



Conference Report House Bill 1500

House Appropriations Committee Staff
February 23, 2017



Key Features – HB 1500 Conference Report

- Maintains a structurally balanced budget and establishes cash reserves
 - Includes 2 amendments related to a cash reserve
 - Provides for a \$35.0 million appropriated reserve and directs all amounts generated by Tax Amnesty above those assumed in the budget be set aside in the cash reserve to address any revenue shortfall
 - Directs 50% of any FY 2017 surplus (after constitutional requirements have been met) into the cash reserve to be used only to offset reductions in state or federal revenues
- Eliminates all new or expanded fees proposed in the introduced budget
- Health and Human Resources
 - Provides \$32.2 million to strengthen the delivery of mental health services through the expansion of the GAP program, same day access, and supportive housing
 - Allocates additional 144 DD waiver slots
 - Provides \$10.4 m GF and \$10.4 m NGF to address payment adequacy and fully restore FY 2018 inflation for nursing facilities

Key Features – HB 1500 Conference Report

- Public Education
 - Directs 35% of all Lottery proceeds directly back to school divisions without any required local match or restrictions on uses of those funds
 - Provides the state share of a 2% pay raise
 - Assists schools that have had significant loss in ADM over the last five years
- Ameliorates the reductions in higher education
 - No cuts to Norfolk State, Virginia State, Virginia Tech & VSU Extension or VIMS
 - No reductions to financial aid
 - Reduces cuts from introduced budget ensuring that no institution receives a cut greater than 1.5% of E & G budget
 - Provides funding for a 2% faculty salary increase for all institutions
 - Language clarifies that institutions have the authority to provide greater increases at their discretion
 - An additional 1% increase is provided for 8 institutions which did not provide raises in 2017

Key Features – HB 1500 Conference Report

- Employee compensation package includes:
 - Provides a 3% salary adjustment for state employees and faculty and a 2% salary adjustment for all state-supported local employees
 - Additional adjustments provided to key, hard to retain employee groups
 - Provides funding to allow for increased participation in constitutional officers' Career Development Programs

- Public Safety
 - Expands funding for victims of domestic violence
 - Restores funding for the State Police Special Operations Unit



Compensation and Retirement



Across the Board Salary Increases in 2nd Year

- Conference report includes \$64.8 million GF in FY 2018 to provide a 3% salary adjustment for state employees effective July 10, 2017 and \$15.6 million GF in FY 2018 to provide a 2% salary adjustment for all state supported local employees effective August 1, 2017
 - Partially funded by redirecting \$56.0 million included in the introduced budget for a 1 ½% employee bonus for state and state supported local employees
- Additionally, the report includes \$18.4 million GF for salary increases for higher education faculty and appointed officials
 - Includes \$17.0 million GF for a 2% salary increase for faculty and officials and all the public higher education facilities
 - Includes \$1.4 million GF for an additional 1% increase for faculty at 8 institutions which did not provide an increase in FY 2017
 - Language clarifies that institutions have the authority to provide greater increases (or bonuses) at their discretion

Across the Board Salary Increases in 2nd Year

(in millions)

State Employees

Employee Group	FY 2018 Funding
3% State Employees (Non Higher Education Workforce)	\$52.2
3% Higher Education Classified and University Staff	\$12.6
2% for All Higher Education Faculty	\$17.0
1% Additional Increase for 8 Higher Ed Institutions	\$1.4
Reflect Increase in VITA Rates due to Salary Increase	<u>\$0.2</u>
Total State Employees	\$83.4

State-Supported Local Employees

Employee Group	FY 2018 Funding
Sheriffs and Regional Jails	\$7.5
Other Constitutional Offices	\$2.7
Other State Supported Local Employees	<u>\$5.4</u>
Total	\$15.6

Targeted Salary Actions for Public Safety Personnel Proposed in Addition to Across the Board Increases

- Conference report includes \$14.3 million GF in FY 2018 to provide a \$6,793 salary increase for all sworn troopers of the State Police effective July 10, 2017
 - Increases entry level pay for troopers from \$36,207 to \$43,000
- Provides \$456,312 GF in FY 2018 to provide an additional increase for Capitol police effective July 10, 2017
 - Proposal increases entry level pay from \$36,000 to \$42,750, an increase of \$6,750
 - All sworn current personnel above the entry pay will receive a \$4,355 increase
- Report includes \$7.3 million to provide a compression adjustment for employees in sheriffs' offices and regional jails effective August 1
 - \$80 per year of service for sworn & \$65 for non-sworn personnel
 - Employees must have 3 or more years of service and adjustment capped at 30 years

Other Targeted Salary Increases

- Conference report provides \$2.6 million GF in FY 2018 for an additional compensation for district court clerks effective September 10, 2017
 - Details of plan developed by the Office of the Executive Secretary and subject to the approval by the Committee on District Courts
 - Annualized cost not to exceed \$3.5 million
- Includes \$2.6 million GF in FY 2018 to fund an additional 2% salary increase for 9 high turnover positions primarily in the health care field effective September 10, 2017

