



2016 Session Budget Overview Amendments to FY 2014-16 Budget Proposed FY 2016-18 Budget

**House Appropriations Committee
January 13, 2016**



Economic Assumptions in HB 29/30

- Governor McAuliffe's budget proposal is based on IHS Economic's November economic outlook, adjusted to reflect recommendations made by the Governor's Advisory Council on Revenue Estimates (GACRE)
- Overall, growth rates for FY 2016 remain largely unchanged since one year ago, with Virginia assumed to continue to underperform the national overall
 - Factors project marginally improved growth in the current year, and slightly lower growth in the upcoming biennium than previously projected

Economic Indicator	Forecast Date	FY 2016	FY 2017	FY 2018
Employment	Nov 14	1.4%	1.8%	1.2%
	Nov 15	1.5%	1.3%	1.0%
Personal Income	Nov 14	3.8%	4.8%	5.0%
	Nov 15	3.7%	3.8%	4.2%
Average Wage	Nov 14	2.0%	2.8%	3.0%
	Nov 15	2.4%	2.9%	3.0%

- However, because FY 2015 revenues exceeded the estimate by \$549.6 million, even prior to any changes to the growth rates, the increased base translates to additional revenue in the current year

FY 2016 Forecast Revisions

- Adjusted for the higher than anticipated FY 2015 base, the December revisions to FY 2016 result in a 3.2% growth rate
 - The economic-based growth rate is 4.3% prior to accounting for the imposition of the “modified collar” on nonwithholding tax collections
- The economic model projected increased revenues totaling \$913.1 million for FY 2016
 - Based on concerns expressed at GACRE regarding year-to-date withholding and corporate tax collections, adjustments were made to the growth rates for those sources, reducing assumed additional revenues to \$818.1 million
 - A policy decision was then made to continue “collaring” the nonwithholding tax forecast, with the reduction capped at 1% of total GF revenues, resulting in a further take-down of \$181.9 million in the current year
 - The net result, after technical revisions, is an additional \$588.3 million in GF revenue for FY 2016
- The most substantial adjustments included in the December revision increased the assumed collections for our largest sources
 - Growth rate for withholding taxes increased from 3.4% to 4.1%
 - Sales tax now assumed to grow 5.0%, compared to prior assumption of 3.3% growth
- These upward adjustments were offset by a decrease in corporate income tax growth from -1.3% to -9.5%

FY 2016: Where Do We Stand Year-To-Date?

- Through November, revenue collections grew 2.1% (adjusted for AST), with all major sources lagging the forecast on a year-to-date basis
 - Two sources most substantially lagging the revised forecast are corporate income and individual withholding taxes
- January is a key month for revenue collections
 - Sales taxes for Christmas season are remitted in January
 - January 15: Due date for the fourth quarter individual estimated income tax payments – one area of relative strength year-to-date
- Will have the opportunity to make Mid-Session adjustments to the forecast if revenue forecasts don't improve in December and January

FY 2016: Where Do We Stand Year-To-Date?

General Fund Revenue Forecast for Fiscal Year 2016

Major Source	YTD Actual Growth Through November	Revised December Forecast	Dec-Jun Required to Meet Estimate
Withholding	2.0%	4.1%	5.5%
Nonwithholding	5.7%	1.9%	1.0%
Refunds	1.8%	3.7%	4.0%
Net Individual	2.4%	3.6%	4.4%
Sales (AST Adjusted)	4.5%	5.0%	5.3%
Corporate	(30.1%)	(9.5%)	(3.0%)
Wills (Recordation)	9.6%	7.7%	6.4%
Insurance	n/a	5.7%	5.7%
All Other Revenue	3.6%	(0.4%)	(2.4%)
Total GF Revenues	1.3%	3.2%	4.4%
Adjusted for AST	2.1%	3.2%	3.9%

Note: This reflects the total GF revenue forecast and transfer changes reflected in HB 29.

HOUSE BILL 29

HB 29 – Budgetary Adjustments in FY 2016

	(\$ in millions)
Assumed Resources: Chapter 665	\$18,769.2
Revised Resources	
Prior Year Balance	\$ 676.5
Additions to Balance	(428.4)
Revenue Forecast (Offset by Policy Adjustments)	18,308.9
Revenue Stabilization Fund	235.0
Transfers	568.9
Total GF Resources in HB 29 as Proposed	\$19,360.9
Appropriations	
Chapter 665 FY 2016 Base	\$18,764.2
Net Adjustment to Appropriations	170.7
Total FY 16 Appropriations in HB 29 as Proposed	\$18,934.9
Unappropriated Balance (Carried forward into FY 2017-2018 Biennium)	\$ 426.0

HB 29 Savings and Spending Proposals

- HB 29 reflects a net appropriation adjustment of \$170.7 million
- Reductions total \$69.1 million. The 3 largest savings are:
 - \$33.3 million due to technical revisions in Direct Aid to Public Education
 - \$13.3 million in funds retracted from DHBHDS for reclassifying and decertifying geriatric facilities (portion reallocated for Medicaid-related costs)
 - \$8.7 million in Treasury Board adjustments due to debt service savings
- Proposed new spending for FY 2016 totals \$238.9 million and is driven almost entirely by forecast changes:
 - \$166.6 million for increases in Medicaid utilization and inflation
 - \$18.1 million for CSA caseload and expenditure growth
 - \$11.3 million for increased jail per diem payments
 - \$7.3 million in one-time costs associated with training center closures

HOUSE BILL 30

FY 2016-18 Biennial Forecast

- The overall GF economic growth rates (excluding transfers) for FY 2016–18 are:
 - FY 2017: 3.0%
 - FY 2018: 3.7%
- Embedded in these figures is the continuation of the “modified collar” on nonwithholding which reduces revenues by \$188.2 million in FY 2017 and \$194.3 million in FY 2018
- Total growth is slightly behind last year’s official forecast for these two years, driven largely by caution regarding the length of the economic cycle and unknowns related to the expiring of the federal budget deal
 - Reflects continued concern regarding Virginia’s reliance on federal spending
 - For comparison, Virginia’s long-term average annual growth has been in the 6% range

GF Forecast: Fiscal Years 2017 & 2018

Source	FY 2017 Forecast	FY 2017 % Growth	FY 2018 Forecast	FY 2018 % Growth
Withholding	\$11,944.7	3.9%	\$12,382.1	3.7%
Nonwithholding	3,156.8	1.9%	3,384.3	7.2%
Refunds	(1,939.1)	6.4%	(2,013.2)	3.8%
Net Individual	13,162.4	3.0%	13,753.2	4.5%
Sales	3,528.9	3.9%	3,663.1	3.8%
Corporate	778.0	3.3%	724.9	(6.8)
Recordation	379.4	1.7%	379.4	0.0%
Insurance	330.6	4.0%	345.3	4.5%
All Other	681.1	(1.2%)	685.5	0.6%
Total GF Revenue	\$18,860.3	3.0%	\$19,551.4	3.7%
ABC Profits	78.9	(0.0%)	79.5	0.8%
Sales Tax (0.375%)	388.2	4.9%	401.7	3.5%
Transfers Per Act	103.0	(0.1%)	103.0	0.0%
Total Transfers	570.1	0.2%	584.2	2.5%
Total General Fund	\$19,430.4	2.9%	\$20,135.6	3.6%

Tax Policy Adjustments Assumed in HB 30

(\$ in millions)

Proposed Tax Policy Changes	FY 2017	FY 2018	Biennial
Accelerated Sales Tax – Remove additional merchants from requirement (HB 30, Part 3)	(\$36.7)	(\$27.0)	(\$63.7)
Increase Personal Income Exemption (Stand-alone legislation)	(13.9)	(28.1)	(42.0)
Reduce Corporate Income Tax Rate to 5.75% (Stand-alone legislation)	(17.2)	(46.5)	(63.7)
Increase Neighborhood Assistance Act credit caps (Stand-alone legislation)	(5.0)	(5.0)	(10.0)
Establish New R&D Tax Credit (Stand-alone legislation, includes other R&D credit listed below)	(0.0)	(15.0)	(15.0)
Increase Existing R&D Tax Credit (Stand-alone legislation, includes other R&D credit listed above)	(0.0)	(1.0)	(1.0)
Increase Angel Investor Tax Credit (Stand-alone legislation)	(4.0)	(4.0)	(8.0)
ABLE Accounts Tax Deduction (HB 30, Part 3)	(0.2)	(0.5)	(0.7)
Food Bank Tax Credit (Stand-alone legislation)	(0.2)	(0.3)	(0.5)
Total: Tax Policy Changes	(\$77.2)	(\$127.4)	(\$204.6)

OVERVIEW: SAVINGS AND SPENDING IN HB 30

Overview: Spending Proposals in HB 30

- The Governor's proposed biennial budget includes total spending increases of \$3.3 billion compared to the FY 2014-16 biennium
 - This amount includes the appropriation of \$605.6 million in FY 2017 to the Revenue Stabilization Fund and \$61.7 million to the Water Quality Improvement Fund – amounts that already have been set aside from the FY 2015 surplus
- Exclusive of these prior actions, net new spending totals \$2.65 billion
- Medicaid and K-12 alone comprise 60%, or \$1.6 billion, of the adjusted new spending
- Other areas of focus in HB 30 are listed below:
 - Fully funds VRS rates
 - Investing in higher education
 - Research and biotechnology initiatives
 - Economic development proposals
- The spending proposals in HB 30 would leave an unappropriated balance of \$17.6 million at the end of the biennium

New Spending Proposed in HB 30

17 Requirements/Initiatives Account for 94% of Spending

(\$ in Millions)	Biennial
Medicaid Utilization and Inflation	\$ 789.1
Appropriate Deposits to Revenue Stabilization Fund	605.6
K-12: Update Costs of Standards of Quality Rebenchmarking	429.8
2% Salary Increase (State, State-Supported Locals, K-12)	159.4
Fund State Employee Health Insurance Program	143.2
K-12: Initiative to Provide Instructional Positions in Local Schools	139.1
New Initiative - Research and Economic Development Grant Pools	138.5
Maintenance Reserve for Buildings, Systems and Equipment	129.4
Provide Debt Service for Projects and Equipment	107.8
DOJ Settlement: Waivers, Redesign, Crisis Services, Rental Subsidies	102.9
Fund Actuarial Rates for Retirement (State Employee and K-12)	91.0
Water Quality Improvement Fund Deposit (FY 2015 surplus and balances)	61.7
Higher Education: Access and Completion Initiative	50.0
K-12: At Risk Add-On with State Bd. Authority to Withhold Funding	49.7
Higher Education: Financial Aid	48.0
Open Culpeper Correction Center for Women (255 positions)	39.3
Children's Services Act: Caseload and Expenditure Growth	36.2
All Other Spending (net)	153.1
Spending Contingent on Medicaid Expansion (exclusive of front page tax policy changes)	51.2
Total Spending:	\$ 3,325.0

