

HB 1300/1301
Budget Conference
Highlights

April 17, 2012

House Budget Development Objectives

The House budget was developed with the following goals in mind:

- Adopt a structurally balanced budget
- Use one-time savings to fund non-recurring costs such as research, capital projects, and minimize the amount of new debt
- Provide additional funding to relieve burdens on our public schools and local governments
- Provide additional support to attract new industry, promote tourism, and reduce the burden on Virginia's businesses with fewer and lower fees
- Minimize the impact on the health care safety net
- Provide full funding of the VRS contribution rates for teachers and state employees for 2012-14
- Make the largest investment in over a decade to our colleges and universities

Conference Highlights – Caboose Bill

- Expedites the phase-out of the accelerated sales tax by raising the cap to those with \$26.0 million in annual sales, reducing the number of impacted retailers to 386
 - This results in a one-time revenue reduction of \$50.0 million in FY 2012
- Provides \$67.2 million from the FY 2011 GF surplus for transportation to help capitalize the transportation infrastructure bank and the intercity passenger rail operating and capital fund and to support transit operations
- Reflects receipt of \$66.5 million from the National Mortgage Servicing Settlement
 - \$7.0 million is utilized for a Housing Trust Fund in HB 1301
 - \$42.3 million of remainder used for WQIF grants to localities for wastewater treatment plant improvements

Conference Budget – Global Highlights

- Fully funds the Rainy Day Fund requirements by providing \$132.7 million in FY 2013 and \$166.4 million in FY 2014
 - 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
- 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 2013 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 \$6.6 million to eliminate new fees and fee increases as included in the House budget

Resource Adjustments in Conference Report

Summary Recommended Revenue Adjustments	FY 2012	FY 2013	FY 2014	Biennium
Unappropriated Balance - HB 29 as Introduced	545,986,302	676,770,825		
HB 30 Fiscal Year Ending Balances		158,650,934	(29,382,356)	129,268,578
Introduced Balance (Net of FY 12 Balance)		(532,985,078)		
HB 1301 FY Ending Balance		143,785,747	18,413,858	162,199,605
ADDITIONS TO BALANCES				
Balances for Veteran's Care Center Site Evaluation	(250,000)			
Balances from Judicial Freeze	700,000	1,516,163	2,890,411	4,406,574
Legislative Agency Balances	2,799,135			
Eliminate Judicial Across-the-Board Cuts	0	(2,300,000)	(2,300,000)	(4,600,000)
Revert FY 2011 DCJS and DJJ Balances	200,000			
Revert FY 2011 Parole Board Balances	25,000			
Revert FY 2011 DCR Balances	25,000			
Compensation Board Career Dev. Savings	885,381			
FY 2012 Oxbow Balances	88,000			
Subtotal-Balances	4,472,516	(783,837)	590,411	(193,426)
ADDITIONAL REVENUES				
Allow Parking Fund to Retain Interest	(25,415)	(25,415)	(25,415)	(50,830)
Reflect Correct Year for Earned Income Tax Credit	(6,600,000)	7,000,000		7,000,000
Reflect Sale of Old Tax Building	3,611,000	(1,750,000)		(1,750,000)
Restore Sales Tax Proposed for Transportation		54,410,000	56,260,000	110,670,000
Reflect Add'l Revenues - Legislation not Introduced/Adopted		1,200,000	6,200,000	7,400,000
Maintain Tax Credit Cap		2,000,000	2,000,000	4,000,000
HB 896 - ABC Excise Tax - Sunday Sales		1,250,000	1,250,000	2,500,000
HB 896 - ABC Sales Tax - Sunday Sales		210,874	210,874	421,748
Restore Interest to Higher Education		(5,260,000)	(5,260,000)	(10,520,000)
Reflect Changes to Section 199 Legislation		10,000,000	(10,000,000)	0
Reflect SB 597 - Sales Tax Presence in Virginia		0	14,190,000	14,190,000
Reflect SB 131 - Contributions to School Foundations		0	10,000,000	10,000,000
Reflect SB 131 - Neighborhood Assistance Act		(3,100,000)	(3,100,000)	(6,200,000)
School Efficiency Reviews Cost Recovery		0	44,798	44,798
Small Business Investment Tax Credit - Convert to Grant		1,500,000	1,500,000	3,000,000
Subtotal-Revenues	(3,014,415)	67,435,459	73,270,257	140,705,716