Direct Service Associate I	Licensed Practical Nurse
Direct Service Associate II	Registered Nurse I
Direct Service Associate III	RN II/Nurse Prct I/Phy Asst
Therapist II	Hsekeep &/or Apparel Worker I
Therapy Assistant/Therapist I	
- Includes \$3.3 million GF to increase participation in the career development programs for constitutional officers and their employees effective August 1, 2017



Higher Education



Public Colleges and Universities

\$51.0 million

- Provides \$20.0 million GF in FY 2018 as budget relief from the proposed \$76.0 million cuts in HB 1500 as introduced
 - Funds allocated using three main factors:
 - Total Educational & General Program (E & G) budget
 - Institutions ability to generate nongeneral funds
 - General fund support for in-state undergraduate students
 - Resulting impact on E & G is limited to 1.5% or less
 - NSU, VSU, Extension and VIMS were not reduced at all
- \$17.0 million GF for 2% salary increase for all faculty and at each institution (distribution is set out in in Central Accounts)
- \$1.4 million GF for an additional 1% salary increase for all faculty at the eight institutions that did not implement salary actions in FY 17 consistent with state actions (distribution is set out in in Central Accounts)
- \$12.6 million GF for a 3% classified salary increase in central accounts
 - The amounts are contained in central accounts and not distributed by institution

Budget Reduction Relief and Faculty Salary

\$38.4 million

Institution	\$ in Millions	Institution	\$ in Millions
CNU*	1.2	UVA-W	0.8
CWM (Fac Sal Only)	0.7	VCU	3.7
GMU	3.1	VMI*	0.3
JMU*	2.5	VT (Fac Sal Only)	1.9
LU	1.0	VSU & VSU Ext*	0.5
UMW	0.9	RBC*	0.4
NSU*	0.5	VCCS	9.2
ODU	4.2	VT Ext	2.6
RU*	2.1	VIMS	1.2
UVA (Fac Sal Only)	1.6	* Inst. Eligible for Add'l 1% Fac Sal	

Other Major Budget Recommendations

- Provides \$1.0 million in FY 2017 and \$2.0 million in FY 2018 for the new Online Virginia Authority
- Virginia Western CC – Botetourt Mechatronics Pilot - \$310,000 GF in FY 2018
- \$250,000 GF for UMW regional economic development/adult education programs
- \$250,000 GF in operating support for SCHEV
 - In addition, about \$40,000 over biennium to restore cuts to VWIL
- \$100,000 for New College Institute in FY 18
- \$0.6 million GF to restore cuts to State Library to resume normal days/hours of operations & expand archival services
- Restore reductions for Jamestown 2019 Commemorations - \$5.0 million
- \$0.7 million for operating support at Jamestown-Yorktown Foundation
- \$200,000 for staffing at Frontier Culture Museum

Major Higher Education Savings \$2.1 million

- Eliminates 2nd year of new cyber program at SCHEV – saves \$500,000
- Reduces new pathways initiative in 2nd year at SCHEV – saves \$225,000
- Eliminates new cyber initiative at VCCS – saves \$432,000 over the biennium
- Eliminates proposed new out-of-state scholarship program – saves \$900,000 in 2nd year

Higher Education Policy

- Establishes the Online Virginia Authority to coordinate online education efforts with GMU & ODU across the Commonwealth
- New College Institute language refocuses mission of the NCI and leverages existing higher education assets to improve educational opportunities & attainment for the region
- Provides for additional VCCS Procurement Authority subject to DGS review and approval
- Requires SCHEV to establish a policy for granting undergraduate course credit for AP / CLEP
- Clarifies Virginia Tech Extension fund split at 95%



Public Education



Public Education

- In total, the Conference amendments add \$18.6 million GF in new spending to the Direct Aid to Public Education 2016-2018 biennial budget above HB 1500 as introduced
 - Adjustments were also made to proposed new spending and sweeping available balances generating \$2.9 million in savings
- At the macro level, the amendments focus on providing more flexibility to school divisions so that they can tailor use of funding to locally determined and targeted areas that best address the needs of their students

Funding for Lottery PPA & Salary Increase

- Redirects the new one-time bonus payment in FY 2018 along with additional general fund revenue to increase the Lottery PPA and to provide a teacher pay raise
- The Lottery PPA is increased by \$34.1 million, bringing the revised total up to \$191.3 million, which is 35% of the total available Lottery revenue in the second year
- Increases the per pupil amount from \$225.25 to \$274.12 per student
- New language expands the spending flexibility such that school divisions may choose to use all their Lottery PPA allocation for recurring expenses

\$32.0 Million for 2.0% Salary Incentive

- Teachers and Support Salary Incentive: Provides \$32.0 million for the state's share of a 2.0% salary incentive, effective February 15, 2018, for all funded SOQ instructional and support positions and Governor's School positions
- Participation is optional and requires school divisions to provide at least a 2.0% salary increase during the FY 2016-2018 biennium – either in the first or second year or through a combination of the two years
 - For school divisions that provided a salary increase in FY 2017 the distribution of funds may begin July 10, 2017
- School divisions cannot count the phase-in of the VRS swap as their local match