DETAILS BY SECRETARIAL AREAS

HEALTH & HUMAN RESOURCES

HB 29: Net Increase of \$196.4 million GF

- New general fund spending totals \$217.8 million in FY 2016, mostly driven by forecast changes:
 - \$166.6 million for the Medicaid forecast
 - \$18.1 million for caseload and expenditure grown in CSA
 - \$7.3 million in training center closure costs
 - \$1.7 million for increased costs of child welfare services
 - \$1.1 million for increased costs of involuntary mental commitments
 - \$1.0 million for Part C Early Intervention Services
- Other significant new general fund spending includes:
 - \$7.1 million to fund the transition of the new eligibility system in the Department of Social Services from development to full operation
 - \$4.4 million to maintain services and backfill the loss of federal funds for Hancock Geriatric Treatment Center at Eastern State Hospital
 - \$4.0 million to maintain current Medicaid certification at Piedmont Geriatric and Catawba Hospitals as psychiatric hospitals
 - \$1.0 million to fund coverage notices to Medicaid recipients as required by the federal Affordable Care Act
- Reductions proposed in the introduced budget total \$21.4 million GF, are driven by technical adjustments
 - \$8.2 million GF from expenditure forecast updates in the children's health insurance programs (FAMIS, SCHIP)
 - \$8.6 million GF in savings from retracting funds from DBHDS to reclassify Piedmont Geriatric and Catawba Hospitals as nursing facilities

HB 30: Net Increase of \$824.3 million GF

- General fund spending increases total \$1.2 billion over the biennium
 - 78% of new funding driven by mandated programs, primarily Medicaid
 - \$789.1 million GF for Medicaid forecast
 - \$123.6 million GF over biennium to address the DOJ Settlement Agreement
 - \$46.0 million GF for the 855 DOJ required ID/DD waiver slots
 - \$3.8 million GF for 100 reserve ID/DD waiver slots
 - \$36.2 million GF over the biennium for ID/DD waiver redesign
 - \$27.8 million GF for DOJ related services and administrative costs
 - Required funding is offset by savings from training center closures
 - \$36.2 million for projected expenditures in the CSA program
 - \$16.5 million to address federal decertification of Hancock Geriatric Treatment Center
 - \$11.8 million for projected foster care and adoption subsidy payments
 - \$10.4 million for a new Medicaid management information system
- Savings total \$368.8 million GF over the biennium
 - \$64.1 million in forecast adjustments to the Virginia Health Care Fund and FAMIS and SCHIP programs due to change in federal matching rate (FMAP) from 65% to 88%
 - \$20.7 million in savings from the closure of state training centers as part of the DOJ Settlement Agreement (offset to DOJ costs above)
 - \$60.6 million from withholding Medicaid inflationary from hospitals, nursing homes, outpatient rehabilitation facilities and home health agencies
 - \$11.9 million from limiting overtime paid for Medicaid consumer-directed attendants to who work more than 40 hours per week, ensuring total hours do not exceed 56 per week

HB 29/30 DMAS Forecasts

DMAS Forecasts (GF \$ in millions)	FY 2016	FY 2017	FY 2018
Medicaid Utilization and Inflation Official Forecast*	\$166.6	\$327.4	\$461.7
Withhold hospital inflation adjustment	0	(15.0)	(32.7)
Withhold nursing home inflation adjustment in FY 18	0	0	(12.7)
Withhold outpatient rehab & home health agency inflation in FY 2018	0	0	(0.2)
Adjust Medicaid funding for revenue changes in the Virginia Health Care Fund (comprised of Tobacco MSA, tobacco taxes and Medicaid recoveries)	0	(17.9)	(1.2)
Adjusted Medicaid Forecast	\$166.6	\$294.5	\$414.9
Involuntary mental commitment forecast	1.1	1.8	1.8
FAMIS children's health insurance forecast	(6.8)	(14.6)	(14.2)
Medicaid children's health insurance (SCHIP) forecast	(1.4)	(8.3)	(7.9)
Total DMAS Health Care Forecasts	\$159.5	\$273.4	\$394.6

*Official forecast includes policy decisions in the 2016-18 biennium, some of which are rescinded through policy adjustments. Policy decisions include inflationary increases to hospital, nursing home and other provider payments.

HB 30: Other DMAS / Medicaid Spending

Targeted Spending Items*	2016-18 (GF \$ in millions)
Rates and Services:	
Increase personal care rates by 2%	\$15.1
Increase private duty nursing rates by 2%	1.2
Expand coverage/increase rates for Medicaid substance use disorder treatment services	11.0
Add coverage of Applied Behavioral Analysis in FAMIS	0.3
Administrative and Technical:	
Replace Medicaid management information system	10.4
Fund increased costs of actuarial, MCO enrollment broker, and cost settlement and audit contracts	4.8
Maintain Piedmont Geriatric TC & Catawba Hospital current Medicaid certification (offset by DBHDS transfer of funds)	4.0
ACA required notices to recipients of Medicaid coverage	1.5
Add 7 positions for managed care contract oversight	0.7
Total	\$49.0

*Does not include base adjustments and targeted spending for the U.S. DOJ Settlement Agreement.

HB 30: DMAS & Medicaid Savings

Targeted Reductions	2016-18 (GF \$ in millions)
Savings from training center closures and discharges	(\$20.7)
Reduce and transfer GF match to DBHDS to reflect Medicaid decertification of Hancock Geriatric Treatment Center at Eastern State Hospital	(13.3)
Limit overtime costs for consumer-directed attendants who work more than 40 hours per week, ensuring total hours do not exceed 56 per week	(11.9)
Implement new managed long-term services and supports (MLTSS) contract	(7.2)
Total	(\$53.1)

Proposed ACA Medicaid Expansion

- Adds language to expand Medicaid to individuals with incomes up to 138% of the federal poverty level by July 1, 2016, or as soon as feasible thereafter, pursuant to the federal Affordable Care Act (ACA)
- Net savings are projected to be \$59.2 GF in FY 2017 and \$97.7 million in FY 2018 based on a January 1, 2017 start date
 - Savings based on the elimination of state general fund dollars for health care programs for individuals who may become eligible under expanded eligibility
 - Language in Central Accounts allocates a portion of the savings for a number of spending initiatives and links the remainder to a reduction in general fund revenues for 2 tax policy changes
 - Language in Central Accounts provides DMAS with authority to impose a private acute care hospital assessment up to 3% of a hospital's net patient revenue
 - Revenue estimated at \$443.4 million over the biennium would be deposited in the Virginia Health Care Fund to:
 - Cover future state costs of Medicaid expansion
 - Increase payments to hospitals
 - Increase funds for graduate medical education
 - Cover cost of administering the hospital assessment

Projected Costs/Savings of Medicaid Expansion

Estimated GF Costs and Savings (\$ in millions)	FY 2017	FY 2018
Coverage of Newly Eligible Adults to 138% FPL	\$18.8	\$141.8
Coverage for Additional Eligible but Unenrolled "Woodwork"	0.2	3.3
Coverage of Dept. of Corrections Inmates	0.4	2.1
ACA Insurance Tax	0.0	0.3
DMAS Additional Administrative Costs for Expansion	11.8	15.2
DSS Eligibility Determinations	<u>1.4</u>	<u>2.2</u>
Estimated Costs of ACA Medicaid Expansion	\$32.6	\$164.9
Substitution of Medicaid Coverage for Indigent Care Funding	(\$49.6)	(\$126.7)
State-Funded Community Behavioral Health Services	(12.1)	(29.1)
Incarcerated Populations (DOC Prisons)	(9.9)	(24.7)
FAMIS Pregnant Women Enrollees	(9.4)	(43.4)
GAP Program for Seriously Mentally Ill up to 60% FPL	(8.1)	(19.2)
Divert Disabled/Medically Needy Enrollments	(0.9)	(10.7)
Medicaid Breast & Cervical Cancer Enrollees	(0.9)	(6.3)
Medicaid Family Planning (0-100%) Program Enrollees	(0.3)	(1.0)
Services for Individuals w/Temporary Detention Orders	<u>(0.5)</u>	<u>(0.5)</u>
Estimated Savings of ACA Medicaid Expansion	(\$91.7)	(\$262.6)
Net Savings of ACA Expansion	(\$59.1)	(\$97.7)

Allocation of Funds from Medicaid Expansion Savings

(\$ in millions)	FY 2017	FY 2018
Appropriations for Central Account Spending:		
GO Virginia Grants – Per Capita	\$0	\$6.2
GO Virginia Grants – Competitive Grants	0	\$6.7
Commercial Center for Advanced Manufacturing	2.0	2.0
Establish Global Genomics & Bioinfo. Research Institute	16.0	0
Massey Cancer Center	5.5	3.0
Jamestown-Yorktown 2019 Celebration	1.5	1.5
DSS to Extend Unisys Mainframe for 1 year	<u>3.0</u>	<u>3.7</u>
Subtotal Appropriation Items	\$28.0	\$23.1
Tax Policy Changes Linked to Savings:		
Reduce Corporate Income Tax Rate to 5.75% (Stand-alone legislation)	(\$17.2)	(\$46.5)
Increase Personal Income Exemption (Stand-alone leg.)	<u>(13.9)</u>	<u>(28.1)</u>
Subtotal Tax Policy Changes	\$31.1	\$74.6
Total Use of Medicaid Expansion Savings	\$59.1	\$97.7

Dept. of Behavioral Health & Developmental Svs.

