

Governor's Proposed Amendments 2012-2014 Appropriation Act (HB 1500, as Adopted)

Amendment No. 1 Item 0 – Revenues Technical - Title Adjustments

General Assembly Action: Adopted “front page” title adjustments to reflect Code sections and budget items amended in the General Assembly’s amendments to HB 1500 as introduced.

Governor's Action (Technical): The proposed amendment reflects the addition of two additional items amended by the Governor’s actions – Items 72 and 440, eliminates two Code sections where his amendments would eliminate changes (§§ 2.2-1508 and 1509), and adds one additional Code section, § 17.1-507, he proposes to amend in the 7th enactment clause relating to judgeships.

Notes:

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

Amendment No. 2 Item 0 – Revenues Technical - Revenue Adjustments

General Assembly Action: Adopted the “front page” revenue adjustments reflected in the General Assembly’s amendments to HB 1500 as introduced.

Governor's Action (Technical): The proposed amendment reflects net adjustments relating to amendments proposed to HB 1500 which result in an increase in revenue of \$2 million in the first year from prior year recoveries in the Department of Social Services and a decrease in additions to balance of \$1.8 million in the second year from the filling of vacant judgeships. Companion amendments to Items 53 and 345 also reflect these changes. Also included in the package are savings of \$1.7 million in the first year and \$10.3 million in the second year from debt service savings. These savings are offset by spending of \$75,000 in the first year and \$12.2 million in the second year. The net result of the revenue and spending changes leaves an unappropriated

balance of \$10.0 million at the close of the biennium, essentially unchanged from the Conference Report.

Notes:

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

Amendment No. 3
Item 42 – Circuit Courts
Create New Circuit Court Judgeship – 15th Circuit

General Assembly Action: The House passed HB 2093 which would increase the number of authorized circuit court judgeships in the 15th judicial circuit from 8 to 9 judgeships. The 15th circuit consists of the City of Fredericksburg and the Counties of Caroline, Essex, Hanover, King George, Lancaster, Northumberland, Richmond, Spotsylvania, Stafford and Westmoreland. The bill was passed by indefinitely in Senate Finance (9 - 6).

Governor's Action: Included in the Governor's proposed amendments is a series of 5 amendments which authorize and fund an additional circuit court judgeship for the 15th circuit and provide funding through the Compensation Board for court support staff. This amendment provides \$265,927 GF and 1 FTE to fund the salary and benefits for the judge.

Notes:

- Based on the 2012 calendar year caseload per judge, the 15th circuit is 42% above the statewide average and even if the additional judgeship is approved, the per judge caseload in this circuit still would be 26% above the statewide average.
- Amendments 3, 5, 6, 7 and 51 are companion amendments. Amendment 51 authorizes/creates the additional judgeship. This amendment funds the salary for the judge, and amendments 5, 6, and 7 adjust funding and staffing levels for court support through the Compensation Board.

Amendment No. 4
Item 53 – Judicial Department Reversion Clearing Account
Funding to Fill Vacant Judgeships

General Assembly Action: The General Assembly adopted language which authorized filling 20 vacant judgeships, 16 that were contained in the introduced budget and 4 additional judgeships added by the General Assembly.

Governor's Action: The proposed amendment authorizes the filling of 11 additional judgeships, including 4 circuit, 5 general district and 2 juvenile and domestic relation judgeships. The amendment authorizes one additional circuit court judgeship for the 3rd, 4th, 23rd, and 28th circuits, one additional general district court judgeship for the 13th, 15th, 16th, 19th, and 27th districts, and one additional juvenile and domestic relations judgeships for the 15th and 23rd districts. In addition, the amendment reduces the amount of savings assumed from the judicial vacancy freezes by \$1.8 million to reflect the updated savings estimate.

Notes:

- The amendments authorize filling judgeships if the circuit or district has an average per judge caseload of 40% or higher than the statewide average, or if there is more than one vacancy. The amendment continues the policy of funding all juvenile and domestic relations judgeships.
- The judgeship for the 3rd circuit is not authorized until January 1, 2014, to coincide with a second vacancy that will occur in the circuit; all of the other judgeships are authorized effective July 1, 2013.

Amendment No. 5
Item 68 – Compensation Board
Provide Court Security for New Circuit Judgeship

General Assembly Action: See Amendment 3.

Governor's Action: Included in the Governor's proposed amendments is a series of 5 amendments which authorize and fund an additional circuit court judgeship for the 15th circuit and provide funding through the Compensation Board for court support staff. This amendment provides funding of \$62,148 GF through the Compensation Board for 2 additional sheriff deputies with the intention of providing these staff to the locality/localities where the new judgeship would be created.

Notes:

- Language included in the Appropriation Act requires the Compensation Board to allocate any new positions based on the current estimated need as determined by the state staffing standards. Because this amendment does not override existing include language, these positions would not be assigned to the localities in the 15th circuit. They would be assigned to Henrico County based on the current staffing standards.

Amendment No. 6
Item 73 – Compensation Board
Provide Deputy Clerk for the New Circuit Court Judgeship

General Assembly Action: See Amendment #3.

Governor's Action: Included in the Governor's proposed amendments is a series of 5 amendments which authorize and fund an additional circuit court judgeship for the 15th circuit and provide funding through the Compensation Board for court support staff. This amendment provides funding of \$31,095 GF through the Compensation Board for one additional deputy clerk with the intention of providing this staff to the locality/localities where the new judgeship would be created.

Notes:

- Language included in the Appropriation Act requires the Compensation Board to allocate any new positions based on the current estimated need as determined by the state staffing standards. Because this amendment does not override existing language, this position would not be assigned to the localities in the 15th circuit. It would be assigned to Wise/Norton based on the current staffing standards (Fredericksburg is second behind Wise/Norton in need based on the current staffing standards).