School Division Enrollment Loss

- Adds \$7.3 million GF in the first year to provide financial assistance to those school divisions that have realized a significant decline in membership
 - Funds available to the 42 school divisions that have realized a decline of 5% or more in actual reported membership over the 5-year period from FY 2011 to FY 2016
- Provides \$8.0 million in FY 2017 from the Literary Fund to pay for a portion of VRS teacher retirement costs – saves a like amount of general fund revenues
 - This fund swap does not impact funding totals allocated to school divisions

Academic & Remediation Funding

- Provides a net increase of \$369,848 resulting from additional Sales Tax revenues collected pursuant to HB 1913 (Chapter 112)
- Adds \$175,000 GF the second year to establish a Career and Technical Education Vocational Laboratory pilot at the Virginia Aviation Academy in the Newport News school division
- Adds \$124,471 GF over the biennium to reflect a technical data correction for the K-3 Class Size Reduction initiative
- Adds \$50,000 GF the second year for the Chesterfield school division to partner with Virginia State University for the continued development of a College Partnership Laboratory School
- Adds \$50,000 GF the second year for Project Discovery
- Expands the Remedial Summer School (RSS) language to support pilot public-private partnerships between school divisions and the Virginia Alliance of YMCA to help students increase their reading and math skills during the summer and earmarks \$300,000 of existing RSS funding for the partnerships

Other K-12 Spending and Saving

- Conference amendments remove new spending initiatives that total \$1.0 million GF in the second year:
 - Reduces funding for Teacher Residency initiative – saves \$500,000
 - Keeps the new language that permits DOE to use unobligated Teach For America funds for the Teacher Residency program
 - Eliminates the new Summer Cyber Camp funding – saves \$480,000
 - Eliminates the new Entrepreneurial Leadership initiative planning – saves \$32,292
- Saves \$1.4 million from Program Graduation in the second year
- Reduces Algebra Readiness by \$200,000 in the second year
- Captures a total of \$212,814 in available balances from the Special Education Endorsement initiative
- Also, sweeps the available balance for New Teacher Improvement Compensation Initiative in the first year and saves the same amount in the second year, for a total savings of \$70,000 GF

Public Education Language Changes

- Provides additional flexibility to the Mixed-Delivery Preschool grant recipients in order to fully implement the goals and objectives of the individual pilots
- Allows DOE and the Virginia Community College System and Richard Bland College to negotiate individual credit hour rates for dual enrollment courses taught at these institutions
- Directs DOE to work with the Northern Virginia Community College to contract with a partner organization to develop, market, and implement computer science training and professional development activities for public school teachers (HB 1663)
- Expands the Teaching Scholarship program's student eligibility to incoming college freshman that enroll full-time or part-time in approved undergraduate or graduate teacher education programs
- Allows Extended Year / Year Round grant amounts to remain at the same level, \$400,000, for all 3 years that schools with a Denied Accreditation status participate in the grant program
- Provides clarifying language to the eLearning Backpack initiative such that those school divisions that have received the supplemental grant prior to FY 2017 may be able to purchase laptop or tablets for their ninth grade students

DOE Central Office

- Provides \$380,000 GF in the second year for the Parental Choice Education Savings Account (HB 1605)
 - Additional language directs the Director of the Department of Planning and Budget to re-allot these funds to the student growth model pilot if the legislation is not enacted into law
- Adds \$50,000 the second year for a one-time file review of teachers who have been convicted of child abuse to ensure that their teacher's license has been revoked
- Reduces the proposed new funding for the student growth model planning pilot – saves \$380,000 GF in the second year
- Reduces the proposed new funding for the Instructional Improvement System - saves \$1.3 million GF in the second year
- Allows the Virginia Department of Health to continue its ongoing practice of administering selected federal food programs (Summer Food Service and the Child and Adult Care Food programs); the \$57.7 million NGF and 20.0 FTE in the second year would be retained by VDH
 - A companion amendment saves VDH general fund money that would have been required to backfill a portion of the proposed transferred federal funds



Health and Human Resources



Conference Report Addresses Critical Needs for Behavioral Health and Substance Abuse Treatment

- Builds on previous House efforts to provide services for individuals with serious mental illness and substance use disorders and expand I/DD services
- Expands targeted behavioral health and substance abuse treatment services to almost 3,000 individuals with serious mental illness (SMI) with incomes at or below 100% of the federal poverty level
- Provides for same-day intake and assessments at Community Services Boards for individuals in need of services
- Expands funding for community behavioral health and substance abuse treatment services
 - Permanent supportive housing
 - Opioid treatment and detoxification services
 - Discharge assistance services and local inpatient hospital services

Conference Report Provides \$32.2 Million for Behavioral Health Services

- \$29.6 million for community behavioral health and substance use disorder treatment services
 - \$2.1 million GF and \$2.3 million NGF to expand eligibility for the GAP program from 80 to 100% of the federal poverty level, effective October 1, 2017
 - Adds addiction recovery and treatment services
 - \$6.2 million GF and \$1.3 million NGF for Community Services Boards to implement same-day intake and assessments for individuals in need of services
 - \$5.2 million NGF for opioid treatment services to approximately 700 individuals, opiate overdose reversal kits and opioid antidotes
 - \$5.0 million GF for permanent supportive housing for 132 individuals
 - \$3.0 million GF for local hospital inpatient services for adults, children and geriatric patients to divert and discharge these individuals from state mental health hospitals
 - \$2.5 million for discharge assistance services for 150 individuals at state mental health hospitals who are facing extraordinary barriers to community placement
 - \$1.0 million GF for detoxification services for 250 individuals
 - \$880,000 GF to provide additional community geropsychiatric teams to work with nursing homes and geriatric individuals with mental illness