- Net spending of \$64.1 million GF over the biennium for behavioral health and developmental services
- Major spending items include:
 - \$56.6 million in base adjustments (salary increases and related adjustments)
 - \$36.3 million for items related to compliance with the U.S. DOJ Settlement Agreement
 - Additional DOJ Spending in DMAS and Dept. for Aging and Rehabilitative Svs.
 - \$34.1 million for facility mental health services, primarily geriatric
 - \$6.5 million for community mental health services
 - \$4.2 million for Part C early intervention services
 - \$2.0 million for special hospitalization costs for residents at the Virginia Center for Behavioral Rehabilitation
- Major savings items include:
 - \$41.3 million in savings for CSBs due to Medicaid expansion
 - \$17.1 million by eliminating funds provided last Session to convert Piedmont Geriatric and Catawba Hospitals to nursing homes
 - \$16.0 million in a transfer to DMAS to be used as state match for Medicaid reimbursed training center operations (salary & fringe benefits)

DOJ Settlement Agreement Spending

DOJ Settlement Agreement Related Items (\$ in millions)	FY 2017	FY 2018
DMAS: ID/DD Waiver slots – 180 ID slots for facility discharges; 625 ID waiver slots and 50 DD waiver slots for community waiting list	\$14.2	\$31.8
DMAS: Waiver redesign (higher rates and new services)	13.2	23.0
DMAS: 100 Reserve emergency waiver slots	1.8	1.8
DARS: Guardianship services for 195 individuals	0.5	1.0
DBHDS: Crisis services	4.3	5.3
DBHDS: Rental Assistance & Rental Choice VA Subsidy Program	2.3	4.2
DBHDS: Add developmental disability support network in SW Virginia	1.3	1.3
DBHDS: Transitional funding for training center discharges	0.6	0.5
DBHDS: Services for non-Medicaid eligible training ctr. Discharges	0.5	0.5
DBHDS: Added staff for DOJ related oversight, compliance & support	2.5	3.0
DBHDS: Added costs for Independ. Reviewer & critical event tracking	1.0	0.3
DBHDS: Training center closure costs	4.8	3.9
DMAS: Medicaid savings from planned facility closures	(9.8)	(10.9)
Total Costs of U.S. DOJ Settlement Agreement Related Items	\$37.2	\$65.7

DBHDS Mental Health Services

- Facility mental health services (\$34.1 million GF over biennium)
 - \$29.8 million GF for state funded geriatric services at Hancock Geriatric Treatment Center (HGTC) at Eastern State Hospital
 - \$13.3 million GF is transferred from DMAS representing the state Medicaid match for HGTC over biennium
 - \$16.5 million is added over the biennium to backfill loss of federal Medicaid revenue for geriatric services at HGTC
 - \$2.4 million to increase pay differential for hard-to-fill shifts at nine state mental health hospitals
 - \$1.0 million to plan for Catawba Hospital closure
 - \$0.8 million to add direct care staff at WSH to handle high acuity admissions
 - \$0.1 million to increase pediatric services for children at CCCA
- Community mental health services (\$6.5 million GF over biennium)
 - \$4.5 million for transitional housing for forensic patients ready for discharge from Eastern State Hospital
 - \$1.2 million for up to 3 post-booking diversion programs for individuals with mental illness or substance use disorders
 - \$354,705 and two positions to create an oversight system for court-ordered competency and sanity evaluations
 - \$338,000 to increase resources for competency restoration services and services for up to 24 individuals Not Guilty by Reason of Insanity who are expected to be conditionally released to the community

DBHDS - Language

- Catawba Hospital Closure
 - Language requires agency to develop a detailed closure plan for Catawba Hospital, including the hospital closure costs and community resources necessary to accommodate individuals served by the hospital for consideration by the 2017 General Assembly
 - As part of that process, DBHDS is required by Code to establish a state and community consensus and planning team
 - Department is authorized to implement a staff retention plan on July 1, 2016 to reduce turnover associated with the planned closure and include the ongoing cost of the retention in the detailed closure plan
- Language requires agency to develop a plan to implement a performance based contracting system for funds provided to CSBs to:
 - Define performance and outcome measures
 - Describes data collection, analysis, and reporting requirements and processes
 - Identify a funding mechanism and the estimated costs, including incentives and disincentives of implementing the system
 - Plan shall be submitted to the Secretaries of Finance and Health and Human Resources, and the chairmen of the House Appropriations and Senate Finance Committees by November 1, 2016
- Language authorizes department to certify individuals as peer support specialists and promulgate emergency regulations clarifying responsibilities and current practices
- Elimination of Part 3 language transferring of interest on certain funds to the general fund will allow DBHDS to retain the interest earnings on the BHDS Trust Fund for one-time initiatives

Department of Social Services

- Net spending increases of \$29.0 million GF over the biennium
 - \$11.8 million GF and \$21.6 million NGF for foster care and adoption subsidies caseload growth
 - Assumes growth of 1% for foster care in FY 2017 and level funding for FY 2018
 - Assumes growth of 9.9% for adoption subsidies in FY 2017 and level funding for FY 2018
 - \$3.9 million GF to phase in the extension of foster care and adoption subsidies to youth from ages 19 to 21 (Fostering Futures program)
 - Offsetting savings in CSA of \$2.0 million GF as a result of services to foster care youth that will now be eligible for federal IV-E matching funding
 - \$3.6 million GF and \$10.5 million NGF to add up to 140 local eligibility workers to assist with additional workload as a result of Medicaid expansion
 - \$3.5 million GF to reinvest savings from extending federal IV-E foster care funding to services for children previously fully state supported
 - Savings are required by federal law to be reinvested in child welfare programs, such as prevention and services to move children into permanent homes
 - \$1.4 million GF to increase foster care maintenance rates by 2%
 - Required by Appropriations Act language in years following a state employee pay raise
 - \$1.1 million GF to fund the 2016 state employee salary increase in the Division of Child Support Enforcement
 - Represents the 24% state share of funding which is usually provided from TANF collections which have been declining
 - Savings of \$1.0 million GF due to the declining participation in the Auxiliary Grant program
 - Net reduction of \$594,206 GF and \$14.8 million NGF to reflect costs associated with transitioning the new eligibility system from development to full operation

Department of Social Services

- Spending Changes in Nongeneral Funds
 - Appropriates \$5.6 million NGF over the biennium from the federal Child Care and Development Block Grant for maintenance costs and enhancements to the child care module in the case management and electronic payment processing systems
 - \$2.8 million NGF for one-time enhancements
 - \$2.8 million NGF for maintenance costs of the payment processing system
 - Appropriates \$384,355 NGF from fee revenue and adds 3 positions to conduct additional child care fingerprint background checks required by federal law
 - States are required to require these checks of a broader array of child care providers than originally reflected in the statutory changes adopted in the 2015 Session, such as religiously exempt child care centers
 - Changes must be in place in FY 2018 or states risk losing federal child care block grant dollars
 - Appropriates \$8.3 million NGF each year for a Supplemental Nutrition Assistance Program (SNAP) employment and training pilot program
 - Goal is to reduce reliance on SNAP benefits by increasing the number of SNAP recipients that obtain employment and increase the income of SNAP recipients who are already employed

Temporary Assistance to Needy Families (TANF) Block Grant

- Realigns funding in the TANF block grant to balance spending with resources leaving a balance of \$15.9 million NGF by the end of FY 2018
 - TANF spending continues to exceed the block grant amount, however continued caseload decline has resulted in the accumulation of balances
- Mandated benefit costs are expected to decrease by 5.5% in FY 2017 due to a decline in the TANF caseload and are level funded in FY 2018
- Surplus TANF funds are allocated as follows:
 - \$6.8 million each year for Healthy Families
 - \$3.0 million in FY 2017 and \$6.0 million in FY 2018 for a pilot program in local health departments to provide long-acting reversible contraceptives
 - \$2.8 million each year to be transferred to the Child Care and Development Block Grant for at-risk child care subsidies
 - \$1.0 million each year for the Comprehensive Health Investment Partnership (CHIP of Virginia)
 - \$1.0 million NGF each year in a reserve for unanticipated caseload increases

Department of Health

Health Department Spending Items	2016-18
Eliminate Vital Records Automation Fund transfer to the Office of Epidemiology to purchase childhood vaccines	\$1,036,842
Increase GF support for Office of Rural Health <ul style="list-style-type: none"> • Federal grant dollars can no longer be used to support management & administrative support positions whose primary purpose is not directly related to of activities of the Office 	600,000
Onsite sewage and water supply services <ul style="list-style-type: none"> • 3 positions to increase timeliness of reviews and backlog of requests 	507,720
Youth suicide prevention strategies	426,966
Certificate of Public Need Program <ul style="list-style-type: none"> • 2 auditor positions to increase timeliness of reviews and updates 	374,312
Higher lease costs of 16 local health departments	357,258
Pediatric Comprehensive Sickle Cell Disease services	210,000
Virginia Loan Repayment Program <ul style="list-style-type: none"> • Funding was eliminated in prior year budget reduction strategies • In FY 2016 program was continued with a grant from the Virginia Health Care Foundation on a temporary basis to match federal dollars 	150,000
Health Wagon	200,000
Virginia Dental Foundation Mission of Mercy project	100,000
Total	\$3,963,098

Note: Base adjustments and technical changes total \$5.3 million over the biennium.