Amendment No. 7
Item 75 – Compensation Board
Update Position Chart

General Assembly Action: See Amendment #3.

Governor's Action: This amendment updates the table included under the Compensation Board which lists the number of positions funded through the Compensation Board to reflect the positions added in amendments 5 and 6 above.

Amendment No. 8
Item 75 – Compensation Board
Technical - Clarify Language Regarding Constitutional Office Pay Adjustments

General Assembly Action: The General Assembly approved and funded a 3% salary adjustment for state supported local employees effective August 1, 2013.

Governor's Action (Technical): The Governor's amendment includes language clarifying that the 3% salary adjustment cannot be used by the localities as a means to fund the 5% salary adjustment required to offset the reinstatement of the 5% employee contribution payment to VRS mandated in Chapter 822 of the 2012 Acts of the Assembly.

Amendment No. 9
Item 109 – Department of Housing and Community Development
Planning for New Medical College

General Assembly Action: Both the House and the Senate eliminated proposed planning funds in the capital outlay section of the budget for the construction of a new medical school on the grounds of the Southwest Virginia Higher Education Center.

Governor's Action: The Governor's proposed amendment would provide \$250,000 to the Town of Abingdon to support detailed planning of construction of an academic medical facility.

Notes:

- This project was proposed for King College, a private school in Tennessee. In Chapter 3, 2012 Session, \$250,000 GF was provided to the Southwest Virginia Higher Education Center for this purpose. However, by June 2012, the Southwest Virginia Higher Education Center withdrew from the project.
- The Southwest Virginia Higher Education Center's role in the project was considered in-kind support valued at \$10 million which was required to meet the \$25 million local match requirement imposed by the Tobacco Indemnification and Revitalization Commission as a condition of receiving funding for this project.
- The Center withdrew from the project citing uncertainty on the project timeline.

Amendment No. 10
Item 123 – Virginia Economic Development Partnership
International Trade Initiative for Defense Contractors

General Assembly Action: Both the House and the Senate eliminated \$481,500 GF in the second year that the Governor proposed to provide to the VEDP for a new initiative to promote international trade as an alternate market for Virginia’s defense contractors.

Governor's Action: The proposed amendment replicates the \$481,500 in general fund support in FY 2014 for the Governor's initiative to promote international trade among defense companies in the Commonwealth that had been included in HB 1500 as introduced. This funding is intended to support industries that may be impacted by the defense cuts relating to federal sequestration and help these firms secure alternative markets for their goods and services.

Amendment No. 11
Item 129 – Virginia Tourism Authority
Additional Funding for Tourism Promotion

General Assembly Action: Through actions in the 2012 and 2013 Sessions, the General Assembly earmarked a portion of the annual \$1.7 million provided for regional tourism grants.

Governor's Action: The proposed amendment would provide an additional \$500,000 in the second year to support tourism promotion grants to regional and local entities to ensure that the full \$1.7 million GF is available for competitive grants each year.

Amendment No. 12
Item 134 – Department of Education – Central Office
Provide Additional Funding to Support the Establishment of the
Opportunity Educational Institution (OEI)

General Assembly Action: Provided \$150,000 GF the second year to support the establishment of the Executive Board of the Opportunity Educational Institution (OEI) that would supervise and operate those schools transferred into the OEI as a result of having been denied accreditation for the two previous years. The funding will be used to provide personnel and office operating expenses. Language also transfers all applicable funding from state direct aid, federal, and local funding based on the students transferred into the OEI from a school division.

Governor's Action: The proposed amendment includes several actions: 1) adds an additional \$450,000 GF the second year for the operational costs of the OEI; 2) expands the transfer authority of the OEI Board to include those schools that have a status of "Accredited With Warning" for three consecutive years; 3) allows for a "reasonable portion" of the local funding to be allocated for the administrative costs of the Board; 4) directs the remaining local funds to be spent on the students from the transfer school division, or proportionately if the local funds are spent to benefit multiple schools in the OEI; and 5) initially allocates no less than sixty-five percent of the annual budget for the Institution for instruction and the remaining thirty-five percent for non-instructional costs, however; allows the Board to exceed the thirty-five percent.

Notes:

- Along with the budget, the General Assembly adopted separate legislation for the Opportunity Educational Institution (SB 1324, McDougle) which established the OEI and structured it to be administered and supervised by its governing Board.
 - The Board would be set up as a policy board in the executive branch and given the powers and duties of a school board as well as the classification of an educational institution – it would consist of 9 members (4 legislators along with 5 non-legislative members who would be appointed by the Governor).
 - The approved legislation would require any school that has been denied accreditation to be transferred to the Institution and to remain in it for at least five years. After the fifth year, the school would be reviewed by the Board to determine whether it should stay in the Institution or be transferred back to the resident school division.
 - It also sets forth allowances for: (1) students in the transferred school to apply to another school in the division if an open enrollment policy exists; (2) the selection of hiring all personnel in the transferred school to be conducted by the Institution; (3) identification and transfer of applicable local, state and federal funding to the Institution; and (4) unrestricted use by the Institution of any school building or facilities and other property associated with a transferred school and requires the authorization of the Institution before a locality can sell any such property.

- The Governor has proposed a substitute bill to SB 1324 for the Reconvened Session.

Amendment No. 13
Item 139 – Direct Aid to Public Education
Additional Funding for the Strategic Compensation Grant (SCG) Initiative

General Assembly Action: Provided \$5.5 million GF the second year for Strategic Compensation Grant (SCG) Initiative to provide eligible school divisions with competitively-based awards that would be used to support the design and implementation of compensation systems for teachers and staff. The House had included \$7.5 million GF in its budget.