Conference Report Provides \$32.2 Million for Behavioral Health Services

- \$2.1 million GF for needs at state mental health facilities
 - \$1.3 million for additional direct care staff at Catawba Hospital and Piedmont Geriatric Treatment Center
 - \$305,000 for added pharmacy costs at Western State Hospital for individuals being discharged to the community
 - \$268,985 for additional child psychiatric services at the Commonwealth Center for Children and Adolescents
 - \$256,488 for added security staff at Northern Virginia Mental Health Institute
- \$250,000 GF for the Secretary of Health and Human Resources to prepare an implementation plan to financially realign the behavioral health system of care so funding reflects best practices and care delivered in the most appropriate setting
- \$250,000 GF to support the work of the Jt. Subcommittee on Mental Health Services in the 21st Century (SJR 47) to improve the behavioral health system

Developmental Services

- Recommends allocating an additional 144 Family and Individual Support (FIS) waiver slots bringing the total number of additional FIS slots to 344 in FY 2018
 - Funding of \$3.1 million GF and \$3.1 million NGF in matching federal Medicaid funds is provided for these additional slots
- Adds language authorizing customized rates for Sponsored Residential services for individuals with extremely high needs
- Directs DMAS and DBHDS to work with stakeholders on various concerns regarding the new DD waiver programs and requires reporting on the waivers and waiting list
- Directs the Special Joint Subcommittee to Consult on the Plan to Close State Training Centers to work with DBHDS to develop a plan for consideration to operate a smaller state training center and make recommendations by November 30, 2017
- Provides \$260,000 in the Department of General Services to conduct a site assessment at the Central Virginia Training Center which is scheduled to close by FY 2021

Medicaid Funding & Policy Changes

- Conference report adds \$10.4 million GF and \$10.4 million NGF to address Medicaid payment adequacy for nursing homes
 - \$5.5 million GF and \$5.5 million NGF in FY 2018 to fully restore the inflation for nursing facility payments
 - \$3.3 million GF and \$3.3 million NGF in FY 2018 to increase nursing facilities direct and indirect care payments
 - \$1.6 million GF and \$1.6 million NGF to correct payments to certain nursing facilities that were adversely impacted when they were moved into a different peer group for purposes of calculating Medicaid prospective payments
 - Adds language requiring Medicaid managed care regulations to reflect that payments to nursing facilities are no less than the per diem payments set by Medicaid reimbursement methodology
 - Adds language to allow publicly funded nursing homes to be excluded from the Medicaid Managed Long-Term Supports and Services (MLTSS) program, if a minimum fee schedule is not approved for these facilities by the federal government
- Restores \$1.4 million GF and \$1.4 million NGF for hospital inflation for the Children's Hospital of the King's Daughters (CHKD) in FY 2018
- Provides \$1.0 million GF and \$1.0 million NGF and 5 positions in DMAS to implement JLARC recommendations to improve the Medicaid program
 - Will assist the agency to provide greater oversight, accountability and financial management of the Medicaid managed care programs and improve the reliability of Medicaid screening for long-term care services and supports for children and adults

Medicaid Policy Changes

- Conference report restores language prohibiting Medicaid expansion under the Affordable Care Act
- Adds language authorizing Medicaid supplemental payments to hospitals affiliated with Eastern Virginia Medical School and the Virginia Tech/Carilion School of Medicine
 - State share of payments to be provided by the accredited medical schools
- Adds language authorizing Medicaid supplemental payments to qualifying private hospitals for charity care provided through agreements with state agencies as approved by the Centers for Medicare and Medicaid
 - Requires participating hospitals to report on programs and services provided through the supplemental payment program
- Adds language requiring the Dept. of Medical Assistance Services to monitor fiscal capacity under the federal Upper Payment Limit for all hospital supplemental payments programs and adjust payments when the cap is reached

Conference Funding of HHR Legislation

Legislation Adopted	GF	NGF
HB 2209 Emergency Dept. Care Coordination	\$370,000	\$3,330,000
HB 1467 Add Neonatal Abstinence Syndrome to Reportable Diseases by Health Dept.	\$52,000	\$0
HB 2304 Medicaid Long-Term Care & Managed Care Requirements (JLARC recommendations)	\$478,394	\$478,394
HB 2417 Medicaid Fraud Prevention & Prepayment Analytics (JLARC recommendation)	\$341,000	\$2,964,000
HB 2207 Food Stamp Program Replacement of EBT Cards	\$121,315	\$121,315
HB 2092 Review of Records for Eligibility for Public Assistance	\$75,000	\$75,000
Total	\$1,437,709	\$6,968,709