Department for Aging & Rehabilitative Services

- Provides \$2.9 million GF over the biennium and one position for public guardianship services for individuals with intellectual disability and mental illness
 - Will serve 50 individuals with mental illness in FY 2017 and 98 in FY 2018
 - Will serve 100 individuals with intellectual disability in FY 2017 and 195 in FY 2018 who are expected to transition from state training centers to the community
- \$490,000 GF over the biennium for the ongoing costs of operating a new case management system
 - Development costs are being supported with a federal grant of \$560,000 and \$100,000 GF from existing agency resources
- \$200,000 GF over the biennium for the Jewish Social Services Agency in Northern Virginia for in-home care and safety net services for low-income seniors that have experienced trauma
- \$200,000 GF over the biennium for a position to administer the Chronic Disease Self-Management Initiative, which is largely federally funded
 - Initiative provides educational workshops for seniors through additional Area Agencies on Aging
- \$174,676 GF over the biennium and one position to improve monitoring of the Auxiliary Grant Program

PUBLIC EDUCATION

HB 29: Technical Updates to Direct Aid (\$33.3) Million GF

Amendments in public education reflect increases to sales tax and gains in Lottery Proceeds that are offset by the adjustments for lower student enrollments and program participation levels

- Sales Tax Revenue: net increase of \$2.5 million
 - Reflect the change in the Sales Tax forecast estimate of \$5.6 million
 - SOQ Basic Aid offsetting decrease of \$3.1 million
- Lottery Proceeds revenue estimate increase of \$7.3 million, and saved an equal amount of general funds
- Student Enrollment and Program Participation
 - Update for the March 31st ADM estimate: net decrease of \$20.5 million
 - Projected decrease of 4,621 students, or (0.37%), down to 1,239,594
 - Update for participation in the Incentive, Categorical and Lottery-funded programs: (\$3.6) million
 - Update for the actual Remedial Summer School enrollment: (\$1.8) million
 - Update for English as a Second Language students: (\$1.6) million
- Savings from 1.5% Salary Supplement: (\$0.5) million
 - Non-participation from two divisions
- Lower teacher eligibility for National Board certification bonuses: (\$0.5) million

HB 30: Direct Aid

Total Biennial Budget Equals \$15.1 Billion

- The Governor's proposed 2016-18 biennial budget for Direct Aid to Public Education totals \$12.0 billion GF and \$3.1 billion NGF (Lottery, literary and federal)
 - FY 2017: \$5,832.4 million GF and \$1,577.7 million NGF
 - FY 2018: \$6,143.0 million GF and \$1,547.7 million NGF
- The GF biennial budget has a net increase of \$854.9 million higher than the FY 2016 base budget – which includes rebenchmarking, policy changes, new and expanded initiatives
 - \$272.2 million in FY2017, 4.9% increase
 - \$582.7 million in FY 2018, 10.5% increase
- The NGF biennial budget has a net decrease of \$396.6 million, from the adjustments in the Lottery & Literary Funds – primarily driven by the removal of the one-time VRS payment
 - (\$183.3) million in FY 2017
 - (\$213.3) million in FY 2018

Summary of Proposed Revenues for Direct Aid to Education

(\$ in millions)

	FY 2017	FY 2018	Biennium
General Fund	\$5,832.4	\$6,143.0	\$11,975.4
Special Fund	0.9	0.9	1.8
Commonwealth Transportation	0.8	0.8	1.6
Trust & Agency			
Lottery Proceeds Fund	541.2	541.2	1,082.4
Literary Fund	165.6	135.6	301.2
Federal Trust Fund	<u>887.1</u>	<u>887.1</u>	<u>1,774.2</u>
Total for all Revenue Sources	\$7,428.1	\$7,708.6	\$15,136.7

Revised Rebenchmarking Total \$429.8 Million

- In September, DOE reported preliminary rebenchmarking costs at \$387.8 million GF for the FY 2016-18 biennium footnoted with several data costs yet to be updated
- Subsequently, the introduced budget reflects an additional cost of \$42.0 million GF over the biennium for those remaining rebenchmarking updates
 - Net increases of \$197.6 million:
 - \$84.6 net update Sales Tax and offsetting Basic Aid savings
 - Sales Tax proposed increase of \$192.0 million
 - Basic Aid offset total of \$107.4 million
 - \$2.8 million increase to reflect the updates to the Census count of school-aged population as of July 1, 2014
 - \$50.5 million for the Local Composite Index (LCI) update
 - \$31.8 million to reflect the rate changes to VRS up to 90% board rate
 - \$16.9 million to update Community Eligibility Program (CEP) participating schools and divisions with 2013 free lunch percentages
 - \$8.5 million added to the Prevention, Intervention & Remediation initiative to reflect the update of the revised SOL failure rates
 - \$2.5 million for other remaining updates

Revised Rebenchmarking Total \$429.8 Million GF

- Net decreases of \$155.6 million:
 - (\$69.2) million to reflect update of the September 30, 2015, student membership, revised ESL and remedial summer school participation
 - (\$48.7) million from capturing the 25.61% rate of non-participation in the Virginia Preschool Initiative
 - (\$28.4) million to reflect the update to the Lottery revenue forecast and the lottery-funded program accounts for participation
 - (\$9.3) million to reflect updating the non-personal inflation factors to October 2015
- In summary, the September rebenchmarking costs of \$387.8 million along with the additional \$42.0 million added in December brings the total rebenchmarking costs for the FY 2016-18 biennium up to \$429.8 million
 - \$190.4 million in FY 2017
 - \$239.4 million in FY 2018

Proposed Policy Changes Total \$425.1 Million GF

- Proposes \$139.1 million for additional school-based instructional positions:
 - \$42.7 million in the first year is based on the cost of 1 additional elementary teacher for each elementary school
 - \$96.4 million in the second year is based on continuing the cost of 1 additional elementary teacher and adding the cost of 2 secondary teachers for each middle, high, and combined school
 - Funding is based on the state's share of SOQ funded teacher salary
 - \$47,184 for elementary and \$49,744 for middle and high school teachers
 - The additional estimated 1,115 elementary and 1,320 secondary instructional positions would be in addition to those funded through the SOQ and K-3 Class-size Reduction
 - Division Superintendent must certify to DOE that the appropriate number of additional instructional positions are employed
 - State funds cannot be used to support existing instructional positions
- Adds \$83.2 million for the state's share of a 2.0% salary incentive for all funded SOQ instructional and support positions, with an effective date of July 10, 2017
 - Participation is optional and requires a local match – must provide at least a 2.0% increase by January 1, 2018, and would be eligible for the state funding (11.5 months)
 - School divisions cannot count the phase-in of the VRS swap as its local match
 - Add revenue contingency language

VRS Rates Update

The introduced budget proposes an increase of \$55.1 million in the second year, for the state's share of funding, to advance the VRS scheduled rates to 100% of the VRS Board actuarial recommended rates:

- Teacher/professional retirement: 14.66% to 16.32%
 - \$50.3 million
- Retiree Health Care Credit: 1.11% to 1.23%
 - \$3.4 million
- Group Life: from 0.47% to 0.52%
 - \$1.4 million

Proposed Policy Changes

- Adds \$49.7 million to the At-Risk Add-on over the biennium by increasing the add-on percentage range from 1% - 12% to 2.5% - 14%
 - A division's add-on percent range is based on an adjusted free lunch percentage multiplied by ADM and the SOQ Basic Aid per pupil amount
- Proposes \$40.6 million in the second year for the Cost of Competing Adjustment (COCA) for support positions
- Reflects an increase of \$30.0 million GF in the second year to backfill a portion of Literary funds used to pay a portion of the teacher retirement costs
 - \$165 million in first year and \$135 million in the second year is earmarked from the Literary Funds for VRS payments
- Proposes adding a total of \$6.9 million over the biennium for the Virginia Early Childhood Foundation
 - \$3.9 million would be used to develop and operate a scholarship grant program at community colleges to increase skills of the early education workforce
 - \$3.0 million for a new pilot program to provide grants to incentivize additional public-private partnerships in preschool services
- Adds \$2.5 million each year for additional support toward increasing Career and Technical credentialing and equipment
 - \$2.0 million for equipment & \$500,000 for tests & materials costs of earning Industry certifications

Proposed Policy Changes

- Adds \$1.9 million in FY 2017 and \$3.7 million in FY 2018 to implement a new funding formula for the Academic Year Governor Schools
 - Phased in at 50% in the first year and 100% in the second year
 - New funding formula for the per pupil tuition amount is based on similar standards used for calculating the SOQ Basic Aid funding
 - Revised tuition amount allocated based on the existing methodology for ½-day, 5/6 for part-time and full-time program enrollments
- Adds \$3.8 million the first year for a ‘No Loss’ or hold harmless supplement to ensure divisions receive the same amount of funding as in the adopted FY 2016 budget
- Adds \$0.8 million each year for Virtual Virginia Math outreach and to expand the full-time Virtual Virginia pilot initiative from 90 to 200 students
- Increases funding by \$500,000 each year for the Positive Behavioral Intervention and Support (PBIS) initiative to support additional schools with high rates of discipline offenses
- Proposes \$0.5 million each year for computer science training for teachers
- Proposes doubling the Breakfast-After-the-Bell initiative by adding \$0.5 million each year

Proposed Policy Changes

- Increases funding by a total of \$1.4 million each year for existing supplemental education programs:
 - Communities In Schools: \$450,000 each year
 - Early Childhood STEM: \$275,000 each year
 - Project Discovery: \$250,000 each year
 - High School Innovation grants: \$250,000 each year
 - Summer and CTE Governor's Schools: \$200,000 each year
- Adds \$340,000 each year for 5 additional teachers for the Special Education State-Operated Program
- Adds \$100,000 each year for the JASON Learning program for on-line technology based curricula in STEM
- Adds \$100,000 each year for the Newport News Aviation Academy, a STEM program that focusing primarily on piloting, aircraft maintenance and electronics
- Proposes saving \$1.2 million each year from reducing or eliminating:
 - Reduces: JVG: (\$200,000), GRASP: (\$187,500), and Southside Va. Technology: (\$50,000)
 - Eliminates: Youth Development Academies (\$543,200), STEAM (\$100,000), Governor's School Planning (\$100,000), and Va Career Educ Foundation (\$31,003)

Proposed Language Changes

- Allows for up to 15% of VPI slots to be filled based on locally defined eligibility criteria for at-risk four-old-years
- Allows the Board of Education to withhold a portion of the At-Risk Add-on funding from a school division that has been determined by the Board to have failed to meet its obligations for progress in implementing corrective action plans
- Provides flexibility to allow school divisions that receive funding for Reading and Math Specialists to use the money for tuition costs for school staff to earn credentials necessary to meet licensure requirements to be endorsed as a reading or instructional specialist
- Requires school divisions to report annually the status of their schools' broadband connectivity capability to DOE
- Provides flexibility to use the Teach for America funding for grants toward hiring teachers in challenged schools
- Clarifies the support position funding ratio methodology
 - Based on the number of actual instructional and support per 1,000 and applied to the number of funded instructional and support positions