Governor's Action: The Governor's proposed amendment adds an additional \$2.0 million GF the second year into the SCG initiative to allow more school divisions to participate in the program. The amendment also adds clarifying language that permits a school division to use up to five percent of their grant award to design, implement, and administer the program.

Notes:

- The Governor's request is consistent with the House's adopted budget which provided a total of \$7.5 million for the SCG initiative.
- HB 2083 (K. Cox), established the SCG Fund was adopted by both chambers and signed into law, as Chapter 228, by the Governor.
 - The legislation created a new non-reverting special SCG Fund and prescribed the money in the Fund would be allocated to those school divisions that elect to submit an application to the Board of Education (BOE) for potential grant funding. The BOE would award grants to divisions on a competitive basis.
 - Interested school divisions would have to include in their proposals: (1) a compensation model; (2) designate eligible teachers, as defined in the bill, who could receive an individual award of up to \$5,000 per teacher; and, (3) how the division's grant award would improve teacher and school performance.

Amendment No. 14
Item 139 – Direct Aid to Public Education
Language – Reprogram Technology Supplemental Grants
to Support Tablet Initiative

General Assembly Action: No action taken.

Governor's Action: This language amendment would allow those schools that are not fully accredited as of FY 2014 to reprogram their existing annual funding of \$26,000 from the Virginia

Public School Authority (VPSA), for up to three years, to purchase tablet computers for their 9th graders.

Notes:

- The identical language amendment was included in the Governor's executive amendment package.
- The House budget adopted the language; however the Senate budget did not include it.
- The Conference budget did not include the language, primarily due to the concerns of issuing five-year equipment debt notes to finance the \$400 tablet costs.

Amendment No. 15
Item 139 – Direct Aid to Public Education
Language – Adjust Technology Grant Date for Bedford Consolidation

General Assembly Action: No action taken.

Governor's Action: This proposed technical language amendment changes the effective date for determining the number of school divisions that would receive a base funding amount of \$50,000 for technology equipment through the Virginia Public School Authority (VPSA) from 2000 to 2012.

Notes:

- This proposed action was intended to allow the same number of school divisions that existed prior to September 1, 2012, to receive the base funding for VPSA technology prior to any division consolidation efforts.
 - VPSA funding provides each school division with base funding of \$50,000 and then an additional \$26,000 for each school within the division.
- However, if the date gets changed from 2000 to 2012 the consolidated school divisions of Clifton Forge and Alleghany County would only be eligible for one \$50,000 allocation rather than the two allocations that they are current receiving in VPSA funding.
- Changing the date from 2000 to 2012 would not impact Bedford County and Bedford City because they were separate divisions as of September 1, 2012.

Amendment No. 16
Item 144 – State Council of Higher Education for Virginia
Technical - Military Survivors Program

General Assembly Action: Provided \$600,000 GF in the second year to fully fund growth in the program as well as an increase in the stipend from \$1,500 to \$1,800 per year.

Governor's Action (Technical): Proposes an additional \$75,000 GF in the first year to offset an anticipated shortfall in FY 2013 based on a program usage update.

Amendment No. 17
Item 215 – Virginia Community College System
Planning for Student Apprenticeships and Trades Academy

General Assembly Action: Eliminated a proposed \$100,000 GF grant to develop a Student Apprenticeships and Trades Academy.

Governor's Action: The amendment again proposes to provide \$100,000 GF as a grant to develop a Student Apprenticeships and Trades Academy.

Notes:

- The funds are intended to develop a new regional Governor's school to target high school students who want to graduate and go to work.
- It is unknown whether new construction is involved, but currently the operating costs for a Governor's school could be upwards of \$5 million excluding any additional local spending on top of the tuition component.
- There are existing career and technical readiness programs and diplomas already available in the K-12 system.

Amendment No. 18
Item 265 – Department of Accounts Transfer Payments
Implementation of Chapter 830, 2012 Session

General Assembly Action: Adopted legislation in the 2012 Session authorizing the City of Bristol to retain sales tax revenues generated at a new retail development being funded as part of a public-private partnership in that jurisdiction to help cover the costs of bonds issued by the city to fund its share of the project.

Legislation was proposed in the 2013 Session which would have clarified that the city is authorized to retain those revenues when a portion of the development is completed, not only after all five phases of the project are done. This legislation was stricken at the request of the respective patrons because it appeared the additional language was not necessary.

Governor's Action: Proposes a language amendment to clarify that the facility has met the requirements for the city to retain the sales taxes generated at that location. Subsequent to the completion of the General Assembly Session, the bond counsel for the City of Bristol, which has issued \$20.0 million in debt to support the development, indicated clarifying language was necessary. The first paragraph of the amendment addresses that issue. The second paragraph of the proposed amendment requires the City of Bristol to file semi-annual reports detailing the status of the project with a report to be sent to the money committees by December 1 of each year.

Amendment No. 19
Item 275 – Department of Taxation
Technical Language – Cost Recovery for Implementation of HB 2313

General Assembly Action: Amended existing language in the Appropriation Act that authorized the Department of Taxation to obtain a treasury loan to cover the costs it incurs in implementing the regional sales tax approved in HB 2313. The language failed to reflect the other components of the legislation to allow for the standard cost recovery.

Governor's Action (Technical): The Governor's proposed technical amendment modifies existing language within the Department of Taxation to allow the Department to obtain a treasury loan to ensure they can complete the changes necessary to implement the adjustments to the sales tax rate in the Northern Virginia and Hampton Roads regions and the other regional taxes imposed pursuant to HB 2313. The loan would be repaid from the new taxes using the standard cost-recovery the Tax Department applies to all local and other non-general fund tax collection services. This amendment would also allow the Department of Taxation to retain sufficient revenues to recover its direct costs incurred administering these taxes.