Elimination of Fees

- Conference report eliminates the proposed increase in restaurant inspection fees and shellfish facility inspection fees in the Department of Health
 - Adds \$4.2 million GF and reduces \$3.2 million in fee revenue to maintain the current restaurant inspection fee of \$40
 - Language directs the Department of Health to examine the cost recovery from larger establishments to determine if inspection services are adequately supported and report by December 15, 2017
 - Add \$116,000 GF and reduces \$116,000 in fee revenue to eliminate the proposed fee for shellfish facility inspections
- Eliminates the proposed fee for behavioral health adult service providers in the Department of Behavioral Health and Developmental Services
 - Eliminates language authorizing the fee and \$75,000 GF over the biennium and one position to process the fees
 - Reduces revenue of \$300,000 over the biennium which was expected to be generated from the fee

Program Restorations

- Conference report provides \$2.1 million GF to restore funding for a number of programs that were reduced or eliminated in HB 1500, as introduced

Program	FY 2017	FY 2018
Brain Injury Services	\$375,000	-
Long-Term Employment Support Services	\$200,000	-
Centers for Independent Living	\$200,000	-
Pharmacy Connect for SWVA	\$145,834	-
AAA Care Coordination Program	-	\$490,000
Child Advocacy Centers	-	\$405,500
Physician Loan Repayment Program	-	\$300,000
Total	\$920,834	\$1,195,500

Conference Report on TANF Funding

- Provides federal Temporary Assistance to Needy Families (TANF) funds for the following programs:
 - \$7.5 million in FY 2018 for community employment and training programs
 - Allocates \$2.0 million for Employment Services Organizations
 - Competitive grants require program metrics and local match of 25%, including in-kind services
 - \$2.5 million to consolidate localities into two groups for purposes of determining TANF cash assistant amounts
 - Provides a modest increase in localities with the lowest payments
 - \$2.0 million to provide a 2.5% increase in TANF benefits statewide
 - \$1.3 million for the Virginia Early Childhood Foundation
 - \$825,500 for Child Advocacy Centers
 - \$500,000 for Northern Virginia Family Services
- Transfers \$3.7 million in TANF funds to the Child Care and Development Block Grant for child day care subsidies for low-income working families
- Eliminates \$6.0 million in TANF funding for long acting reversible contraceptives
- Amendments result in a TANF balance of \$62.2 million NGF at the end of FY 2018

HHR Savings

Savings Items (\$ in millions)	2016-18
Continue Prohibition on Personal Attendant Overtime	(\$8.5)
Medicaid Forecast Adjustment to Reflect FY 2017 Expenditures	(7.3)
Supplant GF with Federal Opioid Crisis Grant	(5.2)
Eliminate Statewide Gap Analysis of Behavioral Health System	(4.5)
Behavioral Health Savings from GAP Expansion to 100% FPL	(2.0)
Medicaid Estate Recovery Efforts	(1.0)
Administrative Savings in DMAS, Health Dept. and DARS	(0.6)
Savings from Unsubscribed Medicaid Funded Residency Slots	(0.5)
Maximize Intermediate Care Facility Assessment	(0.5)
Eliminate Funding for Meningococcal Vaccine	(0.5)
Adult Services Case Management System Operations	(0.4)
Eliminat Transfer of Adult & Child Food Programs to DOE	(0.1)
Total	(\$31.1)



Public Safety



State Police

- Restores \$1.2 million GF in FY 2018 for establishment of the Special Operations Division
- Restores \$206,000 the second year to open a new area office in the New River Valley
- Includes \$330,000 and four positions to support background checks for child day care center employees and volunteers
- Provides exemption from certain Virginia Information Technology Agency provisions
 - Language in Central Appropriations authorizes the State Police to procure and operate cyber security and management tools required to protect its IT, pursuant to memorandum of understanding with VITA
 - Language requires Superintendent to provide a report detailing timelines and costs of transitioning responsibility for all State Police IT from VITA
 - Includes \$2.9 million to be released upon completion of the report, and the execution of a Memorandum of Understanding with VITA to address necessary IT projects
- Language requires State Police to provide regular updates on planned expenditures on STARS radio equipment to money committees

Other Public Safety

Secretary of Public Safety and Homeland Security

- Provides \$500,000 GF in FY 2018 toward the Commonwealth's nonfederal cost match to complete a U.S. Army Corps of Engineers flood control study for the Hampton Roads and Northern Neck Regions
- Language directs Secretary to review options for the continued use of Peumansend Creek Regional Jail as state, local, or regional correctional facility

Alcoholic Beverage Control

- Increases transfer of net profits to the general fund by \$800,000 in FY 2017 and \$1.6 million in FY 2018
- Increases transfer to the general fund from agency efficiency savings by \$900,000 in FY 2017 and \$1.4 million in FY 2018
- Language amendment requires Department to review regulatory and licensing fee structure

Department of Corrections

- Includes \$100,000 and one position to support Board of Corrections in investigations of inmate deaths in local and regional correctional facilities
- Language requires report on managing health care of high-cost inmates

Other Public Safety and Veteran's Affairs

Compensation Board

- Language authorizes the hiring of two multi-jurisdictional Assistant Commonwealth's Attorneys dedicated to prosecuting insurance fraud
- Language requires jails to use single mental health screening instrument, to be designated by Commissioner of Behavioral Health and Developmental Services
- Language directs Compensation Board to review costs of requiring jails to conduct mental health assessment within 72 hours of initial screening