Resource Adjustments in Conference Report

Summary Recommended Revenue Adjustments	FY 2012	FY 2013	FY 2014	Biennium
<u>TRANSFERS</u>				
Restore VDACS and State Police Balances	(203,197)			
Reflect SB 597 - Sales Tax - Portion for K-12			1,090,000	1,090,000
ABC Profits (Forecast Revision)	1,707,718	1,307,718	1,007,718	2,315,436
HB 896 - ABC Profits - Sunday Sales		1,250,000	1,250,000	2,500,000
HB 896 - ABC Sales Tax Sunday Sales		16,252	16,252	32,504
Firearms Transaction Fee from NGF to GF for State Police		939,682	939,682	1,879,364
Restore Litter and Recycling Grants	(264,939)	(201,189)	(137,439)	(338,628)
VASAP Balances	1,000,000			
Restore DOH Vital Records Balances	(890,000)	0	0	0
Mortgage Bank Settlement	66,500,000			
Revert Portion of FY 2011 GOF Balances	12,000,000			
Revert Portion of FY 2011 DBA VJIP Balances	1,500,000			
Restore Alicia's Law Transfer		(650,000)	(650,000)	(1,300,000)
	-	-	-	-
Subtotal-Transfers	81,349,582	2,662,463	3,516,213	6,178,676
<u>Committee Resource Adjustments</u>	82,807,683	69,314,085	77,376,881	146,690,966
<u>Grand Total- Spending Adjustments</u>	(47,976,840)	164,115,208	132,708,154	296,823,362
<u>Unappropriated Balance</u>	676,770,825	48,984,624	(36,917,415)	12,067,209

Public Education

Conference Highlights – Caboose Bill

- Includes a technical update to recognize an \$18.7 million NGF increase in the Lottery forecast resulting in an GF offset of a like amount
- Captures \$3.0 million GF from the Performance Pay pilot initiative
 - Payments are scheduled to be awarded in FY 2013 to eligible school divisions
 - Companion amendment in FY 2013 provides \$1.0 million for the payments

HB 1301: Public Education

Net Increase of \$652.9 million

- The Conference report adds an additional \$214.7 million GF to the \$438.2 million increase included in the introduced budget
- Provides \$110.0 million GF for a flexible block grant which localities can use to address teacher retirement, inflation & prekindergarten programs costs
 - Funding distributed as a one-time allocation over the biennium
- Conference report fully funds the state's share of the 11.66% VRS teacher rate as proposed in the introduced budget
- Allocates \$47.1 million GF to update funding for the K-3 Class Size Reduction initiative to reflect the correct percentage of students eligible for the free lunch program
 - \$23.5 million in the first year and \$23.6 million in the second year
 - New language provides additional flexibility to schools by increasing the allowable school ratios by three students, up to 22:1
- Includes \$40.0 million GF to restore a portion of the Cost of Competing Adjustment (COCA) supplement for support positions
 - \$27.9 million in the first year and \$12.1 million in the second year

Conference Highlights: Public Education

- \$6.8 million GF technical correction for the costs related to the Regional Career and Technical Education Centers allocation to school divisions
 - \$3.6 million in the first year and \$3.2 million in the second year
- \$6.2 million GF to expand the Early Intervention Reading remediation program to increase the funding level for third grade (HB 1181)
 - Increases from 25% to 62.5% in the first year and to 100% in the second year
 - \$2.1 million in the first year and \$4.1 million in the second year
- Includes \$2.4 million GF in the second year to reflect sales tax revenues from the adoption of the “Presence in Virginia” legislation (SB 597 – Amazon bill)
 - \$5.5 million in additional Sales Tax revenues
 - -\$3.1 million savings from the Basic Aid offset
- \$1.0 million GF in the first year for the Performance Pay grants in Hard-to-Staff schools to provide \$5,000 incentive payments for eligible teachers

Conference Highlights in K-12

The Conference report includes several initiatives that will assist public schools to expand their efforts in the areas of information technology and online virtual learning opportunities

- \$3.0 million GF in the Central Office budget for Information Technology Academies to provide support to students and teachers pursuing information technology industry certifications
 - \$1.5 million each year
- \$2.0 million GF to provide additional Virtual Virginia and AP courses
 - \$1.0 million each year
- \$1.0 million GF in the Central Office budget for Educational Technology Digital Content program supporting the regional coordination of online curriculum-based materials available to classroom teachers and students
 - \$500,000 each year
- \$425,000 GF in the first year for the expansion of the Virginia Student Training and Refurbishment Information Technology Repairs program (VA STAR IT)

Conference Highlights in K-12

- Increases funding by \$475,279 GF in the second year to fund Youth Development Academies in each of the eight Superintendent regions (HB 1179)
- Additional funding for Governor's Schools included:
 - \$200,000 for expansion / start-up funding for existing locations
 - \$100,000 for site planning for a Hampton Roads area Governor's School
 - \$73,400 in the second year to increase the funding cap by 50 student slots up to 1,700
 - ✓ Thomas Jefferson GS in Fairfax is the only one that currently exceeds the student funding cap
- Adds \$200,000 GF in the first year to support the development of a feasibility plan focused on establishing a Science, Technology, Engineering, and Applied Mathematic (STEAM) residential school in Virginia

Other Conference Highlights in K-12

- \$700,000 GF for Project Discovery to partially restore the program's state allocation which was eliminated in the introduced budget
- \$200,000 GF in the first year to offset some of the costs for the purchase of EpiPens (auto-injectable epinephrine) at each public school or regional center (HB 1107)
- Adds \$175,000 GF in the first year to support a College Readiness Center pilot
- Provides \$100,000 GF in additional funding for the Career and Technical Education Resource Center in Henrico
 - \$50,000 each year
- \$300,000 GF in the first year for the Virginia School for the Deaf and Blind to support the purchase of replacement classroom equipment and towards proposed revenues not realized from leasing vacant building space to other entities