Amendment No. 20
Item 280 – Treasury Board
Technical - Debt Service Savings

General Assembly Action: No action taken.

Governor's Action (Technical): The proposed amendment recommends \$1.7 million GF debt service savings in FY 2013 and \$10.3 million GF debt service saving in FY 2014 based on refunding of bonds.

Amendment No. 21
Item 297 – Department of Health
Funding for Proton Therapy

General Assembly Action: No action taken in 2013; However, Chapter 3 provided \$2.0 million GF in FY 2013 and \$510,000 GF in FY 2014 to the Hampton Roads Proton Beam Therapy Institute at Hampton University, LLC to support the use of proton therapy for the treatment of certain types of cancer.

Governor's Action: Recommends an additional \$1.0 million GF in FY 2014 to support proton therapy at the Hampton Roads Proton Beam Therapy Institute at Hampton University, LLC.

Notes:

- The proposed action will potentially increase the base appropriation to \$1.5 million for proton therapy at Hampton University.

Amendment No. 22
Item 307 – Department of Medical Assistance Services
Increase Position Level for Medicaid Reform Efforts

General Assembly Action: Provided \$200,000 GF and \$200,000 NGF and five positions to establish a data analytics unit within the Department of Medical Assistance Services to enhance the ability of the department to monitor and improve the effectiveness of Medicaid and FAMIS, including overseeing and reporting on innovation and reform efforts.

Governor's Action: Proposes an additional five positions (for a total of 10 positions) to assist the agency in complying with the new provisions related to the implementation, monitoring and reporting of health care innovation and reform.

Amendment No. 23
Item 307 – Department of Medical Assistance Services
Provide Funding for Health Innovation Activities

General Assembly Action: Provided \$800,000 GF in FY 2013 to the Center for Health Innovation for grants to public and private organizations for projects designed to reduce the rising cost of health care, with a report on the allocation of funds due by September 30, 2013.

Governor's Action: Adds \$870,000 GF in FY 2014 and modifies language to reflect contractually obligated funds provided to George Mason University for health innovation efforts as well as grants to public and private organizations.

Notes:

- The introduced budget reserved \$3.0 million from the Virginia Health Care Fund for health innovation grants.
- The General Assembly rejected the use of the Virginia Health Care Fund for these efforts since the fund has historically been used to offset a portion of the general fund match for the Virginia Medicaid program.
- In providing the funding of \$800,000 GF for the Center for Health Innovation, the General Assembly was unaware of the \$1.67 million contractual obligation for funding these efforts.

Amendment No. 24
Item 307 – Department of Medical Assistance Services
Further Defines Medicaid Reform Efforts

General Assembly Action: Added language authorizing the Department of Medical Assistance Services (DMAS) to seek federal authority to implement a comprehensive reform of the Medicaid and FAMIS programs in three phases.

Phase 1

- Authorizes DMAS to proceed with current reforms related to implementation of a Medicare-Medicaid enrollee (dual eligible) demonstration project, enhanced program integrity and fraud prevention efforts, enrollment of foster care children in managed care, and implementation of a new eligibility and enrollment information system for Medicaid and social services.

Phase 2

- Requires DMAS to implement reforms for all Medicaid recipients subject to a Modified Adjusted Gross Income methodology for program eligibility and other groups not excluded from the Medallion II managed care program.
- Reforms are to include: (i) commercial-like services and benefits with the exception of non-traditional behavioral health and substance use disorder services; (ii) reasonable limitations on non-essential benefits; and (iii) patient responsibility including cost-sharing and active engagement in health and wellness activities.
- The reformed service delivery model is mandatory, to the extent allowed by federal law.
- Requires administrative simplification to develop and implement pilot programs that (i) leverage innovations and variations in regional delivery systems; (ii) link payment and

reimbursement to quality and cost containment outcomes; or (iii) encourage innovations that improve service quality and yield cost savings to the Commonwealth.

Phase 3

- Requires DMAS to seek reforms to include all remaining Medicaid populations and services in cost-effective, managed and coordinated delivery systems.
- Language requires the department to make recommendations to the 2014 General Assembly to implement managed and coordinated care for long-term care services, including home- and community-based Medicaid waivers.

Medicaid Expansion

- Language also requires DMAS to provide a report a the newly created Medicaid Innovation and Reform Commission (MIRC) on the specific waiver and/or State Plan changes that have been approved and status of implementing such changes, and associated cost savings or cost avoidance to Medicaid and FAMIS expenditures.
- The twelve-member commission is charged with reviewing the development of Medicaid and FAMIS reform proposals, progress in obtaining federal approval for reforms such as benefit design, service delivery, payment reform, and quality and cost containment outcomes, and the implementation of reform measures.
- Language requires DMAS to expand Medicaid eligibility up to 133% of poverty if the Medicaid Innovation and Reform Commission determine that the conditions for the reforms in each phase have been met and a report completed.
- Language provides a sum sufficient nongeneral fund appropriation if Medicaid eligibility is expanded.
- Budget language creates the Virginia Health Reform and Innovation Fund to be capitalized by the projected general fund savings attributable to the enrollment of newly eligible individuals, if criteria are met and Medicaid is expanded.
- Language contains provisions for disenrollment of the newly eligible population if the federal government reduces the enhanced federal match for the expansion population.
- Language also requires DMAS to develop a five-year consensus forecast of expenditures and savings associated with Medicaid and FAMIS reform efforts by September 1 of each year and engage stakeholders in meeting annual targets for quality and cost-effectiveness.

Governor's Action: Adds language to define Medicaid reform efforts in more detail. Language changes provide greater specificity regarding each phase of reform.

Phase 1

- Language provides criteria for determining successful implementation of (1) the dual eligible demonstration program, and (2) program integrity and fraud prevention efforts.