Department of Criminal Justice Services

- Provides \$1.5 million GF the second year for local sexual assault and domestic violence victim programs to draw down \$6.0 million in federal funding
- Provides \$154,000 the second year for model addiction recovery programs in four local and regional jail pilot sites
- Includes \$10,000 in the second year for initial deposit to Virginia Firearms Safety and Training for Sexual and Domestic Violence Victims Fund (HB 1853)

Department of Veteran's Services

- Includes \$610,000 GF and 34 positions the second year to reorganize Virginia Veteran and Family Support (VVFS) Program
- Establishes Veterans Services Foundation as separate budget item pursuant to House Bill 2148

Judicial Branch

- Provides sufficient funding to fill a total of 407 judgeships
 - Language fills 10 vacancies: 5 circuit court judgeships, 2 general district court judgeships, and 3 J&DR court judgeships
- Includes \$137,000 to make upgrades to case management system pursuant to Senate Bill 1044
- Provides \$90,000 GF the second year for the costs of increased use of substitute judges
- Includes \$50,000 for a treatment pilot in Bristol Adult Drug Court
- Transfers \$1.5 million in FY 2016 Criminal Fund balances to the general fund
- Language requires Executive Secretary to work with State Police on implementation plan for statewide electronic summons system
- Language requires Executive Secretary to review and report on the use of community service in lieu of the assessment of fines and fees



Capital Outlay and General Government



General Government Funding Initiatives

- Capitol Police: Conference report includes \$600,000 GF in FY 2018 for new positions
- Crime Commission: \$120,000 GF in FY 2018 for one FTE due to increased workload
- JLARC: \$200,000 GF in FY 2018 for JLARC to conduct a total compensation study
- DHRM: \$140,000 GF in FY 2018 pursuant to the passage of HB 1555 which requires agencies to incorporate succession planning in their agency strategic plans
- Virginia Foundation for the Humanities: \$100,000 GF in FY 2018 for the Virginia Foundation for the Humanities, housed at UVA, to identify the history of formerly enslaved African Americans in Virginia and determine ways to preserve that history for educational and cultural purposes pursuant to HB 2296
- Treasury: \$1.5 million GF to provide compensation to Keith Allen Harward for wrongful incarceration pursuant to the passage of HB 1650 & SB 1479
- Internship Program: Provides \$800,000 GF to develop an internship program to assist in succession planning for state government

General Government Saving Amendments

- Department of Elections: Conference report includes amendments reducing new funding for the Department of Elections by \$655,000 in FY 2018 from eliminating the call center and funding for additional printing, and reducing the backfilling of federal HAVA funds
- Savings from Legislative Agencies: Reverts \$0.8 million from DLS and transfers \$0.8 million in NGF funds from VASAP to the general fund
- Office of Attorney General: Includes additional transfers from the OAG by reducing by \$500,000 the amount of NGF balances the OAG can carry forward at the end of each fiscal year in the revolving trust fund
- Federal Regulations: Captures savings of \$3.75 million GF in funding that was included in the introduced budget for new proposed overtime regulations under the federal Fair Labor Standards Act
 - The proposed federal regulations are on hold due to litigation and potential change in regulations

Capital Outlay Actions

- Reduces and repurposes proposed tax-supported debt
 - Provides for planning the replacement of the ABC warehouse to determine project cost, location and financing options
 - Replaces proposed Buckingham CC Wastewater with Greenville CC emergency repairs project
 - Addresses DMA Fire Safety statewide
 - Authorizes & fully funds the VIMS Eastern Shore Lab Complex
 - Authorizes & fully funds renovations at Institute for Advanced Learning and Research
 - Supplants with bonds for maintenance reserve and DSP Area 12 Office
 - Provides for repairs to DSP training academy
 - Provides for Department of Veterans Services burial vaults
 - Provides for infrastructure repairs at DBHDS
- These actions reduce debt by about \$61 million and save \$10.8 million GF for use in the budget

Capital Planning Actions

- Eliminates the four new planning projects proposed in the introduced budget
 - The 2016 capital outlay program previously authorized 21 projects
- Provides \$500,000 for DGS & ABC to jointly plan for the new ABC Warehouse and Office Building project
- Provides \$500,000 for pre-planning the Frontier Culture Museum Crossing Gallery project and the SMV Danville Science Center Exhibits
- Reverts \$5 million in planning pool balances for use in the budget
 - Projects were fully funded in 2016 capital program

Other Capital Actions

- Richard Bland College supplements student housing project - \$1.6 million NGF
- Treasury Board - Adjusts out-of-state capital outlay fee, saves \$1.5 million GF
- Treasury Board - Adds Prince William Adult Detention Center to eligible jail reimbursement list
- Radford – Includes \$10.7 million NGF for repairs to athletic fields and facilities