Central Office

- Proposes \$5.0 million one-time development cost for expanding the Computer Adaptive Testing (CAT) to grades 3-5 for math and grades 3-8 for reading
- Adds \$1.0 million each year and 8.0 positions to support school divisions
- Proposes adding \$0.4 million each year for eMediaVA to handle the digital content development and on-line portal access for Virtual Virginia contract with WHRO
- Proposes \$0.2 million each year to replace federal funds that had paid for the PreK PALS Literary Screening contract with UVA
- Adds \$250,000 over the biennium to complete the School Report Card redesign (Chapter 367 from 2015 legislation) and to add a second phase that would add additional data points in FY 2018
- Proposes language that directs DOE, Health and Agriculture and Consumer Services to develop a plan to transfer all nutritional related programs to Agriculture and Consumer Services
 - School Breakfast

COMPENSATION AND RETIREMENT

VRS Rates

Retirement Rates

- Includes \$11.5 million GF in FY 2017 and \$12.0 million GF in FY 2018 to the VRS to increase employer retirement contribution rates for the four state employee plans up to 100% of the VRS Board certified rates
- Includes, within the Department of Education, \$17.9 million GF in the first year and \$67.8 million GF the second year to increase the retirement contribution rate for the teacher plan to approximately 90% of the Board rate in FY 2017 and 100% of the Board rate in FY 2018
 - Funding is partially offset by savings of \$3.3 million GF in FY 2017 and \$3.2 million GF in FY 2018 for retirement contributions for “non-professional” school employees

Other Post Employment Benefits

- Proposes a net increase of \$6.1 million GF in FY 2017 and \$6.3 million GF in FY 2018 to fund 100% of the VRS board-certified rates for the OPEB programs for state employees
- Includes a net increase of \$661,062 GF in each year for the state share of the increase in the rates for the retiree health credit for state supported local employees funded through the Compensation Board, the Department of Social Services, and the Department of Elections
- Includes, within the Department of Education, \$1.4 GF in the first year and \$6.1 GF the second year to increase the OPEB rates for teacher plans to approximately 90% of the Board rate in FY 2017 and 100% in FY 2018

VRS Rates

VRS Program	Chapter 665 FY 2016 *	HB 30 FY 2017	HB 30 FY 2018
VRS (State Employees)	14.22%	14.46%	14.46%
State Police Officers Retirement System (SPORS)	27.83%	28.99%	28.99%
Va. Law Officers Retirement System (VALRS)	19.00%	22.21%	22.21%
Judicial Retirement System (SPORS)	50.02%	45.15%	45.15%
VRS (Teachers)	14.06%	14.66%	16.32%
State Employee – Retiree Health Credit	1.05%	1.18%	1.18%
State Employee - Group Life Insurance	1.19%	1.31%	1.31%
VSDP	0.56%	0.55%	0.55%
Teacher – Retiree Health Credit	1.06%	1.11%	1.23%
Teacher – Group Life Insurance (employer rate)	0.48%	0.47%	0.52%

* Rates shown for FY 2016 for the retirement plans for state employees reflect the rates in effect for the last 11 months of the fiscal year.

** The Group Life insurance program is a pooled program across all VRS employee groups; therefore the total rate must be the same for teachers and state employees.

FY 2018 Revenue Reserve for Salary Adjustment

- Proposes a reserve account of \$76.2 million GF the second year to provide a 2.0% salary adjustment for state and state-supported local employees
 - Funding is contingent on the FY 2017 general fund revenues being no less than one percent below the official revenue forecast included in the Appropriation Act
 - Reserve includes \$60.6 million GF for a 2% raise for state employees, including university faculty, effective July 10, 2017
 - Reserve includes \$15.6 million GF for a 2% raise for state supported local employees effective August 1, 2017
- Language in Central Appropriations ties \$83.3 million GF included under the Department of Education for the state share of a 2% teacher salary adjustment to the FY 2017 general fund revenue requirement

State Employee Health Insurance

- Includes a net increase of \$45.6 million GF in FY 2017 and \$91.7 million GF in FY 2018 to fund the employers' share of the increase in health insurance premiums for the State Employee Health Insurance Program
 - Funding is based on an assumed 9.6% rate increase in FY 2017 and an 8.7% increase in FY 2018
 - The budget assumes no plan changes for the program
- Includes \$5.9 million GF the first year to fund what is normally the employee share of the increase in the health insurance premiums
 - Under the introduced budget, employees will not receive a salary increase until FY 2018
 - Budget assumes the employee premiums would increase by 19% in FY 2018 to reflect the two-year premium increase

Compression Adjustment for Deputy Sheriffs

- Proposes \$3.6 million GF the first year and \$8.7 million the second year to fund a salary compression plan for sheriffs' offices and regional jails effective January 1, 2017
 - Proposal mirrors the compression adjustment provided for State Police in Chapter 665
 - Provides sworn employees with three years or more of continuous service \$80 for each full year of service, up to a maximum of 30 years
 - Provides non-sworn employees with three or more years of continuous service \$65 for each full year of service for those with, up to a maximum of 30 years
 - Language states that the adjustment applies to the "base salary," meaning adjustments for employees with salaries currently above the Compensation Board pay scale may not receive the compression adjustment

Career Development Programs

- \$3.5 million GF each year is proposed to fund career development programs for all qualified employees in constitutional offices
 - Includes funding for the Circuit Court and Deputy Circuit Court Clerks program which have never been funded before

Career Development Program	New Funding Per Year
Sheriffs and Sheriffs' Master Deputies	\$1,906,594
Circuit Court and Deputy Circuit Court Clerks	\$618,817
Assistant Commonwealth's Attorneys	\$566,501
Commissioners and Deputy Commissioners of Revenue	\$237,616
Treasurers and Deputy Treasurers	\$132,313

- In addition, within Veteran's Services proposes \$200,000 GF in FY 2017 and \$700,000 GF in FY 2018 for career development salary adjustments for benefit services field office staff

COMMERCE AND TRADE

Economic Development Incentive Payments \$191.5 million GF

Economic Development Incentives - \$ in millions		FY 2017	FY 2018
Performance-Based Agreements			
	Aerospace Facility Incentive Grants	\$ 8.9	\$3.7
	Advanced Shipbuilding Training Facility Grant	7.2	0.0
	Virginia Investment Partnership (VIP) Grants	3.7	5.3
*	Pulp, Paper, and Fertilizer Advanced Manf. Grant	2.0	3.0
	Major Eligible Employers Grants (VIP Subfund)	1.8	1.8
	VA Economic Development Incentive Grant (VEDIG)	4.2	4.4
	Virginia Jobs Incentive Program (VJIP)	5.7	5.7
Other Economic Development Incentives			
	Commonwealth Opportunity Fund	20.8	20.8
	Commonwealth Research Commercialization Fund	2.8	2.8
*	Motion Picture Opportunity Fund	3.0	3.0
*	Life Sciences Consortium (VBHRC)	7.5	10.0
*	Incentivize Biotechnology Spinoff Companies	30.0	30.0
*	New Spending for Marketing and Trade Missions	1.0	1.0
*	Tourism Grant	0.5	0.5
	Virginia-Israel Advisory Board	<u>0.2</u>	<u>0.2</u>
Total		\$99.3	\$92.2

HB 30: Commerce and Trade Agencies

- Spending for agencies in the Secretariat increase \$35.5 million GF in FY 2017 and \$48.9 million in FY 2018 (exclusive of incentives and transfers). Overall spending in the Secretariat increases 28% in the first year and 32% in the second year

Virginia Economic Development Partnership

- Proposes an additional \$8.7 million GF each year of the biennium for economic development and international trade programs, but includes no language stipulating usage of the funds
 - VEDP says it would allocate the funding annually as follows: International Business Attraction (\$1.4 million GF), International Trade and Export Programs (\$3.7 million GF), Domestic Business Attraction (\$3.3 million GF) and Business Expansion (\$323,700 GF)
- Proposes an additional \$466,000 each year to expand the VJIP program and rebrand it as Virginia TalentLink
- Language amendment authorizes VEDP to develop long-term allocation mechanism within the Virginia Nutrient Credit Exchange

HB 30: Commerce and Trade Agencies

- Department of Housing and Community Development

- Provides an additional \$6.0 million GF each year for the Housing Trust Fund, bringing the total appropriation to \$10.0 million GF each year
 - New language prioritizes efforts to reduce the number of homeless youth and families
- Proposes \$5.0 million GF each year for a new initiative to establish a food retailer financing program to encourage the development of supermarkets and other healthier food retailers in underserved communities
- Proposes \$2.8 million GF each year to establish the Virginia Telecommunications Initiative to enhanced broadband infrastructure in the Commonwealth
 - Includes \$250,000 each year for planning and \$2.5 million each year or implementation
- Provides an additional \$400,000 GF each year for operation of the Heartwood Artisan Center (making the total appropriation \$875,000 per year)
- Proposes \$500,000 GF the first year to complete construction at the Birthplace of Country Music Museum
- Provides \$132,400 GF the first year to the Town of Farmville to support the Vice Presidential debate to be hosted at Longwood University

GO Virginia

- Proposes \$5.7 million GF the first year and \$20.2 million GF the second year under DHCD to establish the GO Virginia Initiative to foster job growth by encouraging regional collaboration among business, education and government
 - Funding includes two positions and \$225,000 GF each year for administration
 - The remainder of the appropriation is to be deposited into the Virginia Growth and Opportunity Fund and be distributed as follows:
 - \$5.5 million GF each year to be allocated to qualifying regions to support organizational and capacity building activities and workforce gap analyses
 - \$6.2 million GF the second year to qualifying regions based on each region's share of the state population
 - \$8.3 million GF the second year to be awarded to regional councils on a competitive basis
- In addition to the funding included under DHCD, additional funding of \$12.9 million GF the second year is proposed under Central Appropriations for GO Virginia
 - Language in budget ties funding under Central Appropriations to Medicaid expansion
 - Funding in Central Appropriations would be distributed \$6.2 million for per capita grants and \$6.7 million for competitive grants

HB 30: Commerce and Trade Agencies

Virginia Tourism Authority

- Provides an additional \$2.0 million GF each year to expand research capabilities and tourism marketing, bringing total funding to \$6.0 million each year
- Includes \$450,000 GF the first year for the final payment of a multi-year agreement to promote travel from China