- Language is added to include reforms for (1) improved access to Veterans services through the creation of a Veterans Benefit Enhancement Program, and (2) expediting of tighter standards, service limits, provider qualifications and licensure requirements for community behavioral health services:

Phase 2

- Adds language to specify that the services and benefits to be provided to Medicaid recipients in this phase may include appropriate and reasonable limits on services such as occupational, physical and speech therapy and home care.
- Adds language requiring the service delivery model to include limited high-performing provider networks and medical/health homes; financial incentives for high quality outcomes and alternative payment methods, improvements to encounter data submission, reporting and oversight; standard administrative processes for providers; and support of the health information exchanges.

Phase 3

- Adds language to specify some of the remaining Medicaid services to be included in reform efforts to provide a managed and coordinated delivery system such as long-term care and home- and community-based waiver services. It further directs the department to begin the process to design this phase of reform and obtain federal authority to transition all remaining Medicaid beneficiaries into this delivery system and provide a report to the 2014 General Assembly.

Lastly, language is modified to require the five-year consensus forecast of expenditures and savings related to reform efforts to coincide with the Medicaid forecast, which is due November 14.

Amendment No. 25

Item 307 – Department of Medical Assistance Services

Create a Medicaid Customer Call Center

General Assembly Action: No action taken.

Governor's Action: Recommends an additional \$1.5 million GF and \$1.5 million NGF in FY 2014 for the Department of Medical Assistance Services to contract with a vendor to create a Medicaid call center, which will allow most individuals applying for Medicaid to do so telephonically, as required by federal regulations related to health care reform. Telephonic applications must be available by October 1, 2013.

Notes:

- The Governor's explanation notes that the initial cost for the call center is projected to be a total of \$3.0 million (all funds); however, the operational costs could exceed this amount, depending on the final contract and the actual workload of the call center.

Amendment No. 26

**Item 315 – Department of Behavioral Health and Developmental Services
Technical Language – Clarify Community Crisis Stabilization Services**

General Assembly Action: Provided an additional \$3.8 million GF in FY 2014 to expand community crisis intervention services in each region for individuals with intellectual disabilities and co-occurring mental health or behavioral disorders to meet the terms of the Department of Justice (DOJ) Settlement Agreement finalized in August 2012. The 2012 General Assembly had provided \$5.0 million each year for this purpose; however, the agency determined that the amount was insufficient to meet projected needs under the agreement.

Governor's Action (Technical): Adds language to clarify that community crisis services are also available to individuals with developmental disabilities consistent with the terms of the DOJ Settlement Agreement.

Amendment No. 27

**Item 345 – Department of Social Services
Technical Language – Account for Prior Year General Fund Refund**

General Assembly Action: Added language to capture savings of \$2.4 million in FY 2013 from a prior year refund to the Department of Social Services as a result of a multi-year financial reconciliation.

Governor's Action (Technical): Modifies language to reflect an additional \$2.0 million in FY 2013 reflecting higher than expected prior year refunds from the multi-year financial reconciliation. A companion amendment (Amendment No. 2) reflects these additional funds in the revenues listed on the front page of the Appropriation Act.

Amendment No. 28
Item 374 – Marine Resources Commission
Funding for Positions Currently Supported by Federal Grants

General Assembly Action: The General Assembly rejected the Governor's proposed use of \$221,572 GF to backfill federal grants currently supporting two marine police officers and two fisheries management technicians.

Governor's Action: The Governor's proposed amendment provides the \$221,572 GF for the four positions that the General Assembly previously rejected.

Amendment No. 29
Item 388 – Department of Corrections
Technical Language – Change Reporting Date for Inpatient Inmate Medicaid Savings Report

General Assembly Action: Directed the Departments of Corrections and Medical Assistance Services to provide a report to the Secretaries of Health and Human Resources and Public Safety and the Chairmen of the House Appropriations and Senate Finance Committees regarding the proposed use of Medicaid to offset inpatient hospitalization costs for aged, blind, and disabled inmates and the expected savings from that initiative. The original date for submission of that report was June 30, 2013.

Governor's Action (Technical): The Governor's proposed amendment simply provides the Departments of Corrections and Medical Assistance Services with additional time to produce the required report by changing the reporting date from June 30, 2013, to October 1, 2013.

Amendment No. 30
Item 389 – Department of Corrections
Provide Funding for Interface between Databases

General Assembly Action: The General Assembly rejected the Governor's proposed use of \$440,000 GF to develop an interface between the Department of Corrections' CORIS inmate management system and the Department of Social Services' customer portal. The General Assembly's action was predicated upon delays in the completion of the Department of Social Services' new eligibility modernization system, which is behind schedule due to delays in the contract award.

Governor's Action: The Governor's proposed amendment provides the \$440,000 GF for the development of the database interface between the Department of Corrections and the Department of Social Services. This amendment allocates the entire appropriation for the interface to the Department of Corrections. Originally, \$275,000 GF was provided to the Department of Corrections and \$165,000 GF was provided to the Department of Social Services.

Amendment No. 31

Item 389 – Department of Corrections

Provide Funding for Woodrum Impact for Assault and Battery of Staff Member in Facility for Sexually Violent Predators

General Assembly Action: Adopted SB 1033, which conformed the penalties for offenses committed by juveniles in juvenile correctional facilities to the penalties for similar offenses committed by adults in prisons. The fiscal impact of this legislation, or "Woodrum Impact," was \$50,000 GF. As approved by the General Assembly, SB 1033 mirrored HB 2065 (Peace).

