

# **Governor's Proposed Amendments 2010-2012 Appropriation Act (HB 1300, As Adopted)**

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

**General Assembly Action:** Adopted the “front page” revenue adjustments reflected in the General Assembly’s amendments to House Bill 1300 as introduced.

**Governor's Action (Technical):** The amendment reflects the cumulative adjustments resulting from the 18 amendments proposed to House Bill 1300. In total these reduce available resources by \$1.2 million and increase spending by \$84,181.

**Notes:**

- The front page will be adjusted to reflect the amendments adopted by the General Assembly.

## **Amendment No. 2 Item 58 – Attorney General and Department of Law Capture Savings from Funding for Redistricting Efforts**

**General Assembly Action:** No action taken.

**Governor's Action:** The proposed amendment captures \$155,000 GF in savings from lower than projected expenditures by the Office of the Attorney General to support redistricting.

## **Amendment No. 3 Item 67.30 – Compensation Board Additional Jail Per Diem Funding**

**General Assembly Action:** Provided about \$4.6 million in additional funding for jail per diem payments for local and state-responsible offenders housed in local and regional jails. This amount was based on the actual inmate population counts through February.

**Governor's Action:** The proposed amendment provides an additional \$1.2 million for jail per diem payments due to local and regional jails housing a larger number of state-responsible inmates than was anticipated during development of the introduced budget.

**Notes:**

- Amendment 17 reflects the reversion of \$4.0 million in unexpended balances from Constitutional officers, primarily from sheriffs' offices.
- Existing language contained in the Appropriation Act permits transfers of unexpended balances between sheriffs' offices and jail per diems.

**Amendment No. 4**  
**Item 75 – Department of Human Resource Management**  
**Provide Supplemental Funding for Rent Costs**

**General Assembly Action:** No action taken.

**Governor's Action:** The Governor's amendment increases the general fund appropriation for the Department of Human Resource Management by \$135,410. The agency has expended 86% of its FY 2012 GF appropriation through the first 3 quarters and will not have sufficient funding to cover their rent costs without this amendment.

**Notes:**

- There is some indication the proposed amount may be related to VITA charges.

**Amendment No. 5**  
**Item 136 – Virginia School for the Deaf and the Blind (VSDB)**  
**Increase FY 2012 Appropriation for Information Technology Services**

**General Assembly Action:** No action taken.

**Governor's Action:** Proposes to increase the general fund appropriation for the VSDB by \$110,000 in the second year to cover unanticipated additional costs incurred during the transition of information technology oversight from the VITA back to the Virginia School for the Deaf and the Blind. The funds would be used for classroom and instructional based computer related equipment and expenditures.

**Amendment No. 6**  
**Item 271 – Treasury Board**  
**Technical – Debt Service Savings**

**General Assembly Action:** No action taken.

**Governor's Action (Technical):** The proposed amendment assumes savings of \$1.0 million GF from debt service savings in FY 2012 based on recent bond refunding actions.

**Amendment No. 7**  
**Item 331 – Department of Social Services**  
**Language – Clarify Adoption Subsidy Eligibility Requirements**

**General Assembly Action:** No action taken.

**Governor's Action:** The Governor's amendment adds language clarifying that adoption assistance payments and services are not available for children adopted through parental placements (i.e., private adoptions). This restriction does not apply to existing adoption assistance agreements.

**Notes:**

- A recent lawsuit challenged the Commonwealth arguing that current Code language requires the state to provide adoption subsidies to any privately adopted child who meets the state's special needs criteria.
- Legislation enacted by the 2010 General Assembly incorporated federal rules and current department practices regarding adoptions into the Code of Virginia. However, the revised language removed references to state custody when the definition of adoption subsidies was modified. This change appears to have created a loophole by which privately adopted children may be eligible for adoption assistance, thereby exposing the Commonwealth to significant and unexpected cost increases in the adoption subsidy program.

**Amendment No. 8**  
**Item 335 – Department of Social Services**  
**Technical – Allow for the Sharing of Eligibility Information**

**General Assembly Action:** No action taken.

**Governor's Action (Technical):** The amendment provides authority for the Departments of Social Services, Medical Assistance Services and Motor Vehicles to provide necessary data to the Virginia Information Technologies Agencies, including private contractors, in support of the modernization of the eligibility determination system, health information technology and the Medical Information Technology Architecture (MITA) program. Language specifies that the access, use and viewing of necessary data shall be described in a Memorandum of Agreement between the respective agencies and subject to federal and state laws and policies regarding confidentiality and security safeguards.

**Notes:**

- Chapter 890, Acts of Assembly of 2011, authorized funding for changes to the eligibility information system for benefit programs provided through the Department of Social Services. HB 1301 provides \$10.8 million GF and \$52.7 million NGF over the 2012-14 biennium to replace and improve this system. Chapter 890 also authorized funding for changes to the MITA to implement approximately 23 data projects required through the American Recovery and Reinvestment Act, and the Patient Protection and Patient Affordability Act.
- The proposed language provides authority to allow for information sharing among the agencies involved, thus enabling these projects to move forward in a timely manner.