Conference Highlights in K-12 Savings

- Generates \$2.0 million in GF savings by increasing the Literary Fund amounts used for VRS payments
 - \$1.0 million each year
- Savings of \$5.7 million GF over the biennium by reducing or eliminating a number of initiatives in the introduced budget:
 - PSAT testing fees (\$1.8 million)
 - Communities in Schools (\$1.3 million)
 - College Partnership Laboratory School (\$1.2) million
 - Recruitment of College Freshmen (\$700,000)
 - Jobs for Virginia Graduates (\$500,000)
 - Charter School applicant grants (\$100,000) in the second yr.
 - GED testing costs (\$73,539) in the second year

Conference Language Highlights

- Continues the existing School Opening Waivers for the divisions that were granted waivers for the current 2011-12 school year to the 2012-13 school year
- Reinstates language for the consolidation of local governments to include the revision to a township status
- Includes language clarifying which school-aged population estimates will be used for sales tax revenue distribution
- Requests school division Superintendents to submit a brief description of the range of online learning opportunities currently being offered in their division and any that may be planned or under consideration for the future by August 15, 2012
- Adds language under the Secretary of Education extending the Commission on Civics Education's sunset date by one year to June 30, 2013
- Increases the percentage that a school division would pay for a school efficiency review from 37% to 50%

Health and Human Resources

HB 1300: Health & Human Resources

- Conference report provides:
 - \$26.7 million GF in savings from federal bonus payments in FY 2012 for efforts to enroll more children in Medicaid
 - \$2.5 million GF in savings from additional child support collections for welfare recipients
 - Eliminates the transfer of Vital Records Automation Fund fees to the general fund in FY 2012, providing \$890,000 for records automation
 - ✓ Language is added to effect this change in the Dept. of Health and Part 3

HB 1301: Health & Human Resources

- Spending largely driven by mandated programs
 - \$650.4 million GF for Medicaid forecast
 - \$263.2 million GF Medicaid base budget adjustment to account for FY 2012 funding that was shifted to FY 2011 to take advantage of ARRA enhanced federal Medicaid funding
 - \$30.0 million GF in FY 2013 to meet the requirements of the U.S. Department of Justice Settlement Agreement
 - \$17.1 million to modernize eligibility determination information systems and implement electronic health records in state facilities
 - \$16.8 million for adoption subsidies
- Conference report adds a net additional \$44.7 million GF in spending for Health and Human Resources over the introduced budget

Medicaid Critical Needs

■ Medicaid Eligibility

- Provides \$6.0 million GF to restore Medicaid eligibility for long-term care services for 1,494 elderly and disabled individuals effective Jan. 1, 2014
 - ✓ Adds language requiring the Department of Medical Assistance Services to provide a more detailed analysis of the impact of reducing the income eligibility from 300 percent to 267 percent of Supplemental Security Income (SSI) by October 1, 2012
- 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

■ Medicaid Services

- Restores personal care hours for certain Medicaid waiver recipients to 56 hours per week (\$2.0 million GF and \$2.0 million NGF over the biennium)
- Continues the exemption of behavioral health medications from the Medicaid Preferred Drug List through FY 2013 until most individuals enter Medicaid managed care (\$2.1 million GF and \$2.1 million NGF)
- Continues FAMIS outreach efforts by the Virginia Health Care Foundation (\$333,048 GF and \$582,518 NGF over the biennium)

Health Care Provider Payment Restorations*	General Fund	
	FY 2013	FY 2014
Medicaid Hospital Inpatient Payments (2.6% in FY 2013)	\$16,748,366	\$23,228,019
Medicaid Nursing Home Direct Care Payments (2.2% each year plus 1% operating rate ceiling adjustment in FY 13)	\$11,529,215	\$17,520,623
Medicaid Nursing Home Capital Payments (0.5%)	\$2,500,000	\$2,500,000
Medicaid Personal Care Rates (1%)	\$3,187,405	\$3,527,562
Medicaid Congregate Care Rates (1%)	\$1,996,773	\$2,110,177
Medicaid Early Intervention Case Management Rates (10%)	\$274,752	\$274,752
Medicaid Ambulance Rates (5%)	\$94,670	\$118,620
Auxiliary Grant Rates for Assisted Living Facilities	\$774,413	\$774,413
Total	\$37,105,594	\$50,054,166

*GF amounts for Medicaid payments will be matched with an equal amount of federal Medicaid matching funds. GF amounts for Auxiliary Grant Rates will be matched by 20% local funds.