Governor's Action: The Governor's proposed amendment provides an additional \$249,513 GF, reflecting the "Woodrum Impact" of a gubernatorial amendment to SB 1033 incorporating an increased penalty for the assault and battery of a staff member in a facility housing sexually violent predators. The amendment also makes revisions to the language contained within the enrolled budget to incorporate the additional provision contained in the revised SB 1033. All told, the fiscal impact of the revised legislation is \$299,513 GF.

Note:

- The House passed similar legislation, HB 1751 (Miller), providing an enhanced penalty for the assault and battery of a staff member in a facility housing sexually violent predators. The fiscal impact, or "Woodrum Impact," of that legislation was \$299,513 GF. The Senate Finance Committee failed to act on this legislation or its Senate counterpart.

Amendment No. 32

Item 393 – Department of Criminal Justice Services

Funding for Law Enforcement Training on Texting and Driving

General Assembly Action: Adopted HB 1907 (Anderson) and SB 1222 (Norment), which imposed fines for texting while driving. The fine for a first offense was \$250 and \$500 for a second or subsequent offense.

Governor's Action: The Governor's proposed amendment provides \$50,000 for the Department of Criminal Justice Services to develop a training program for law enforcement officers on texting

and driving laws. The amendment reflects a gubernatorial amendment to HB 1907 and SB 1222 adding a second enactment clause requiring the development and implementation of a training program for law enforcement officers on texting and driving laws by the Department of Criminal Justice Services.

Note:

- If the second enactment clause offered by the Governor to HB 1907 and SB 1222 is not approved, this appropriation would be unnecessary.

Amendment No. 33
Item 393 – Department of Criminal Justice Services
Technical Language – Change Reporting Date for Lethality Assessment
Program Review

General Assembly Action: Directed the Department of Criminal Justice Services to review the other states' experience in developing "lethality assessment programs." Lethality assessment programs provide training to first responders and law enforcement officers in responding to situations involving domestic violence and potentially deadly threats. This review was to assess the costs and benefits of such programs, and whether any steps to create such a program could be taken within the department's existing resources. This review was to be submitted to the Secretary of Public Safety and the Chairmen of the House Appropriations and Senate Finance Committees by July 15, 2013.

Governor's Action (Technical): The Governor's proposed amendment provides the Department of Criminal Justice Services with additional time to produce the required review by changing the reporting date from July 15, 2013, to October 1, 2013.

Amendment No. 34
Item 393 – Department of Criminal Justice Services
Technical Language – Change Reporting Date for Assessment of Alcohol
Monitoring Devices

General Assembly Action: Directed the Department of Criminal Justice Services to review the potential applicability of using alcohol monitoring devices for persons convicted of a first offense of driving while intoxicated. This report was to be submitted to the Secretary of Public Safety and the Chairmen of the House Appropriations and Senate Finance Committees by July 15, 2013.

Governor's Action (Technical): The Governor's proposed amendment simply provides the Department of Criminal Justice Services with additional time to produce the required review by changing the reporting date from July 15, 2013 to October 1, 2013.

Amendment No. 35

Item 423 – Innovation and Entrepreneurship Investment Authority Restore Funding in the Second Year for Modeling and Simulation Initiatives

General Assembly Action: Reallocated \$520,000 GF previously appropriated in FY 2014 for modeling and simulation initiatives to instead be directed to the provision of the \$2.5 million GF needed to create a Cyber-Security Accelerator. This Cyber-Security Accelerator is expected to create approximately 10 new high growth companies in the Commonwealth with annual sales projections of \$50 million per company.

Governor's Action: The Governor's proposed amendment would restore the \$520,000 GF in FY 2014 for modeling and simulation initiatives.

Note:

- The Commonwealth has provided \$4.8 million in both FY 2013 and FY 2014 for the provision of awards from the Commonwealth Research and Commercialization Fund for life sciences and technology developments in fields including modeling and simulation projects among others.

Amendment No. 36

Item 430 – Secretary of Transportation Technical Language – Virginia Railway Express

General Assembly Action: No action taken.

Governor's Action (Technical): The Governor's proposed amendment provides flexibility for the Department of Rail and Public Transportation (DRPT) regarding the source of funding used for rail leasing costs of the Virginia Railway Express (VRE). Given that DRPT has the ability to provide these payments through its normal funding processes, there is no need for dedicating a particular funding source to VRE in order to cover the state's support for this entity.

Note:

- The amendment adjusts language changed in the Governor's proposed amendments to HB 1500. The original language, proposed in response to the newly adopted federal funding authorization legislation, MAP-21, was unnecessarily restrictive.

Amendment No. 37
Item 430 – Secretary of Transportation
Increase Funding for Commercial Spaceflight Authority

General Assembly Action: No action taken.

Governor's Action: The Governor proposes to provide an additional \$1.5 million NGF in the first year to support spaceflight launch activities at the Virginia Commercial Spaceflight facility on Wallops Island. No request was made for this funding in the Governor's introduced amendments to HB 1500.

Note:

- When the adopted budget was approved, neither Virginia nor Florida had conducted successful launches and Virginia had not yet conducted a successful test fire. Florida has since had one SpaceX launch, Virginia had a successful test fire and the first flight from Virginia will occur in April. However, the VCSFA budget assumed revenue from 3 launches per year at \$1.5 million each. Because of the delay it is more likely that 2 launches will occur this year.

Amendment No. 38
Item 430 – Secretary of Transportation
Technical Language – Dulles Greenway Report Date

General Assembly Action: Included language directing the Secretary of Transportation to investigate the efficacy of the state purchasing the Dulles Greenway. The language stipulates that such purchase would not occur unless the purchase price could be funded by the existing toll revenues generated at the facility.

Governor's Action (Technical): The proposed amendment moves the deadline for the report on the potential to purchase the Dulles Greenway from August 1, 2013, to October 1, 2013, to provide sufficient time to undertake a thorough review.