**Amendment No. 9**  
**Item 363 – Department of Historic Resources**  
**Language – Provision of Authority for Certified Audits**

**General Assembly Action:** No action taken.

**Governor's Action:** The Governor's proposed amendment authorizes the Department of Historic Resources (DHR) to require applicants for historic preservation tax credits to provide an audit by a certified public accountant licensed in Virginia pursuant to guidelines developed by DHR in consultation with the Auditor of Public Accounts. The language also permits DHR to contract with tax, financial, and other professionals to assist DHR in overseeing projects involving the issuance of historic preservation tax credits. These costs would be borne by the parties involved in the historic rehabilitation project. Within the past three years, two instances of criminal fraud have

been exposed involving the use of historic preservation tax credits. In each case, DHR brought these matters to the attention of law enforcement.

**Amendment No. 10**  
**Item 436 - Transportation**  
**Language – MWAA Board Composition**

**General Assembly Action:** No action taken.

**Governor's Action:** The proposed amendment adds language to the Secretary of Transportation's budget stipulating terms of receipt of funding by the Metropolitan Washington Airports Authority (MWAA).

**Notes:**

- It appears that the language which was intended to require an increase in the number of Virginia's seats on the MWAA Board as a condition of receipt of funding from the Commonwealth for the Dulles Rail Project was drawn incorrectly and instead conditions all appropriations contained in House Bill 1300 on changes to the MWAA Board.

**Amendment No. 11**  
**Item 469 – Central Appropriations**  
**Language – Modify Provisions Related to the Three Percent One-Time Employee Bonus**

**General Assembly Action:** The General Assembly provided a 3% bonus to state employees on December 1, 2012, contingent on available year-end unexpended GF balances and any FY 2012 year-end revenue surplus. The language adopted by the General Assembly earmarks up to \$77.2 million in funding for the bonus using 100% of the excess revenues and unexpended balances after the constitutionally required year-end deposits have been made.

**Governor's Action:** The Governor proposes to make the bonus contingent solely on agency unspent balances that are recommended for reversion. Furthermore, the amendment requires the unspent balances to exceed the cost of the bonus by 50%. In other words, agencies must generate \$1.50 in savings for every \$1.00 required for the bonus for the provisions to go into effect. The amendment states that once the bonus amount is calculated and paid, each individual agency must meet up to 50% of the cost of the bonus for their employees through either their FY 2012 reversions or through a reduction in their FY 2013 appropriation.

**Notes:**

- The language adopted by the General Assembly in HB 1300 is identical to the language in Chapter 874, 2010 Session, implementing the bonus provided in December 2010.
- The budget as adopted by the General Assembly for FY 2012 assumes \$5.3 million in vacancy and turnover under central appropriations for the executive branch agencies.
- In addition, the budget includes numerous balance reversions in FY 2012 within the individual agencies which would make meeting the savings required in the Governor's amendment very difficult. These reversions include a Governor's amendment for a \$4.0 million reversion in FY 2012 from the Compensation Boards budget.
- In HB 1301, the Governor proposes that the bonus for higher education institutions would come entirely from nongeneral funds, and no general fund amounts to support the bonus are provided.

**Amendment No. 12****Item 470 – Central Appropriations****Modifying Funding and Provisions Related to Performance Budgeting System**

**General Assembly Action:** Provided \$711,236 to state agencies for costs associated with an internal service fund supporting the Department of Planning and Budget's operating and maintenance costs for the Performance Budgeting System.

**Governor's Action:** The proposed amendment reduces the funding for the Performance Budgeting System from \$711,236 to \$500,000 and provides this reduced amount directly to the Department of Planning and Budget. The \$211,236 in savings is due to delays in the deployment of system components. Because of those delays, the contractor is still responsible for portions of system maintenance.

**Amendment No. 13**  
**Item 470 – Central Appropriations**  
**Language – Increase Authorization to Use Unappropriated Balance**

**General Assembly Action:** No action taken.

**Governor's Action:** The proposed amendment would increase the amount of the unappropriated balance the Governor may use to address various unanticipated expenditures from \$2.0 million to \$5.0 million.

**Notes:**

- The Governor's use of the unappropriated balance in addressing unanticipated expenditures has been capped at \$2.0 million since the 2000 Session of the General Assembly.
- In addition to the \$2.0 million from the unappropriated balance, the General Assembly has provided the Governor \$1.5 million each year from the general fund to address these unanticipated expenditures.
- Since the 2006 Session of the General Assembly, the Governor has also been authorized to use up to \$1.0 million each year from the Governor's Opportunity Fund for these purposes.