Intellectual and Developmental Disability Services

- Provides \$30 million GF in FY 2013 for expanding access to community-based developmental disability services to address the U.S. Department of Justice (DOJ) Settlement Agreement
 - Adds language allocating the funding over the biennium for actions specified in the agreement to increase community-based waiver slots, provide family supportive services, and improve crisis services, among other items
 - Adds language requiring the Commissioner of the Dept. of Behavioral Health and Developmental Services to submit a plan related to the closure of state training centers in compliance with the settlement agreement, within one year of its approval, with input from stakeholders and providers
- Adds 225 Intellectual Disability (ID) community waiver slots to be phased in over the 2012-14 biennium
 - \$10.2 million GF and \$10.2 million NGF over the biennium
 - Slots are in addition to those outlined in the DOJ agreement
- Adds 80 Developmentally Disabled (DD) waiver slots to be phased in over the 2012-14 biennium
 - \$1.6 million GF and \$1.6 million NGF over the biennium
 - Slots are in addition to those outlined in the DOJ agreement

Health Care Safety Net

- Conference report provides \$7.2 million GF over the biennium to:
 - Fully restore funding for the free clinics, community health centers and the Virginia Health Care Foundation (\$4.8 million GF)
 - 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 develop a comprehensive oral health plan, including an assessment of restructuring dental services provided by local health departments
 - Restores \$425,000 GF each year for the Comprehensive Health Investment Project of Virginia
 - Restores other small health safety net organizations (\$255,000) GF
 - ✓ Language is added to direct the Commissioner of Health to allocate a pool of funding to organizations impacted by FY 2014 budget reductions, provided the organizations enter into performance agreements that comply with the general provisions of the budget act
 - Provides \$250,000 GF and \$602,451 NGF in FY 2013 to reduce the waiting list for the AIDS Drug Assistance Program
 - Restores \$45,000 GF in FY 2014 for statewide sickle cell chapters

Behavioral Health Services

- Provides \$2.2 million GF each year to restore funding for wrap-around services for children in special education served through the Comprehensive Services Act
- Provides \$600,000 GF each year for up to five jail diversion programs to develop law enforcement drop-off centers
 - Language targets funding to existing programs that have implemented Crisis Intervention Teams and have undergone planning to implement drop-off centers
- Provides \$1.5 million GF in FY 2013 and \$1.8 million GF in FY 2014 for child psychiatry and crisis response services for children with serious emotional disorders
 - Language allocates funding to health planning regions based on the availability of services with a report on the use and impact of funding due annually beginning in 2013
- Adds \$600,000 GF in FY 2013 to continue operating 13 temporary beds at the Northern Virginia Mental Health Institute (NVMHI)
 - Language requires a long-term plan to ensure adequate bed capacity is available to serve individuals who require an inpatient bed for the treatment of acute mental illness in the NVMHI catchment area

Funding for Other HHR Services

- \$2.5 million GF over the biennium to local Area Agencies on Aging to address the growing number of elderly citizens in need of health, nutritional and other services
- \$1.5 million GF in FY 2013 for proton beam therapy for cancer treatment
- Restores \$931,000 GF each year for services provided by Child Advocacy Centers
- Restores \$500,000 GF each year for services through Community Action Agencies
- Restores \$400,000 GF each year for employment support services for individuals with disabilities
- Restores \$391,069 GF each year for community-based rehabilitation services (brain injury, personal assistance and independent living services; and long-term rehabilitation case management)
- Restores \$190,000 GF each year for home visiting programs for at-risk families provided through Healthy Families

Restorations for HHR Agency Operations

- \$724,921 GF each year for local Departments of Social Services
- \$454,120 GF each year to eliminate the proposed increase in the restaurant inspection fee from \$40 to \$60
- \$500,000 GF in FY 2013 for poison control centers
 - Eliminates the proposed use of EMS funds to fund poison control centers
 - Adds language requiring the Commissioner of Health to report on the funding required to support the provision of statewide poison control services by two centers

HB 1301: HHR Savings

- Medicaid savings mostly 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
 - \$3.0 million GF in FY 2013 from a significant Medicaid recovery from a provider in Southwest Virginia
- \$1.0 million GF in FY 2013 and \$4.9 million GF in FY 2014 by transitioning veterans on Medicaid to more comprehensive federal health care benefits

HB 1301: HHR Savings

- \$17.7 million GF over the biennium from lower caseload and expenditures in the Comprehensive Services Act
- \$750,000 GF in FY 2014 by reducing funding for the Virginia Early Childhood Foundation
- \$88,000 GF each year by eliminating funding for Oxbow Center in Southwest Virginia
- \$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 provide DSS with authority to accept private donations in order to stagger the issuance of SNAP benefits for all enrollees, on the condition that no general funds are required, or DSS may the stagger the issuance for new enrollees only, which will not result in additional general fund costs for the program
- \$50,000 GF each year by reducing funding for Lyme Disease surveillance and education in the Health Department

Higher Education

Higher Education

- Conference budget reflects a net increase of \$211.6 million GF for public colleges and universities and affiliated higher education agencies
- Key higher education general fund operating increases
 - \$122.2 million GF for enrollment growth, incentive funding and base operations
 - ✓ \$42.6 million for enrollment growth to include:
 - \$5.0 million to continue the growth toward 1,700 new in-state undergraduate seats at CWM, UVA, JMU & VT
 - \$23.6 million for in-state enrollment undergraduate growth and transfers
 - \$14.1 million to improve retention and graduation across the system
 - ✓ \$28.6 million for incentive funding linked to specific initiatives that support the goals of the TJ 21 legislation such as increased degree production especially in STEM-H, year-round use of facilities, and distance learning
 - SySTEMic Program (No Va CC)
 - Virginia VIEW (VT)
 - Logistic research partnership (Longwood, UVA, VSU)
 - ✓ \$50.9 million for base operations funding to address additional full-time faculty, operations & maintenance of new facilities, library, technology and utility costs