Amendment No. 39
Item 440 – Department of Rail and Public Transportation
Technical Language – Reflect Provisions of SB 1140

General Assembly Action: No action taken.

Governor's Action (Technical): The Governor is proposing a language amendment to HB 1500 to reflect changes in the share of administrative funding that can be retained by the department to mirror provisions of SB 1140 as adopted by the 2013 General Assembly as well as to allow the same percentage rate to be applied to the Intercity Passenger Rail Operating and Capital Fund.

Amendment No. 40
Item 441 – Department of Rail and Public Transportation
Technical Language – Reflect Provisions of SB 1140

General Assembly Action: No action taken.

Governor's Action (Technical): The Governor's proposed amendment would eliminate pre-existing language in HB 1500 relating to the maximum operating assistance an individual transit property can receive. This language is no longer necessary as the issue of transferring funds from the operating program to the capital program is addressed in SB 1140 and now has been codified.

Amendment No. 41
Item 442 – Department of Rail and Public Transportation
Technical Language – Reflect Provisions of HB 2313

General Assembly Action: No action taken.

Governor's Action (Technical): The Governor's proposed amendment adds clarifying language to ensure that the additional funds dedicated to the Intercity Passenger Rail Operating and Capital Fund pursuant to HB 2313 can be allocated as specified in the Code.

Amendment No. 42
Item 457 – Virginia Port Authority
Funding for Port Development Zone Grant

General Assembly Action: The Conference Report authorized the Governor to utilize up to \$1.0 million in revenues in the Governor’s Development Opportunity Fund (GOF) for the Port of Virginia Economic and Infrastructure Development Zone Grant Fund established by the 2012 General Assembly.

Governor's Action: The proposed amendment provides \$1.0 million GF in the second year for the Port of Virginia Economic and Infrastructure Development Zone Grant Fund in lieu of the authority to utilize GOF funding for this purpose.

Amendment No. 43
Item 459 – Secretary of Veterans Affairs and Homeland Security
Provide General Fund Match for Federal Grant

General Assembly Action: The General Assembly rejected the Governor’s proposed use of \$250,000 GF in FY 2014 to match an anticipated federal grant from the U.S. Department of Defense’s Office of Economic Adjustment. The information provided about the grant was that it was to be used to compile a database of defense contractors.

Governor's Action: The Governor’s proposed amendment provides \$220,000 GF to match this anticipated federal grant from the U.S. Department of Defense’s Office of Economic Adjustment. Virginia is seeking a \$2.2 million grant that will be used to establish Displaced Defense Reemployment Centers. Although the amendment does not describe how many centers will be established, it is expected that these centers will focus on reemploying displaced components of the defense-industrial complex. This could include assisting small defense subcontractors apply for other contracts, the provision of unemployment counseling or job search services for unemployed defense contractors, federal civil servants, or veterans, and assistance with area job fairs and other services.

Note:

- The initiative is based on the program established in Suffolk for assisting persons displaced by the Joint Forces Command’s elimination. That effort, also supported by a grant from the Department of Defense’s Office of Economic Adjustment, assisted defense contractors to secure new contracts, provided intensive job fairs for displaced project managers, and provided services for job searches and other assistance. This center is now winding down as the federal grant has been exhausted.

- It is expected at least three Displaced Defense Reemployment Centers may be created – possibly two in Hampton Roads and one in Fairfax County.
- The Commonwealth has also created a Fort Monroe Freedom Support Center focusing on veterans, their transition into private sector employment, and their families’ needs. That Freedom Support Center, created in 2012, is supported by \$199,900 GF in FY 2013 and \$187,612 GF in FY 2014 along with \$200,000 in nongeneral funds each year. It is not known if this center’s focus could be expanded within its current resources to serve as one of the Hampton Roads locations.

Amendment No. 44
Item 468 – Central Appropriations
Technical - Adjust Classified Compensation Plan Pay Band

General Assembly Action: The General Assembly authorized and funded a 2% salary adjustment for state employees and a \$65 per year of service salary compression adjustment effective July 25, 2013.

Governor's Action (Technical): The Governor’s proposed amendment adjusts the top of the salary band ranges for state employees by 7%, to account for the 2% increase and the 5% salary adjustment adopted in 2011 pursuant to the 5% employee retirement contribution, and \$1,950 which is the maximum salary compression adjustment.

Amendment No. 45
Item 469 – Central Appropriations
Increase Economic Contingency for Unbudgeted Severance and Earmarks

General Assembly Action: The General Assembly reduced the amount of money included in the introduced budget for WTA severance costs for staff in the cabinet offices and Governor’s office from \$2.4 million to \$1.2 million. The budget included in the funding for the severance cost in the Economic Contingency fund.

Governor's Action: The Governor’s proposed amendment provides \$2.0 million GF in additional funding for the Economic Contingency fund to increase the funding for the severance cost back to the \$2.4 million level and to provide \$800,000 in additional funding for the economic contingency fund.

Amendment No. 46
Item 469 – Central Appropriations
Adjust Language Dealing with Use of the FACT Fund

General Assembly Action: Revised the language governing the FACT Fund to state that its sole purpose was to offset the potential loss of revenue to the Commonwealth, directly or indirectly, from federal budget reductions. Language also provided \$6.2 million to address encroachment on U.S. Navy Master Jet Base Oceana and \$3.0 million in matching funds to mitigate encroachment around Langley Air Force Base. After the inclusion of funding for encroachment around Oceana and Langley, a balance of \$13.3 million would remain in the FACT Fund.