Department of Labor and Industry

- Transfers \$940,000 GF each year from the Virginia Community College System to the Department of Labor and Industry (DOLI) in accordance with Chapters 63 and 86 of the 2015 Acts of Assembly for apprenticeship programs
 - Consolidation results in savings of \$400,000 a year
- Adds \$440,173 GF each year to fill vacant positions in the Labor and Employment Division

HB 30: Commerce and Trade Agencies

- Department of Mines, Minerals and Energy
 - Proposes \$1.0 million GF each year to enable the development of a program for incentivizing the installation of solar panels by utilities and other third party developers
 - Provides \$215,000 GF and 2 positions each year to develop and expand energy efficiency and renewable energy activities within the agency
 - Includes \$200,000 GF and \$200,000 NGF each year to match an available federal grant which will enable the agency to hire additional mining inspectors
 - Proposes \$375,000 GF and 1 position each year to expand the use of performance contracting with an emphasis on analyzing and tracking potential energy efficiency upgrades
 - Provides \$201,873 GF each year to retain geologists currently supported by an expiring federal grant

HIGHER EDUCATION

HB 30: Higher Education Institutions

- The introduced budget proposes \$145.0 million in new general fund support for colleges & universities, extension and VIMS in the 2016-18 biennium as follows:
 - \$50.0 million is allocated based on the same degree incentive formula proposed by institution presidents in the 2014-16 biennium which includes data on degrees awarded, STEM-H degrees, transfers, students from underserved populations and other factors
 - \$48.2 million is proposed for increased undergraduate financial aid
 - \$24.6 million is proposed for a new workforce credential initiative in the VCCS
 - \$10.0 million is proposed for new cyber security initiatives at GMU, VT, JMU and the VCCS
 - \$12.2 million is proposed for various institution-specific initiatives including:
 - \$3.0 million for generic base adequacy at ODU;
 - \$2.2 million at the VCCS to expand the veterans' advising program;
 - \$1.7 million for ODU & VIMS for a coastal flooding center;
 - \$1.1 million at the VCCS for career coaches and high school advising programs;
 - \$1.7 million for one-time equipment purchases at VT, UVA-Wise & Richard Bland;
 - \$0.8 million for IT support at UMW;
 - \$0.5 million at CWM for outreach programs aimed at students from other countries;
 - \$0.5 million for the Foundation for Humanities at UVA; and,
 - \$200,000 for Parkinson's Research at VCU

HB 30: Biennial Allocations to Colleges and Universities for Operating Costs

Institution	GF Amount \$ in millions		Institution	GF Amount \$ in millions
CNU	\$2.1		UVA	\$4.2
CWM	2.2		UVA-W	1.6
GMU	12.0		VCU	15.2
JMU	5.7		VMI	0.6
LU	2.0		VT	14.1
UMW	2.5		VSU	3.2
NSU	7.0		RBC	0.6
ODU	17.0		VCCS	48.5
RU	5.6		VIMS	0.9

HB 30: State Council of Higher Education Initiatives

- \$18.9 million GF is proposed for new spending at SCHEV
 - \$13.8 million is provided to SCHEV for the following new initiatives:
 - \$5.0 million in a new grant program to stimulate collaboration between K-12 and higher education institutions with criteria yet to be developed
 - \$3.0 million for cyber security scholarships with award amounts and criteria yet to be developed by SCHEV and a requirement for state government service
 - \$2.5 million to replace federal funds and expand the longitudinal data system
 - \$2.0 million for a new cyber security grant program to expand the number of institutions having federal designation with criteria yet to be developed
 - \$1.1 million to establish a new data analytics center
 - \$180,000 in one-time funding for new study and grants related to sexual assault investigation, use of automation and low-cost textbooks
 - \$5.1 million to support on-going operations as follows:
 - \$2.5 million for the virtual library
 - \$2.0 million for TAG with goal of increasing the annual award of by \$300 from \$3,100 to \$3,400
 - The goal is functionally achieved through use of one-time carry forward funds and speculative assumptions that the number of awards will decrease
 - \$550,000 for base operating support
 - \$100,000 for VMSDEP

HB 30: Other Higher Education Spending

- \$8.1 million in the Secretary of Education for online degree completion
- \$6.4 million GF is proposed for new spending for other higher education agencies, centers and initiatives
 - \$2.3 million is proposed for increased operating support for EVMS
 - \$1.1 million is proposed for the Southern Va HEC to replace expiring tobacco funds
 - \$0.5 million is proposed for IALR integrated machining and equipment lease payments
 - \$2.4 million to support Jefferson Labs continued efforts to secure federal funding
 - This is in addition to the \$4.0 million provided for this purpose in FY 2016

HB 30: Research & Economic Development

- \$40.0 million GF and \$100.0 million in tax-supported bonds is proposed for a new research initiative aimed at commercialization
 - Funding is not directed at any particular institution or discipline
 - Project proposals will be vetted by three different boards depending on the area of request
 - No specific metrics are identified
 - MEI review and approval is part of the process
- \$98.5 million in Commerce & Trade in higher education related initiatives:
 - \$12.5 million to expand Va Bioscience Health Research (VBHRC)
 - \$26.0 million for the GO Virginia initiative
 - \$60.0 million for biotech research in collaboration with VBHRC
- \$44.4 million in Central Accounts contingent on Medicaid Expansion in higher and other education related spending for Massey Cancer Center, Jamestown 2019, Advanced Logistics (CCALS) & INOVA genomics research

Other Actions

- \$5.8 million increase in annual equipment allocations from the Higher Education Equipment Trust Fund from \$74.2 million to \$80.0 million
 - \$3.0 million for all colleges, universities and other higher education entities
 - \$2.8 million for research institution
- \$1.6 million GF for state museums of which \$1.4 million is proposed for operations & maintenance costs for the Yorktown Museum
- Proposes Code changes to financial aid eligibility in Part 4

CAPITAL OUTLAY

Treasury Board

- HB 29:
 - Debt service savings in Treasury Board of \$8.7 million GF due to refinancing to lower than anticipated interest rates and issuance delays
- HB 30:
 - Proposes \$59.8 million GF in FY 2017 and \$67.6 million GF in FY 2018 for previously authorized projects
 - Savings related to Chapter 665 debt service reduce this requirement by \$8.7 million each year
 - Proposes \$23.6 million in FY 2018 for debt service related to the new \$2.4 billion bond package proposed by the Governor
 - Provides VPBA authority for two regional jail projects (Hampton Roads & Piedmont) and a supplement for the Chesapeake City Jail

HB 29: Capital Outlay

- Introduced budget proposes \$1.5 million GF in the Maintenance Reserve program for the Department of General Services for repairs of monuments and commemorative facilities

HB 30: Capital Outlay

- Introduced budget proposes \$2.9 billion in new capital outlay spending including:
 - \$2.3 billion in VCBA / VPBA tax-supported bonds
 - \$151.3 million in general fund primarily for maintenance reserve
 - \$281.1 million in nongeneral funds
 - \$14.4 million in 9 (c) NGF revenue bonds
 - \$211.2 million in 9 (d) NGF revenue bonds

HB 30 Proposed Projects By Type & Fund Source

Project Type	GF	VCBA/VPBA	NGF	9 (c)	9 (d)	Total
Construction, Renovation & Acquisition	1,900,000	1,640,293,000	263,761,700	14,387,000	211,227,000	2,131,568,700
Va Port Authority		350,000,000				350,000,000
Maintenance Reserve	129,400,000	60,000,000	17,384,000			206,784,000
Higher Education Research		100,000,000				100,000,000
Water Quality Improve. Grants		59,000,000				59,000,000
Equipment for New Buildings		14,789,000				14,789,000
Project Supplements		37,000,000				37,000,000
Project Planning	20,000,000					20,000,000
Total	\$151,300,000	\$2,261,082,000	\$281,145,700	\$14,387,000	\$211,227,000	\$2,919,141,700

Proposed Bond Program

- The introduced budget for capital outlay includes \$2.3 billion in tax-supported bonds through the VCBA & VPBA
 - \$1.6 billion for 73 projects primarily in higher education
 - Of these projects only 25 with a \$1.0 billion value have been previously approved by the General Assembly for planning, the remaining 48 projects have not been planned and have an estimated cost of more than \$600 million
 - \$350 million for expansion of the Norfolk International Terminal
 - \$100 million for a new higher education research initiative
 - \$60 million for maintenance reserve
 - \$59 million to continue the wastewater improvement grants
 - \$37 million to supplement three current projects
 - \$14.8 million for equipment in new buildings coming on-line

Other Actions Impacting Debt Capacity

- Three local jail projects have been added or supplemented in Treasury Board at a cost of \$5.6 million
 - Piedmont Regional Jail - \$2.1 million
 - Hampton Roads Regional Jail - \$1.8 million
 - Chesapeake City Jail Supplement - \$1.7 million
- Use of Commonwealth Port Funds for the Virginia International Gateway capital lease
- Higher Education Equipment Trust Fund (HEETF) at \$160 million
- Reduction in previously authorized bond projects in Corrections and DJJ saves \$18.3 million

Project Planning

- HB 30 proposes \$20.0 million GF to conduct preplanning and detailed planning for 23 new projects
 - Projects have an estimated total construction cost of almost \$800 million
 - Projects do not necessarily reflect highest priority projects of the agency / institution
- It is expected that higher education institution would still be required to fund their own planning
- The General Assembly has previously identified 41 projects for planning
 - As noted, the proposed bond package only funds 25 of these previously authorized projects leaving 16 remaining projects that have either been authorized for planning or completed planning with a value of about \$450 million

HB 30: Nongeneral Fund Supported Capital Projects

- Projects funded through nongeneral funds (e.g. gifts, federal funds, auxiliary enterprise revenues, and port revenues)
- HB 30:
 - \$281.1 million NGF revenue projects primarily in transportation and higher education
 - \$14.4 million in 9(c) revenue bonds for higher education projects
 - \$211.2 million in 9(d) revenue bonds for higher education projects