Higher Education

- Provides \$17.4 million for a 2% salary faculty increase in FY 14 at public colleges and universities, VIMS and extension
 - Funding for classified employees is located under central accounts
- \$7.1 million for other specific operating items including:
 - \$1.2 million for operating the UMW-Dahlgren higher education center
 - \$0.6 million to address unique military activities at VMI and the VT Corps of Cadets
 - \$0.5 million in FY 14 for a new pharmacy compounding lab at VCU
 - \$1.0 million at the VCCS for non-credit instruction costs related to workforce development
 - \$1.1 million for VIMS operating support
 - \$1.0 million to hire new extension agents

Higher Education

- \$18.5 million GF for in-state undergraduate financial aid and graduate aid
- \$11.7 million to increase TAG grants to nearly \$2,800
- \$7.1 million for Eastern Virginia Medical School
- \$10.5 million restoration of auxiliary enterprise interest earnings
- Cancer Research
 - \$3.0 million at VCU's Massey Cancer Center
 - \$3.0 million for the UVA cancer center
- Language requires institutions to reallocate existing resources of \$17.3 million or 1.5% in FY 13 and \$23.1 million or 2% in FY 14 toward meeting the programs outlined in each institution's six-year academic plan and the goals of TJ 21

Higher Education

- Increased operating support at higher education centers
 - \$1.2 million at the Inst. for Advanced Research (Danville)
 - \$0.5 million for the So. Va. Higher Educ Ctr (South Boston)
- Full restoration of budget reductions for the Virginia Women's Institute for Leadership at Mary Baldwin
- \$3.0 million equipment upgrade at Jefferson Labs
- Over \$118 million in allocations from the Higher Education Equipment Trust Fund (HEETF)
 - Includes \$18 million in research-related equipment

Summary of GF Biennial Allocations to Colleges and Universities = \$155.6 million

Excluding Financial Aid

Institution	Amount (\$ in millions)	Institution	Amount (\$ in millions)
CNU	3.2	RU	5.6
CWM	2.8	UVA	13.1
VIMS	1.3	UVA-W	2.4
GMU	10.6	VCU	20.8
JMU	9.9	VMI	1.7
LU	2.5	VT	11.5
UMW	3.7	VSU	3.7
NSU	3.9	RBC	0.6
ODU	16.2	VCCS	42.1

Capital Outlay

Construction, Renovation & Infrastructure

- \$92.9 million of general fund and bonds and \$10.3 million from nongeneral fund sources to address 38 high priority construction and renovation projects
 - Reflects a reduction of \$27 million in tax-supported debt compared to the introduced budget
- Projects include:
 - CWM - Renovation of Brafferton
 - CWM – Cooling Plant & Utilities
 - State Parks – Dam Repairs
 - Expansion of Virginia War Memorial / DVS Offices
 - Multiple Agencies - HVAC, Mechanical Systems, Roofs
 - VSDB - Sprinkler Systems
 - VT - Fire Alarm System
- In addition, to the stand-alone projects, budget provides \$104.9 million for the capital maintenance reserve program
 - Includes \$2 million for repairs at Ft. Monroe
 - Corrects allocations for George Mason University & Jamestown-Yorktown

Capital Planning

- Consistent with process outlined in Chairman Putney's capital program from 2008 Special Session I
- \$41.5 million from central planning funds and nongeneral fund sources to conduct detailed planning for 33 projects
 - 26 of the projects are for colleges and universities including:
 - ✓ UVA – Renovation of the Rotunda
 - ✓ VMI – Corps Physical Training Facilities
 - ✓ NSU – Replace Brown Hall
 - ✓ Radford – New Academic Building (Phase I & II)
 - ✓ VT – New Classroom Building
 - ✓ JMU – Construct Health & Engineering Facility (East Wing)
 - ✓ ODU – New School of Education
 - ✓ VCU – Information Commons and Libraries
 - ✓ GMU – Academic VII / Research III
- Sets out an additional 18 projects to begin detailed planning upon first group reaching construction phase

Other Capital Outlay

- Authorizes the construction of a new veterans care center in Hampton Roads
- Provides for Civil War battlefield preservation through existing funding sources
- Clarifies the land transfer between Western State Hospital and the City of Staunton

Transportation

HB 1300: Transportation

- Appropriates \$67.2 million, or two-thirds of FY 2011 surplus, to transportation as required by § 2.2-1514 of the Code of Virginia. Amounts are to be distributed as follows:
 - \$28.7 million to be deposited into the Virginia Transportation Infrastructure Bank (VTIB),
 - \$28.7 million to capitalize the Intercity Passenger Rail Operating and Capital Fund created by the 2011 General Assembly, and
 - The remainder, \$9.9 million, would be dedicated to mass transit
- 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 1301: Transportation

