Of the \$30.0 million GF appropriated in FY 2012, \$7.5 million is reserved in FY 2013 for needs associated with the 2005 Base Realignment and Closure Commission agreement related to Oceana Naval Air Station
- \$6.0 million in contingent appropriations from the FACT Fund also are included. These amounts become available if Congress substantially changes or delays sequestration as set out in the federal Budget Control Act of 2011
 - Up to \$1,000,000 each year to address encroachment issues at Langley Air Force Base
 - \$2.0 million in FY 2013 for Major Economic Investment site planning
 - \$2.0 million in FY 2014 for the Commonwealth Center for Advanced Manufacturing for workforce development

FACT Fund Approval Commission

- Established a legislative commission to provide advice to the Governor concerning the use of the Federal Action Contingency Trust (FACT) Fund
 - Prior to the distribution of any funds from the Fund, the Approval Commission is to review all prospective uses of the FACT Fund and recommend approval or denial of such uses to the Governor
 - The Governor shall also notify the chairmen of the Senate Finance Committee and the House Appropriations Committee in writing within ten days concerning his decision to distribute money from the FACT Fund having previously received approval from the advisory committee

Chairman's Appointments to FACT Fund Approval Commission

- Membership of the legislative commission includes:
 - 5 House Members
 - 5 Senate Members
 - The Secretaries of Commerce and Trade, Finance and Health and Human Resources are to provide technical assistance to the Commission
- Language stipulates that House membership include the Chairman of the House Appropriations Committee and 4 additional members to be named by the Chairman, and are as follows:
 - Chairman Lacey E. Putney
 - Delegate R. Steven Landes
 - Delegate S. Chris Jones
 - Delegate L. Scott Lingamfelter
 - Delegate Rosalyn R. Dance
- The Senate members are Senators Stosch, Wagner, Lucas, Watkins and Howell

FACT Fund Approval Commission

- To date, no proposals have been made to utilize any portion of the funding appropriated
- The Governor has assigned the Secretary of Finance's Office and the Chief of Staff to review proposals for uses of the Fund
- No meetings of the Commission have occurred to date, but one can be anticipated prior to the end of the calendar year

Appendix

Ch. 2 FACT Fund Language

Item 470: Chapter 2, 2012 Acts of Assembly, Special Session I

K.1. Out of the appropriation for this item, \$30,000,000 the second year from the general fund is provided to capitalize a the Federal Action Contingency Trust (FACT) Fund. It is the intent of the General Assembly that \$7,500,000 of that amount be set aside and provided to fund needs associated with the implementation of and response to the recommendations of the 2005 Base Realignment and Closure Commission which were subsequently agreed to by the President and the United States Congress relating to any locality in which a United States Navy Master Jet Base is located in fiscal year 2013. State funds appropriated for this purpose and administered by the Office of the Secretary of Veterans Affairs and Homeland Security shall be used to mitigate adverse affects on any military operations caused by the encroachment of incompatible land uses. In addition, if the conditions of paragraph K.5. of this item are met, up to \$1,000,000 in fiscal year 2013 and \$1,000,000 in fiscal year 2014 may be provided to assist any locality in which a U.S. Air Force Base is located to mitigate adverse impacts on military operations and employment levels caused by encroachment of incompatible land uses, in advance of further actions by the federal Base Realignment and Closure Commission or any similar federal actions.

2. The purposes of this FACT Fund are to address: (i) impacted localities in funding needs associated with the implementation of and response to the recommendations of the 2005 Base Realignment and Closure Commission (BRAC) or any subsequent BRAC recommendations; (ii) in order to continue statutorily required federally mandated services at the present level if federal budget reductions are imposed; or (iii) unique economic development opportunities to expand the Commonwealth's ability to attract businesses in targeted sectors to help transition industries negatively affected by federal budget reductions or BRAC recommendations.

Ch. 2 FACT Fund Language (continued)

Item 470: Chapter 2, 2012 Acts of Assembly, Special Session I

K.3. There is hereby created an advisory committee to provide advice to the Governor concerning the use of the Federal Action Contingency Trust (FACT) Fund. The FACT Fund Approval Commission is established as an advisory commission in the legislative branch and shall consist of 10 members, including the Chairman of the House Appropriations Committee and four members of the House Appropriations Committee selected by the chairman, the Chairman of the Senate Finance Committee and four members of the Senate Finance Committee selected by the chairman. The secretaries of Commerce and Trade, Health and Human Resources and Finance shall also be available to provide technical assistance to the advisory committee.

4. Prior to the distribution of any funds from the Federal Action Contingency Trust (FACT) Fund, The FACT Fund Approval Commission shall review all prospective uses of the FACT Fund and recommend approval or denial of such uses to the Governor. The Governor shall also notify the chairmen of the Senate Finance Committee and the House Appropriations Committee in writing within ten days concerning his decision to distribute money from the FACT Fund having previously received approval from the advisory committee.

5. If the U.S. Congress substantially delays or amends the automatic \$1.2 trillion in federal budget reductions scheduled to take effect in January 2013 pursuant to the Budget Control Act of 2011; and, the Governor and the advisory committee determines that the result of any such action will not significantly impact the Commonwealth's revenues, a contingent appropriation identified in Item 105 of House Bill 1301 as adopted by Special Session I, 2012 Session of the General Assembly, may be provided from the Federal Action Contingency Trust (FACT) Fund.

Ch. 3 FACT Fund Language

Item 469, Chapter 3, 2012 Acts of Assembly, Special Session I

J.1. There is hereby appropriated in the second year an amount not to exceed \$20,000,000 from that portion of the general fund balance designated by the State Comptroller on June 30, 2013, for nonrecurring expenditures pursuant to § 2.2-1514 B., Code of Virginia, to further capitalize the Federal Action Contingency Trust (FACT) Fund. The purposes of this FACT Fund are to address: (i) impacted localities in funding needs associated with the implementation of and response to the recommendations of the 2005 Base Realignment and Closure Commission (BRAC) or any subsequent BRAC recommendations; (ii) the continuation of statutorily-required federally mandated services at the present level if federal budget reductions are imposed; or (iii) unique economic development opportunities to expand the Commonwealth's ability to attract businesses in targeted sectors to help transition industries negatively affected by federal budget reductions or BRAC recommendations. This FACT Fund may also include support for wastewater treatment facility infrastructure with a Department of Environmental Quality approved Preliminary Engineering Report, as defined in 9 VAC 25-790-110, serving a BRAC affected community with a median household income below \$50,000.

Ch. 3 FACT Fund Language (continued)

Item 469, Chapter 3, 2012 Acts of Assembly, Special Session I

J.2. There is hereby created an advisory committee to provide advice to the Governor concerning the use of the Federal Action Contingency Trust (FACT) Fund. The FACT Fund Approval Commission is established as an advisory commission in the legislative branch and shall consist of 10 members, including the Chairman of the House Appropriations Committee and four members of the House Appropriations Committee selected by the chairman, the Chairman of the Senate Finance Committee and four members of the Senate Finance Committee selected by the chairman. The secretaries of Commerce and Trade, Health and Human Resources and Finance shall also be available to provide technical assistance to the advisory committee.

3. Prior to the distribution of any funds from the Federal Action Contingency Trust (FACT) Fund, The FACT Fund Approval Commission shall review all prospective uses of the FACT Fund and recommend approval or denial of such uses to the Governor. The Governor shall also notify the chairmen of the Senate Finance Committee and the House Appropriations Committee in writing within ten days concerning his decision to distribute money from the FACT reserve having previously received approval from the advisory committee.