Capital Outlay Policy Actions

- Clarifying language on eligibility of CCAM to access previous funding authorization for the apprentice academy
- Language for CWM that mirrors authority provided to nine other institutions allowing the College to look at alternative financing options mainly for auxiliary projects
- Authority for CNU to sell Yoder Barn property
- Clarifying language on scope of CNU fine arts project
- ODU & Radford athletic projects authorized and clarifies treatment of the debt service in various subsidy calculations
- Language for DMA and DGS to look into capital process improvement on projects involving federal funds and surplus property
- Eliminates proposed capital leases for third party solar projects on state property
- Eliminates duplicative language related to cooperative procurement



Agriculture and Forestry, Commerce and Trade, and Natural Resources



Commerce, Trade and Technology

- Conference report identified savings of \$14.3 million in Commerce & Trade and Technology which helps to restore \$18.8 million to various programs in and relative to the two Secretariats
- Restores \$9.8 million over the biennium for local housing and economic development issues
 - \$7.5 million for GO Virginia
 - \$1.3 million for Brownfields Restoration and Economic Redevelopment Assistance Program
 - \$1.0 million for Enterprise Zone grants
- Authorizes an additional \$4.0 million in grant incentives to the Virginian Economic Development Grant program (VEDIG) available in FY18
- Restores \$4.0 million GF to fully fund higher education research at Global Genomics and Bioinformatics Research Institute (INOVA)

GO Virginia

- Conference report restores \$7.5 million GF for the Department of Housing and Community Development to continue the GO Virginia Initiative to foster job growth by encouraging regional collaboration among business, education and government. Total funding is distributed as follows:
 - \$3.6 million GF the first year and \$2.25 million GF the second year to restore funding to support organizational and capacity-building activities and workforce gap analyses
 - \$10.9 million GF the second year for population-based grants
 - \$11.3 million GF support for competitive grants for regional councils in the second year
 - Removed the local matching funds requirement for first year capacity-building grants

Commerce, Trade and Technology

- Tourism programs that were restored or assisted:
 - Provides restoration of \$313,778 GF in the first year for the See Virginia First Advertising campaign, a program that leverages Virginia's investment on a 3:1 basis
 - Restores \$37,500 GF across the biennium for the Spearhead Trails Initiative
 - Performance metrics applied to the India Tourism Grant \$400,000 GF in FY 2018 to help increase tourism traffic at Virginia's airports, including Dulles International Airport
- Directs DCHD to lead a multi-agency, coordinated effort to develop and implement strategies for housing individuals with serious mental illness.
- Language that authorizes the Virginia Research Investment Committee to conduct a statewide study of Virginia's research assets, ongoing public and private research collaborations and industry/research clusters to assist the VRIC in its update of the Commonwealth Research and Technology Strategic Roadmap

Commerce, Trade and Technology Savings

- Eliminates all proposed new spending in the Secretariats
 - \$1.25 million GF reduction in Virginia Biosciences Health Research Corporation redirected to INOVA
 - \$2.2 million GF reduction in Virginia Information Technologies Agency
 - \$1.1 million removed for a proposed new solar energy initiative
- It level-funded several programs to match FY18 funding to FY17 funding
- Captures savings to reflect changes in the schedules for several economic development incentive projects totaling \$5.5 million
 - Aerospace Engine Manufacturing Cluster Grant Fund Program = \$2.5 million
 - Pulp, Paper and Fertilizer Advanced Manufacturing Performance Grant Fund Program = \$3.0 million
 - Slavery and Freedom Heritage Site = \$1.5 million
 - Governor authorized to use \$500,000 from unappropriated balance if needed for cashflow
 - Intent is to fund the grants when performance metrics are met

Local Fiscal Distress

Conference report addresses 4 recommendations of the Joint Special Subcommittee on Fiscal Distress

- Improves the fiscal monitoring system for the APA by enhancing data collection to help determine when localities are approaching distress
- Creates a process where the Governor, in consultation with the Chairmen of the House Appropriations & Senate Finance Committees, may develop an intervention plan when distressed localities are identified
 - Team will then advise the Governor and Chairmen of its analysis and recommendations on how to proceed using resources that in the budget for this purpose
- Includes \$500,000 GF in FY17 to assist localities already identified as of January 1, 2017
- Establishes a Joint Subcommittee to continue to study local fiscal distress and examine:
 - Savings opportunities from increased regional cooperation and consolidation of services
 - Local responsibilities for service delivery of state-mandated or high priority programs
 - Causes of fiscal stress among local governments
 - Potential financial incentives and reforms to encourage increased regional cooperation
 - The different taxing authorities of cities and counties

Natural Resources

- Conference Report adds a total of \$2.5 million within Secretariat compared to HB 1500 as introduced
- In addition, the amendments provide \$8.3 million from the Water Quality Improvement Fund Reserve to continue the commitment to improving Virginia's water quality by providing additional resources for Agricultural Best Management Practices
 - \$500,000 shall be appropriated to match the federal Conservation Reserve Enhancement Program (CREP)
 - \$992,937 shall be appropriated for Technical Assistance for Virginia Soil and Water Conservation Districts
 - \$6,781,537 for Agricultural Best Management Practices Cost-Share Assistance
 - \$4,068,922 for matching grants on lands within the Chesapeake Bay watershed
 - \$2,712,615 for matching grants on lands outside of the Chesapeake Bay watershed