- 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
- Eliminates the proposed deposit of a portion of the sales tax revenues to transportation as this action was not adopted in House Bill 1248
- Includes \$4.8 million in FY 2013 and \$4.6 million in new funding for the HMOF pursuant to the revised overweight permit fee structure included in HB 806
- Virginia Commercial Space Flight Authority:
 - Authorizes \$7.5 million in Transportation Trust Fund revenues each year for the operational and maintenance needs of the facility, reflecting HB 813
 - Also includes language authorizing the purchase of launch pad and fueling improvements funded by Orbital so the Commonwealth may better market the facilities

HB 1301: Transportation Language Amendments

- Includes language prohibiting the use of scoring incentives for those entering into project labor agreements for transportation projects, but allows for voluntary agreements
- Does not include Senate language regarding toll mitigation for the Downtown-Midtown-MLK Project
 - Governor has since amended the Comprehensive Agreement to allow for delay in toll imposition
- Does not include Senate language increasing the HB 3202 bond authorization by \$300 million and the GARVEE bond authorization by \$400 million
 - Administration intends to provide \$150.0 million for Dulles Phase 2 pursuant to the existing Memorandum of Agreement
- Includes language prohibiting the dilution of transit operating funding caused by providing non-formula support for new starts/routes for more than 2 years while accommodating some start-up services and demonstration projects
- Includes new language clarifying that in localities which maintain their own roadways (Henrico, Arlington, cities and towns) provisions of HB 1248 relating to VDOT reprogramming of funds due to project conflicts applies only to VDOT-maintained roadways (i.e. Interstates, primary extensions)

Agriculture & Forestry, Commerce & Trade, and Natural Resources

VDACS and Forestry

Amendments within the Secretariat of Agriculture and Forestry result in an increase of \$1.63 million compared to HB 1301 as introduced

- Includes \$1.0 million GF each year to capitalize the Governor's Agriculture and Forestry Industries Development Fund pursuant to HB 766 and \$125,000 each year to fund the Beekeeper Incentive Grant program established by HB 300
- 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 language authorizing the establishment of a per device fee for the annual inspection of weights and measures of up to \$8.00
 - Provides \$250,000 additional in FY 2013 to increase GF support for the program and reduce lag between inspections
- Eliminates language increasing the food inspection fee for non-restaurant establishments from \$40 to \$60 per year
- Provides an increase of \$250,000 each year for the Reforestation of Timberlands program and uses general funds to support their accounts receivable system upgrade
- Provides \$75,000 each year for the investigation of specialty crops
- Includes an additional \$40,000 each year to match federal coyote control funding

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 funds advertisement of Virginia's parks, wineries and outdoor advertising programs through a competitively bid public-private partnership
 - 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

Economic Development Incentive Payments Total \$114.2 million GF

Economic Development Incentives - \$ in millions	FY 2013	FY 2014
Governor's Opportunity Fund	11.8	11.8
Commonwealth Research Commercialization Fund	8.0	5.0
Motion Picture Opportunity Fund	2.0	2.0
Advanced Manufacturing Initiative (FACT Fund)	2.0	2.0
BRAC/Oceana (FACT Fund)	7.5	0
SRI International (final payment)	1.0	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 1301: Commerce and Trade Agencies

- Department of Housing and Community Development
 - Provides \$7.0 million in FY 2014 to capitalize the Virginia Housing Trust Fund to be operated in collaboration with the VHDA
 - 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 2013 and \$2.0 million in 2014 for the Derelict Structures Program
- 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 from amounts in VEC's penalties and interest account

Natural Resources

Department of Environmental Quality

- Includes \$87.6 million GF in FY 2013 to upgrade the 57 wastewater treatment plants for which DEQ already has signed grant agreements
 - Includes \$42.3 million GF in addition to the \$45.3 million GF provided from the 2011 year-end general fund surplus
 - In contrast, Senate had proposed \$89.5 million in debt for this purpose
- Saves \$2.3 million by using the Waste Tire Trust Fund to offset a portion of DEQ's costs for land and water protection
 - Language specifies that its the intent of the General Assembly that legislation eliminating the waste tire fee in FY 2014 be considered by the 2013 Session
- Saves \$625,000 GF in FY 2013 by permitting DEQ to establish the permit application fees and annual permit costs for industries subject to regulation by Title V of the federal Clean Air Act
 - The affected industries supported this action
- Eliminates a proposed transfer from the Litter Control and Recycling Fund to the general fund

Natural Resources

Secretary of Natural Resources

- Eliminates \$70,836 GF each year for the operations of the Council on Indians pursuant to the Governor's state government reorganization legislation
 - \$25,000 is provided for the Virginia Indian Commemorative Commission
- Language allows up to \$1.0 million from the WQIF Reserve Fund to be used for local stormwater assistance grants by the Department of Conservation and Recreation

Department of Conservation and Recreation

- Provides \$2.0 million GF each year to eliminate the proposed reductions to soil and water conservation district (SWCD) operations
 - Language requires a stakeholder group to review the support provided for SWCDs and prevents any change in SWCD boundaries
- Includes \$575,000 GF each year to eliminate proposed fee increases for state parks and restore funding for 3 state park positions
- Adds \$500,000 GF each year for open-space preservation
- Maintains \$5.0 million for Virginia Natural Resources Commitment Fund from the 2011 year-end general fund surplus