**Amendment No. 14**  
**Item 470 – Central Accounts**  
**Modify Provisions of FACT Fund Governance**

**General Assembly Action:** The General Assembly amended language proposed by the Governor relating to the utilization of monies appropriated to the Federal Action Contingency Fund, or FACT Fund. The conference amendment language was modeled on the Major Economic Investment or MEI Commission established by the 2009 General Assembly to address unanticipated economic development proposals that occur between legislative Sessions. Under this model, the legislative commission would provide approval of proposals put forward by the Governor regarding the use of the \$30.0 million deposited into the Fund in FY 2012 and the additional \$20.0 million that would become available to the fund in FY 2014 in the event of a revenue surplus. The General Assembly also added the Secretary of the Health and Human Resources as an Advisory member of the Commission because many of the federal programs that would be reduced under sequestration are within this area of government.

**Governor's Action:** The Governor's proposed amendments change the role of the General Assembly to an Advisory Commission that would make recommendations, as opposed to a group

which would approve proposals put forth by the Governor. The language also removes the Secretary of Health and Human Resources and replaces him with the Secretary of Veterans Affairs and Homeland Security. An identical amendment is proposed to HB 1301.

**Amendment No. 15**  
**Item 470 – Central Accounts**  
**Eliminate FACT Fund Earmark for BRAC-Oceana**

**General Assembly Action:** The General Assembly included language within the FACT Fund provisions of House Bill 1300 that sets aside \$7.5 million of the amounts appropriated for the FACT Fund to fund the state’s share of efforts to mitigate encroachment at the Oceana Naval Air Station in FY 2013. A companion amendment to HB 1301 removed the separate appropriation for that activity in FY 2013.

**Governor's Action:** The proposed amendment eliminates the language earmarking \$7.5 million from the FACT Fund for BRAC Oceana. A companion amendment to HB 1301 (#59) provides \$7.5 million in FY 2013.

**Notes:**

- The City of Virginia Beach has requested that the General Assembly reject this amendment as well as the companion amendment to House Bill 1301(#59). This opposition is based on their concern that language included in the amendment to House Bill 1301 limits the use of the funds beyond current practice, and interferes with the City’s ability to leverage these funds to receive additional federal funding for mitigation in the Interfacility Traffic Area (ITA) between Oceana and Fentress Jet Bases, a priority of the Navy.

**Amendment No. 16**  
**Item 473 – Central Appropriations**  
**Technical – Capture Savings in Information Technology Rates Funding**

**General Assembly Action:** Captured \$8.3 million in savings from updated projections of state agency information technology expenditures and changes in future state agency information technology usage, services, and product purchases. These changes in future information technology costs were based on information technology assessments that state agencies were required to complete during FY 2011.

**Governor's Action (Technical):** The proposed amendment captures an additional \$1.8 million in savings from unused funding for state agency information technology charges in FY 2011. These balances were inadvertently omitted from the savings proposed in the introduced budget.

**Amendment No. 17**  
**Item 473 – Central Appropriations**  
**Language – Revert Year End Balances from the Compensation Board**

**General Assembly Action:** No action taken.

**Governor's Action:** The proposed amendment reverts \$4.0 million in FY 2012 year-end balances from within the Compensation Board. The estimated amount available for reversion is based on year-to-date expenditure trends.

**Notes:**

- While the Compensation Board could not specifically detail where these balances would come from, they indicated most would likely come from sheriffs' offices.

**Amendment No. 18**  
**Item 3-1.01 – Transfers**  
**Restore Balances to Governor's Opportunity Fund**

**General Assembly Action:** The General Assembly captured \$12.0 million in FY 2011 balances in the Governor's Development Opportunity Fund (GOF) and transferred them to the general fund in HB 1300.

**Governor's Action:** The proposed amendment would reduce the transfer from \$12.0 million to \$6.0 million.

**Note:**

- As of March 31, 2012, the balance available for future commitments from the GOF totaled \$28.8 million. When preapprovals and potential requests are taken into consideration, the balance would be reduced to \$14.6 million if all potential offers were accepted. During the 3<sup>rd</sup> quarter of FY 2012, a total of \$325,000 in commitments was made from the Fund.

**Amendment No. 19**  
**Item 3-1.01 – Transfers**  
**Restore Balances to Virginia Jobs Investment Program Fund**

**General Assembly Action:** The General Assembly captured \$1.5 million of the \$2.9 million FY 2011 year-end balance in the Department of Business Assistance's Virginia Jobs Investment Partnership (VJIP) and transferred them to the general fund in HB 1300.

**Governor's Action:** The proposed amendment reduces the transfer from the VJIP Program from \$1.5 million to \$500,000. The additional amounts will be available to supplement future grants from the program.

**Note:**

- In addition to the available balance, another \$8.0 million was made available for the VJIP program in FY 2012.