Governor's Action: The Governor's proposed amendment includes language stating that up to \$5 million from the FACT Fund may be used to develop plans and implement strategies to prevent or limit the adverse economic impacts of the closure, relocation, or realignment of federal military or security installations or other federal agencies in Virginia. In addition, a portion of this amount may be used for remedial economic development in those localities adversely affected by federal base or other federal agency closures, relocation, or realignments. If the Governor's amendment is approved, the balance in the FACT Fund to offset potential revenue losses to the Commonwealth from federal budget reductions would equal \$8.3 million.

Amendment No. 47
Item C-39.40 – Central Capital Outlay
Technical – Bond Authorization Language

General Assembly Action: Authorized the use of new and existing bond authority for the construction and renovation of about 50 projects previously authorized for planning in Chapter 3 as well as water quality improvement projects.

Governor's Action (Technical): Proposes technical language changes to the item to address concerns of the Department of Treasury and bond counsel.

Amendment No. 48
Item 4-1.04 – Appropriations Increases
Amend Language Regarding NGF Appropriation Balance Notification

General Assembly Action: Added language requiring the Department of Planning and Budget to notify the Chairmen of the money committees at least 30 days prior to making an appropriation from nongeneral fund cash balances. Language also restricts the use of revenues deposited to the

Virginia Health Care Fund for purposes other than providing for the state share of Medicaid expenditures.

Governor's Action: Modifies language related to the notification of an appropriation of nongeneral fund cash balances. Instead of providing a notification 30 days prior to the appropriation, notification would be provided at least 10 days following the approval of the appropriation of such balances.

Notes:

- The Governor's explanation notes that a 10-day reporting requirement is consistent with most other reporting requirements in the Appropriations Act, such as disbursements from the FACT fund.
- The Governor is also concerned that a 30-day prior notification may impede the ability of agencies to comply with prompt payment requirements for expenditures that are approved for payment using such cash balances, particularly during the month of June when agencies may need funds to close out the fiscal year and pay bills.

Amendment No. 49

**Item 4-5.12 – Agreements to Sell, Lease or Transfer Port Facilities
Eliminate Language Prohibiting Such Actions**

General Assembly Action: The General Assembly included language prohibiting the sale, lease or transfer of major VPA facilities without prior approval by the General Assembly.

Governor's Action: The Governor's amendment proposes to eliminate the language prohibiting the VPA from entering into an agreement pursuant to the Public-Private Transportation Act without General Assembly approval.

Note:

- On March 26, the Port Authority's Board of Commissioners voted unanimously to discontinue negotiations with two companies that were seeking to lease and operate most of the state's terminals.

Amendment No. 50
Item 4-7.01 – Statewide Plans

**Technical - Restriction on Employees Required to Work Fewer Than 30 Hours
Per Week**

General Assembly Action: The General Assembly amended and adopted language included in the introduced budget to limit the hours work by wage employees to no more than 29 hours per week. The conference report specified that this limit be applied to the number of hours worked on average over the course of a year, to allow maximum flexibility. This language was in response to the federal Affordable Care Act which requires employers to treat employees who work 30 more hours a week as full-time employees for purposes of offering health insurance.

Governor's Action (Technical): The Governor's amendment replaces the original language with language which is designed to provide greater clarification and detail, especially regarding the use of adjunct faculty. The new language further clarifies that each agency or institution of the state is an individual employer for purposes of calculating the 29-hour limit. The language was developed with input from the Department of Human Resource Management, the Office of the Attorney General and the Higher Education Community.

Amendment No. 51
Item 4-14.00 – Effective Date and Additional Enactments
Enactment Clause for New Circuit Court Judgeship

General Assembly Action: The House passed HB 2093 which would increase the number of authorized circuit court judgeships in the 15th judicial circuit from 8 to 9 judgeships. The 15th circuit consists of the City of Fredericksburg and the Counties of Caroline, Essex, Hanover, King George, Lancaster, Northumberland, Richmond, Spotsylvania, Stafford and Westmoreland. The bill was passed by indefinitely in Senate Finance (9 to 6 vote).

Governor's Action: Included in the Governor's proposed amendments is a series of 5 amendments which authorizes and funds an additional circuit court judgeship for the 15th circuit and provides funding through the Compensation Board for court support staff. Amendment number 51 would authorize and codify the increase in the number of judgeships.

Notes:

- Based on the 2012 calendar year caseload per judge the 15th circuit is 42% above the statewide average and even if the additional judgeship is approved the circuits per judge caseload would still be 26% above the statewide average.
- Amendments 3, 5, 6, 7 and 51 are all companion amendments. Amendment 51 authorizes/creates the additional judgeship, amendment 3 funds the salary for the judge

and amendments 5, 6, and 7 adjust funding and staffing levels for court support staff through the Compensation Board.

Amendment No. 52
Item 4-14.00 – Effective Date and Additional Enactments
Amend Language on the Submission of
Gubernatorial Amendments

General Assembly Action: Included language requiring the submission of specific, separate, and severable amendments by the Governor for any proposed amendments to any Appropriation Act in effect at that time. Language provided that this requirement would not take effect until the 2015 Session and that a workgroup consisting of staff from the House Appropriations and Senate Finance Committees, the Department of Legislative Automated Services, and the Department of Planning and Budget would be established to determine the format, transmission method, and submission date, as well as other factors necessary for implementation of this policy. Biennial budget bills would continue to be submitted by Governor as is current practice.

Governor's Action: The Governor's proposed amendment eliminates the General Assembly's language regarding the submission of specific, separate, and severable amendments.

Note:

- The submission of specific, separate, and severable amendments is not a new policy. The amendments submitted by the Governor for this Reconvened Session are in the form of specific, separate, and severable amendments. Following the submission of his introduced budget, the Governor also submits specific, separate, and severable amendments to correct errors and omissions. In fact, when submitting those executive amendments, the Governor is held to the same deadlines as are members of the General Assembly when submitting their proposed changes to the introduced budget.