Natural Resources

Historic Resources

- Provides \$1.0 million GF each year for Civil War Historic Site Preservation
- In addition, \$2.5 million in unused bonds provided by the 2008 General Assembly open-space preservation, historic preservation, and conservation are directed for use in Civil War Historic Site Preservation

Organization Memberships

- Adds \$148,750 each year for the Potomac River Basin Commission, which provides joint licensing and enforcement of commercial and recreational fishing
- Language also states Virginia will remain a full participant in the Interstate Commission on the Potomac River Basin

Other Agencies

- Language limits DGIF's ability to further consolidate its regional offices, field offices, or to close offices without notifying the standing Chairmen of the House and Senate Agriculture Committees
- Adds \$200,000 GF each year to the Virginia Marine Resources Commission to restore funding for the Virginia Saltwater Sport Fishing Tournament

Public Safety

Sheriffs and Regional Jails

- Maintains \$7.4 million GF each year for law enforcement and court security services provided by sheriffs
- Maintains \$4.7 million GF in FY 2013 and \$5.4 million GF in FY 2014 for the operating costs of new and expanded local and regional jails
 - Meherrin River Regional Jail, Blue Ridge Regional Jail, and Patrick County Local Jail
- Maintains \$4.6 million GF in FY 2012 for jail per diems
- Includes savings of \$2.3 million in FY 2012 based on delay in opening local jail expansions
 - Reflects decisions made by Loudoun County and Pittsylvania County
 - Pittsylvania County also decided not to open their jail capacity in FY 2013 and FY 2014

Corrections and DCJS

Department of Corrections

- Provides \$5.9 million in Woodrum impact funds in FY 2013 to reflect legislation providing new or enhanced criminal penalties which is then used to offset prison operating costs in the Department of Corrections
- Saves \$924,288 GF each year by eliminating funding for the creation of ten technical violator immediate sanction pilot programs
 - Language in Criminal Sentencing Commission extends existing legislation permitting localities to establish local immediate sanction programs. Four local programs are permitted
- Includes \$76,231 GF in FY 2013 and \$115,394 GF in FY 2014 to evaluate inmates meeting the criteria for commitment as sexually violent predators

Department of Criminal Justice Services

- Includes language stating that subject to compliance with reporting requirements, the Governor shall allocate all funding for the prevention of internet crimes against children
- Language in Part 3 eliminates a proposed transfer of balances from the fees that support prevention of internet crimes against children programs to the general fund

Veterans Services and State Police

Department of Veterans Services

- Includes \$150,000 GF each year to provide for the licensing fees associated with an automated veterans claims processing system
- Provides \$140,000 GF and \$20,000 NGF each year to support financial management, internal operations, and organizational issues identified by the Auditor of Public Accounts

Department of State Police

- Provides \$1.3 million GF and five positions each year to eliminate delays in criminal background checks for firearms purchases
 - Action eliminates problems associated with dependence on fees charged for criminal background checks
 - To offset the GF amounts provided, fees for criminal background checks, the concealed weapon permit program, and the conservator of the peace program – estimated to total \$939,682 NGF each year – are transferred to the general fund

Other Public Safety Agencies

Department of Emergency Management

- Adds \$2.0 million GF to assist Louisa County Public Schools repair school buildings damaged by last year's earthquake

Department of Forensic Science

- Provides 5 positions restoring forensic photography services for law enforcement agencies
- Language allows access to DNA profiles if convicted person's DNA is not indicated in the evidence except as prohibited by law or if a Commonwealth's attorney indicates disclosure could jeopardize a law enforcement investigation

Department of Juvenile Justice

- Language directs DJJ to assess whether a juvenile justice apprenticeship program could reduce its juvenile correctional officer vacancies

Virginia Parole Board

- Provides \$70,000 GF each year to make an additional member of the board a full-time position

Collection of Local Fines and Fees

- Senate proposed collecting \$3.6 million annually from one-half of those local fines and fees in excess of 30 percent of total district court collections. This amount was deposited into Literary Fund
- The conference report reduces these collections to no more than \$1.0 million by recommending that only those localities where local fines and fees exceed total district court collections by 40 percent be affected

Compensation & Retirement, General Government

Technology and Government Operations

- Saves \$2.0 million GF each year by reducing unallocated technology funding
- Saves \$1.0 million GF in FY 2013 and \$1.3 million GF in FY 2014 by eliminating funding for cyber-security and modeling and simulation marketing and outreach
- Saves \$750,000 GF each year by reducing the level of funding for the Miscellaneous Contingency Reserve Account

Language Items

- Prior to using the working capital advance for Cardinal, the State Comptroller must certify that standards for vendor accounting information have been developed
- Language permits a university research consortium -- Jefferson Labs -- to apply for funding from the Commonwealth Research Commercialization Fund
- Language requires standards be developed for common sources of information collected about citizens, employees, and benefit recipients to minimize development costs for information systems
- Part 3 language clarifies the distribution of the working capital fund for Cardinal, VITA operations, and Performance Budgeting
- Part 4 language permits the Virginia War Memorial to accept small items valued at less than \$5,000 after consulting the Secretary of Veterans Affairs and Homeland Security