GENERAL GOVERNMENT

Judicial Branch

- HB 30 does not include funds to fill additional vacant judgeships
 - 28 vacancies are currently unfunded
 - An additional 12 vacancies exist in funded judgeships
 - Estimated total cost of \$301,302 per circuit court judgeship and \$274,791 per district court judgeship
- Includes \$1.8 million GF each year for the Criminal Fund
- Provides \$1.1 million GF each year for the Involuntary Mental Commitment Fund
- Adds \$310,000 GF each year to reflect the estimated cost of proposed changes in the way mediators are paid in cases involving both adult and juvenile matters
- For the Indigent Defense Commission, includes:
 - \$604,000 GF over the biennium and five positions to serve as sentencing advocates in remaining public defender offices which do not have such positions
 - \$654,000 GF over the biennium and one position to install a new VOIP system

Executive Offices

Office of the Governor

- Transfers \$284,000 GF in FY 2017 and \$290,000 GF in FY 2018 and four positions dedicated to Executive Mansion operations from DGS to the Office of the Governor

Secretary of the Commonwealth

- Includes \$253,000 GF in FY 2017 and \$277,000 GF in FY 2018 and five positions to address workload associated with increased applications for pardons, restoration of rights, extraditions, and service of process

Finance Secretariat

Department of Accounts

- Includes \$1.9 million NGF in FY 2017 and \$2.9 million NGF in FY 2018 to reflect full-year costs of agencies' use of the Cardinal financial system
- Provides up to \$25 million for a working capital advance to pay the initial costs of replacing the Commonwealth Integrated Payroll System (CIPPS)
 - Up to \$10.0 million of the advance may be used for any unexpected costs associated with the Cardinal roll-out

Department of Treasury

- Includes \$1.1 million GF each year for compliance contractor fees related to unclaimed property compliance services audits
- Provides \$290,000 GF and \$287,000 NGF over the biennium for two new positions and to fund a vacant position to support agency operations
- Adds \$192,000 GF in FY 2017 to reduce claimant wait times when filing unclaimed property claims electronically
- Provides \$1.1 million GF in FY 2017 to provide compensation to Michael Kenneth McAlister for wrongful incarceration

Finance Secretariat (cont'd)

Department of Taxation

- Provides \$2.5 million GF in FY 2017 to support data collection related to study of market-based sourcing
- Includes \$829,000 GF in FY 2017 and \$945,000 in FY 2018 to fill 14 vacant positions in order to address identity theft and refund fraud
 - Assumes an increase in revenues of \$3.2 million GF in FY 2017 and \$5.2 million GF in FY 2018 from fraud mitigation efforts
- Adds \$555,000 GF over the biennium to procure IT security software
- Includes \$377,000 GF over the biennium to implement a front-end tax filer authentication program to reduce fraud
- Provides \$297,000 GF in FY 2017 and \$289,000 GF in FY 2018 and two positions for maintenance and security of IT systems
- Includes \$285,000 GF in FY 2017 and \$273,000 GF in FY 2018 to fund three vacant positions to support tobacco sales and use tax compliance activities
 - Assumes an increase in revenue collections totaling \$1.9 million GF over the biennium

Finance Secretariat (cont'd)

Department of Planning and Budget

- Includes \$554,000 GF each year and two positions to establish a centralized grants office
- Transfers \$410,453 GF each year from DPB to the Council on Virginia's Future, which would be treated as a stand-alone agency

Council on Virginia's Future

- Includes language establishing Council as stand-alone agency within Finance Secretariat, and provides \$708,000 GF each year and six positions
 - Amount includes funds transferred from DPB
- Provides \$80,000 GF each year and one position to provide administrative support services for the Council currently provide by DPB and UVA

Administration Secretariat

Compensation Board

- Provides \$3.5 million GF each year to fund career development programs for all qualified constitutional officers and their staff
- Includes \$1.0 million GF each year to support information technology improvements at Circuit Court Clerks' offices
 - Reduces transfer to the general fund from the clerk's technology trust fund
- HB 29 removes language added by the 2015 General Assembly limiting the collection on a contingency basis of delinquent fines and fees by local treasurers

Administration Secretariat (cont'd)

Department of Human Resource Management

- Reduction of \$2.7 million GF each year to reflect completion of migration of Personnel Management Information System (PMIS) to a new server platform
- Includes \$1.0 million GF in FY 2017 and \$660,000 GF in FY 2018 and one position, and reductions of \$371,000 NGF each year, to support training and one-time software upgrades for the Commonwealth of Virginia Knowledge Center
- Includes \$124,343 GF and one position each year for an equity compliance consultant position in the Equal Employment Office to assist in compliance training and federally-mandated reporting
- Proposes \$137,124 GF and one position each year to provide ongoing PMIS support

Administration Secretariat (cont'd)

Department of Elections

- Includes \$445,000 GF in FY 2017 for costs associated with the 2016 presidential election, including:
 - \$196,000 GF for the Department to conduct voter registration outreach prior to the election
 - \$169,000 GF the first year to establish a call center to address questions related to the 2016 presidential election
 - \$44,000 GF to print voter registration and absentee ballot applications for the 2016 presidential election
 - \$36,4000 GF to hire temporary staff in order to address projected increases in mail volume preceding and following election
- Proposes \$150,000 GF in FY 2017 for one-time costs of software upgrades to the Committee Election Tracking (COMET) system, which enables candidates and committees to electronically report finance and file disclosure reports

TECHNOLOGY

Technology

Virginia Information Technologies Agency

- Adds \$6.0 million NGF in FY 2017 and \$314,000 NGF in FY 2018 to reflect growth in the IT and telecommunications services provided to state agencies
- Includes authorization for VITA to initiate early disentanglement of selected services from current vendor
 - Services to be disentangled include internal financial applications, software licensing, email messaging and mainframe services
 - Provides \$4.5 million NGF each year 17 positions for staff and other anticipated costs of transition of aforementioned services
 - Proposes a \$20 million increase in the agency's line of credit to cover anticipated and unanticipated costs of transition

PUBLIC SAFETY

Department of Corrections

- Includes \$17.0 million GF in FY 2017 and \$22.3 million GF in FY 2018 and 255 positions to operate the former Culpeper JCC as a correctional center for women
- Includes \$1.6 million GF each year and 19 positions for pilot jail re-entry programs to assist state-responsible inmates housed in and directly released from local and regional jails
- Provides \$2.2 million GF each year and 11 positions for mental health specialists at district probation offices, emergency psychiatric services for offenders under community supervision, pilot peer support sites, and cognitive programming at pilot sites in regional or local jails for state-responsible offenders to be released directly from jail to probation supervision
- Includes \$1.0 million GF in FY 2017 and \$8.2 million GF in FY 2018 for increased inmate medical costs
 - HB 29 provides \$451,000 GF for increased inmate medical costs
 - However, reduces appropriation for inpatient hospital services for inmates by \$9.9 million GF in FY 2017 and \$24.7 million GF the second by assuming expansion of Medicaid eligibility
- Provides \$2.0 million GF and 36 positions each year for additional correctional officers to address understaffed security posts
 - Department has structural deficit of \$32.0 million in its base budget, requiring DOC to run vacancies and not fully staff security posts in correctional centers in order to fund unavoidable expenses
- Adds \$1.2 million GF to cover increased costs of contracted community residential beds

Department of Corrections (cont'd)

- Provides \$1.4 million GF and \$3.8 million NGF over the biennium and eight positions to develop an electronic medical records system for women's correctional centers
- Includes \$1.0 million GF each year for security equipment associated with the inmate telephone system due to lower charges for calls
 - HB 29 includes \$833,333 GF for security equipment associated with inmate telephone system
- Includes \$766,483 GF in FY 2017 for the state share of three local construction or renovation projects
 - Newport News Public Safety building, Southampton Jail Farm, and Martinsville City Jail
- Provides \$300,000 GF in FY 2017 for "Woodrum" impact of proposed legislation
- Adds \$300,000 GF each year to assume costs of Residential Substance Abuse Treatment (RSAT) program after expiration of federal grant
- Eliminates \$400,000 GF and five positions each year which were added in Chapter 665 to assist department in recruiting medical personnel

Sheriffs and Jails

- Provides \$11.3 million GF in FY 2016 for jail per diems (HB 29)
 - However, no additional appropriation made for anticipated increase in per diem costs for FY 2017 and FY 2018. The Compensation Board estimates growth in per diem costs of \$10.4 million GF in FY 2017 and \$11.1 million GF in FY 2018
- Includes \$2.0 million GF the first year and \$2.2 million GF the second year to support the state costs of operating completed jail expansion projects at the Central Virginia and Pamunkey Regional Jails
- HB 29 includes changes to language added by 2015 General Assembly that authorized the Executive Secretary of the Compensation Board to withhold reimbursements due to localities for sheriff's law enforcement expenses if notified by Superintendent of State Police there is reason to believe the sheriff is not registering sex offenders as required by the *Code of Virginia*
 - Proposed change to language would authorize withholding of funds if sheriff fails to certify to Compensation Board that office is in compliance with *Code* requirements

State Police

- Provides \$4.3 million GF over the biennium and four positions to upgrade and maintain information technology systems
- Amendment in Central Appropriations provides up to \$5 million in FY 2017 for unanticipated costs associated with IT security-related systems and services
- Adds \$1.4 million GF each year and 10 positions for cyber-crime investigations and digital forensic analysis
- Includes \$1.2 million GF and nine positions in FY 2017 and \$3.1 million GF and 18 positions in FY 2018 for the training facility in Blackstone
- Adds \$325,000 GF each year and four positions for cyber security analyst positions at the Virginia Fusion Center
- Includes \$181,000 GF in FY 2017 and \$197,000 GF in FY 2018 and three positions resulting from increased workload resulting from policy changes concerning restoration of rights

Department of Juvenile Justice

- Includes language directing the department to develop and implement a transformation plan to reduce number of juvenile offenders in state facilities
 - Department is required to provide alternative placements and services offering supervision and treatment consistent with levels of risk
 - Language authorizes department to reallocate any savings from the reduced cost of operating state facilities to support transformation plan
 - A companion amendment in Part 2 authorizes VPBA bond proceeds for construction of two new juvenile correctional centers
- Provides \$760,000 GF each year to correct a technical error in the calculation of the amounts of state funding to be distributed to local and regional juvenile detention centers

Other Public Safety Agencies

Department of Alcoholic Beverage Control

- Proposes \$1.4 million NGF each year and 60 positions for personnel at new and existing stores, and to convert part-time warehouse employees to full-time status
- Net profit transfers are estimated to total \$78.9 million in FY 2017 and \$79.5 million in FY 2018
- Adds \$1.5 million NGF in FY 2017 and \$2.9 million in FY 2018 for ongoing costs of replacing the agency's licensing and financial systems

Department of Criminal Justice Services

- Adds \$6.7 million GF each year for HB 599 aid to localities with police departments
- Includes \$2.5 million GF each year for grants to local or regional jails for six pilot programs to improve services to inmates with serious mental illness and/or to provide pre-incarceration crisis intervention services to divert mentally ill from jails
- Includes \$2.0 million GF each year to establish local community corrections and pre-trial release programs in areas that do not currently have such programs
- Adds \$438,121 GF each year for the Court Appointed Special Advocate (CASA) program
- Includes \$400,000 GF and four positions each year to restore agency's technical assistance capabilities

Secretary of Veterans Affairs and Homeland Security

- Adds \$600,000 GF each year to support recommendations of Governor's Commission on Military Installations and Defense Activities
 - Companion amendment in HB 29 provides \$250,000 GF in FY 2016 for this purpose
- Recommendations developed to meet four goals:
 - Protecting federal facilities and areas for growth in the Commonwealth
 - Promoting business, education, and other efforts relating to military installations and defense activities in the Commonwealth
 - Supporting research and development related to military missions, contracting, and defense activities; and,
 - Expanding collaborative activities related to aerospace, cyber-security, modeling and simulation, energy, and unmanned systems

Department of Veterans Services

- Adds \$2.5 million GF and 34 positions in FY 2017 and \$2.9 million and 36 positions in FY 2018 for several programs and activities
 - Funding and positions for new benefits services field offices; the VTAP, V3, VVFS, and VMSDEP programs; central agency administration; and professional development activities
- Amendment in HB 29 would revise V3 program language added by 2015 General Assembly related to incentives for employers to hire veterans
- Includes \$200,000 GF and one position in FY 2017 and \$400,000 GF and two positions in FY 2018 to hire administrators for the two new veterans care centers
- Adds \$400,000 GF each year and three positions for a pilot program to expand health care employment opportunities for military medics transitioning to civilian careers
- Includes \$100,000 GF in FY 2017 and \$150,000 GF in FY 2018 to contract with the Department of Social Services to expand the DSS 2-1-1 hotline to connect veterans with available services

NATURAL RESOURCES

HB 30: Natural Resources

- The proposed budget for Natural Resources includes significant new GF spending of \$62.8 million GF (50.9%) in the first year - primarily from the statutorily-mandated deposit of FY 2015 surplus revenues to the Water Quality Improvement Fund - and \$500,000 GF in the second year
 - Increases of \$77.2 million GF in the first year and \$14.6 million GF in the second year are offset by approximately \$14 million in GF reductions in each year (base adjustments, largely reflecting FY 2016 WQIF)
- Land Conservation programs total \$20.0 million GF in each year pursuant to the provisions of HB 1398 (2013 Session). These amounts are distributed as follows:
 - Virginia Land Conservation Fund - \$16.0 million each year
 - Battlefields Preservation Fund - \$2.0 million each year
 - Farmland Preservation - \$2.0 million (VDACS) each year

Water Quality Improvement Programs

- The statutory deposit to the Water Quality Improvement Fund totals \$61.7 million GF the first year for allocation to nonpoint source programs:
 - \$8.2 million (15%) set aside for the WQIF Reserve Fund
 - \$51.8 million for the Natural Resources Commitment Fund
 - \$26.0 million for agricultural best management practices
 - \$19.6 million for previously approved livestock exclusion projects
 - \$6.2 for Soil and Water Conservation Districts technical assistance programs
 - \$0.8 million for Conservation Reserve Enhancement Program
 - \$0.5 million for Information Systems improvements
 - \$250,000 for forestry practices
 - \$100,000 for golf course nutrient management
- Also fully restores dedicated recordation fee revenues to the Natural Resources Commitment Fund totaling \$10.0 million NGF in each year for Ag BMP cost share
 - Total funding for Ag BMP cost share is \$33.4 million (all funds)
- Proposed in Part II (Capital Outlay) is an additional \$59.0 million in bond proceeds to meet commitments to point source protection by improving municipal water treatment plants

Other DCR Funding

- Included in Capital Outlay is approximately \$140.0 million in bond proceeds the first year for the construction and maintenance of multiple park facilities
 - Build-out of Biscuit Run and Widewater State Parks
 - Land acquisition for contiguous parcels at Middle Peninsula State Park
 - Statewide revenue generation projects
 - Statewide cabin & campground renovations
- The proposed biennial budget includes \$400,000 GF in the first year and \$800,000 GF in the second year for operational improvements at various parks including:
 - Opening Seven Bends State Recreation Area in FY 2018
 - Transition of Natural Bridge to a state park
 - Wi-Fi connectivity and contact stations in approximately 20 parks
- Also proposed is \$500,000 GF each year in increased support for DCR natural heritage areas
- \$150,000 GF each year for shoreline erosion
- \$546,080 GF each year for the Dam Safety Fund
- Proposes language authorizing the transfer of the Daniel Boone Wilderness Trail Interpretive Center and 153 acres to the state upon completion of the Center, with language further stipulating that it is the intent of the General Assembly that the Division of State Parks would operate and maintain the facility

Other Natural Resources Agencies

- Provides an additional \$7.7 million each year to the DGIF Game Protection Fund - \$5.0 million in each year from sales taxes on hunting and fishing related equipment, and \$2.7 million each year from increased watercraft sales taxes
 - Reflects increased sales of sporting equipment in addition to restoration of funds that had been retained in the General Fund
 - Brings total Game Fund allocations from \$10.0 million each year to \$17.7 million each year
- DEQ's budget includes \$442,000 GF increase each year for lab testing fees paid to the Department of General Services
- VMRC's budget includes \$318,000 in the first year and \$262,000 in the second year to expand and consolidate positions relating to Fisheries Management into one new division
- At Department of Historic Resources, proposes funding a new easement coordinator at a cost of \$94,311 GF each year

AGRICULTURE AND FORESTRY

HB 30: Secretariat Agriculture and Forestry

- Proposed appropriations for Agriculture and Forestry programs would increase spending by \$6.2 million GF (12.1%) the first year and \$6.8 million GF (13.4%) the second year compared to Chapter 665
- Within VDACS, the proposed budget increases funding for the Agriculture and Forestry Industries Development Fund (AFID) by \$1.0 million GF each year, doubling the size of the grant program
 - Additional funding of \$200,000 GF and 2.0 FTE is proposed to increase marketing efforts
 - Proposed language changes remove the cap on individual awards and the set-aside for local agribusiness economic development programs
- Within the Department of Forestry, the proposed budget would increase funding for the Reforestation of Timberlands (RT) program by \$0.9 million GF in the first year and \$0.8 million GF in the second year
 - Would fully fund state's matching share of the RT program in the second year for the first time in more than a decade
- Also provides \$1.0 million GF in the first year and \$1.9 million GF the second year for debt service payments on approximately \$25.9 million of forest firefighting equipment through the Master Equipment Lease Program (MELP)

Agriculture and Forestry Initiatives

- Other proposals within Agriculture and Forestry include:
 - Increase of \$250,000 GF each year for the Office of Farmland Preservation's Purchase of Development Rights matching program (total of \$2.0 million each year)
 - \$240,000 GF each year for a Virginia Grown initiative, featuring a Virginia food's ambassador
 - \$900,000 GF each year for business application improvements at VDACS outside the VITA-scope
 - \$300,000 GF each year additional international agriculture marketing – with additional presence in North Africa and Southeast Asia
- Language is proposed to consolidate the administration of federal food-aid programs within VDACS
 - Would authorize the transfer of an unspecified number of staff as well as approximately \$350 million NGF
 - Includes programs currently administered by the Departments of Health (VDH) and Education (DOE)

TRANSPORTATION

HB 30: Transportation

- The proposed budget for transportation includes net increases of \$477.8 million NGF (7.8%) the first year and \$229.5 million NGF (3.7%) the second year
 - Proposed allocation provides majority of increased revenue to highway maintenance and secondary road improvements
- Several changes are proposed to the language providing policy guidance to transportation projects contained in the Office of the Secretary
 - Proposes to refocus program objectives to system interconnectivity
 - Alignment of bond program priorities with 2015 funding reforms (HB 1887)
 - Removal of prohibition on project labor agreement incentives

Major Transportation Initiatives

DOAV

- Included within the Department of Aviation is a proposal to dedicate \$25.0 million NGF in each year to the Metropolitan Washington Airports Authority to reduce the enplanement cost charged to commercial carriers at Dulles International Airport
 - Funding would come from amounts in the Priority Transportation Fund not required for debt service on transportation bonds
 - MWAA would be responsible for developing a plan to apply the funds to reduce the enplanement cost by offsetting its operating or debt service requirements

VPA

- At the Port of Virginia, \$350.0 million in VPBA bond authorization is proposed for significant capital improvements to automate the operations at Norfolk International Terminals
- Additional funding of \$10.0 million NGF is authorized to finance increased rent at the Virginia International Gateway as part of a planned 50-year lease-purchase agreement
- \$2.0 million GF in each year is proposed for the Port of Virginia Economic Development Zone Grant Program to supplant funding currently authorized from the Commonwealth Opportunity Fund

Other Transportation Initiatives

- Proposes releasing \$31.1 million NGF in Transportation Partnership Opportunity Fund balances remaining from earmarks included in 2008 Appropriation Act
 - \$23.1 million which would be dedicated to undesignated projects at military installations in the Commonwealth
 - Remaining \$8.0 million directed to Interstate rest area improvements
 - Additional funding \$11.8 million NGF off the top of the State of Good Repair program funding would also be dedicated to rest area improvements, bringing the total to \$20.0 million NGF
- Proposes to increase authorized staffing levels at VDOT by 315 FTEs and at DRPT by 7 FTEs (all supported by NGFs)
- Within the Department of Motor Vehicles, two customer-service initiatives are proposed, including:
 - Expanding online transaction discounts to other DMV services
 - Consolidation of EZ Pass program and account management
- At DRPT, language authorizes use of additional Rail Enhancement funding for shortline railway capacity improvements
 - Would allow up to 20 percent of the REF to be used for railway preservation