Employee Compensation

- Includes language authorizing a one-time bonus of up to 3% for state employees and college faculty in the first year (December 1, 2012)
 - Similar to language from 2010 the bonus is contingent on FY 2012 unspent balances recommended for reversion and excess revenues
 - Cost of 3% bonus is estimated at \$77 million GF
 - If balances and revenue surplus are lower, the bonus is prorated
- Earmarks \$54.7 million GF in the second year for a 2% salary increase for state employees, college faculty and state supported local employees
 - Language makes salary adjustment contingent on no downward adjustment in the revenue forecast
 - Budget also includes \$17.5 million GF within higher education to fund the state share for faculty
 - Adjustment for state employees effective July 10, 2013
 - Adjustment for all state supported local employees effective August 1, 2013

VRS Rates

- Fully funds the rates for the state employees and teacher plans as proposed in the introduced budget and consistent with the provisions of the VRS reform legislation
- Language amendment sets VRS rates for political subdivisions at the higher of their current FY 2012 rate or 70% of the rates calculated for the 2012-14 biennium using a 7.0% rate of return
 - Language related to 70% of rate is consistent with language for state employee and teacher plans in VRS reform legislation (HB 1130 and SB 498)

Other Benefit Issues

Line of Duty

- 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
- Includes language establishing a workgroup to consider further modifications to the Line of Duty program

State Employee Health Insurance

- Includes a several language amendments which:
 - Require the Department to include financial transparency provisions in upcoming health insurance contract
 - Require the Directors of DHRM and DPB to provide the proposed premiums concurrent with the introduction of the budget

Judicial Vacancies

- Authorizes the filling of 23 vacant judgeships beginning in FY 2013
 - Reflects additional savings from judicial vacancies of \$700,000 in FY 2012 and an additional \$6.4 million in savings during the 2012-14 biennium
- Budget also provides \$240,000 for the Judicial Caseload Study

	<u>Circuits/Districts</u>
Circuit Courts	Two for the 17th circuit , one each for the 6th, 9th, 12th,13th, 14th, 16th, 22nd & 28th
General District Courts	Two for the 31st, one each for the 1st, 6th, 20th, and 25th
Juvenile and Domestic Relations	One each for the 2nd, 9th, 10th,12th, 14th, 24th and 28th

Judicial Department

- Eliminates \$5.3 million in across the Board Reductions for the Judicial Department each year of the 2012-14 biennium
 - Budget includes \$5.3 million reduction in FY 2012
 - Conference report includes savings of \$435,000 each year from 3 layoffs and the elimination of 2 positions within the Office of the Executive Secretary
- Conference report provides additional \$2.6 million over the biennium for staffing for General and J&DR clerks offices
 - This funding, in addition to \$3.2 million included in introduced budget funds 61 additional positions within the clerks offices
- Provides \$1.0 GF million each year for Legal Aid Programs
 - Funding needed as a result of decrease in federal funding and other NGF sources
- Includes a net savings of \$541,316 over the biennium from hiring 10 full time foreign language interpreters to replace contract expenditures for these services

Other General Government Actions

- Includes \$2.8 additional reversions of FY 2012 year end balances from Legislative agencies and commissions
- Includes \$343,800 GF over the biennium to support the Joint Subcommittee to Evaluate Tax Preferences established pursuant to HB 777
 - \$313,000 for the Department of Taxation
 - \$30,800 under the General Assembly for per diems

Summary of Conference Actions

Summary – Conference Agreement

- Health and Human Resources: \$44.7 million over the introduced budget for the biennium. Includes:
 - Additional 225 ID waiver and 80 DD waiver slots
 - \$69.0 million for hospitals and nursing homes to offset inflation
 - \$11.8 million for personal and congregate care rate increases
 - \$3.3 million to expand children’s mental health services and \$4.8 million to preserve health care safety net
- Public Education: \$214.7 million over the introduced budget
 - \$110 million block grant for retirement, inflation and pre-K costs
 - \$47.1 million for K-3 class size reduction
 - \$40 million to restore NOVA cost of competing adjustment
- Higher Education: \$122.2 million increase for base operations, enrollment, incentives and initiatives
 - \$42.6 million for enrollment, including new seats at UVA, CWM, VT and JMU
 - \$28.6 million for incentive funding to increase degree production

Summary – Conference Agreement

■ Compensation:

- Authorizes 3% state employee and faculty bonus in December 2012 contingent on FY 2012 revenue surplus/balances
- 2% salary increase on August 1, 2013 for all state and state-supported local employees, including college faculty, local constitutional officers and other state-supported local employees

■ General Government:

- \$5.8 million for 61 deputy district court clerks and authorization to fill 23 judgeships

■ Natural Resources:

- Use of \$87.6 million cash to upgrade 57 wastewater treatment plants

■ Debt:

- Reduced proposed debt by \$27.0 million compared to the introduced budget and eliminated Senate debt proposals for water quality, transportation and new construction projects
- Provides total of \$99 million in cash and debt for high priority maintenance projects