DCR & DEQ Funding Restorations & Additions

Department of Environmental Quality

- Subcommittee provides \$1.35 million GF in the second year for the purchase of an extensometer for the Hampton Roads Sanitation District project aimed at addressing land subsidence by injected treated wastewater back into the aquifer
- All reductions at the agency are offset by the use of nongeneral fund resources, including amounts from the Vehicle Emissions Inspection Fund, the Waste Tire Fund, and the Hazardous Waste Management Fund ensuring program activities continue at current levels

Department Conservation and Recreation

- Restores \$400,000 for the development of handicapped accessible bike trails at Swift Creek
- Amends language prohibiting the acquisition of park land without General Assembly approval. Companion amendments in Capital Outlay authorize specific purchases of in-holdings and contiguous properties

Other Natural Resources Agencies

Marine Resources Commission

- Restores the Virginia Saltwater Sport Fishing Tournament
- Rolls back proposed increase in commercial fishing and gear licensing, and provides GF support to offset the fee revenue, assumed to have been \$244,246 in the second year
- Defers privatization of oyster lease surveying services and provides \$172,879 in additional general fund support for the program in FY 2018

Department of Game and Inland Fisheries

- GF retains \$650,000 each year to help address the budgetary shortfall

Historic Resources

- Fully restores the Battlefield Preservation Fund appropriation in the second year to \$1.0 million GF
- Includes funding to preserve historic African-American Graves and Cemeteries in same fashion as the Revolutionary and Civil War grave sites program pursuant to HB 1547

Agriculture and Forestry

- Conference Report essentially level funds the Secretariat at levels included in HB 1500 as introduced but fund different priorities
- Amendments eliminate the proposed fee increase in the VDACS non-restaurant food establishment inspections and provide \$400,000 GF in FY 2018 to maintain the program levels
- Also eliminate the new fee proposed for silvicultural inspections and provide \$500,000 GF in the second year to continue supporting the department's silvicultural protection activities without fees
- Fully restores funding for the Reforestation of Timberlands Program
 - Adds \$300,000 GF to fully match industry contributions to the program in FY 2018
 - Provides \$113,360 GF in FY 2018 to eliminate the proposed use of RT funds to support accounts receivable systems upgrades
- Fully restores \$288,750 GF in state matching funds for the coyote and black vulture control program over the biennium

Agriculture and Forestry

- Reductions limited to new initiatives
- Eliminates \$259,955 GF over the biennium for an unfilled organics specialist position at VDACS authorized by the 2016 General Assembly
- Removes \$260,364 each year from the farm development grant program, leaving funding for one position
- Reduces the increase in Agriculture and Forestry Industries Development grant funding provided in FY 2018 by \$780,000
 - \$1.0 million retained in grants
 - Fund has balance of \$2.3 million



Transportation



Transportation Items

- Dollar amendments were identical in the two budgets and have remained unchanged – all differences were related to language
- Reflects House position of no project earmarks, allowing the “Smart Scale” process to direct investments
- Authorizes 10 additional FTE positions to VDOT for toll operations and 4 additional FTEs to DRPT for rail projects
 - Increases the proposed share of rail funding that may be used for project administration to from 3.5% to 5% in lieu of the requested 7% share
- Includes language to help ensure that needed reforms are instituted at the Washington Metropolitan Transit Authority (WMATA) as part of the multi-jurisdictional Compact renegotiation – consolidation of provisions of 3 House amendments
- Adds language directing the Secretary to investigate funding sources for improvements at the VCSFA

Transportation Items

Dulles Airport Funding

- Amends existing language relating to the provision of GF support for Dulles Airport to ensure continued efforts are made to maximize revenue generation at the facility by pursuing opportunities to develop non-airport acreage to support operations
- To date, airport has signed the required long-term lease with United Airlines and attracted additional carriers to the facility

Department of Aviation

- Includes language to ensure that all aviation grants from Commonwealth Transportation Funds are used solely for Code-authorized purposes and requires the Department to provide an audit report on funding usage over the past three years

Toll Road Revenues and Fines

- Includes language directing VDOT to investigate the development of an annual report on revenues generated from toll roads, including amounts imposed and collected from toll violations and administrative fees

Transportation Items

- Recognizes the repayment of \$20.0 million, over a four-year period, of amounts previously appropriated from CPR bond proceeds which had been provided to Virginia Beach for light rail expansion
 - Because the project is not moving forward subsequent to a failed voter referendum, the funds will be returned to the Commonwealth and re-deposited into the Transportation Partnership Opportunity Fund
 - These amounts will be available for reuse on a competitive basis
 - Added language authorizing withholding of city street payments if agreement not met
- Authorizes the Secretary of Finance to issue a Treasury loan in the amount of \$1.7 million each year for three years to VDOT to compensate the City of Portsmouth for lost personal property tax revenues due to the transfer of property from private to state ownership as part of the renegotiated lease for the Virginia International Gateway port facility
 - Planned expansion to the facility will include the purchase of high-value cranes and other equipment under private ownership and increase Portsmouth's personal property tax revenues sufficiently to allow for repayment of the loan
 - Added language authorizing withholding of city street payments if repayment agreement not met

Revenue Changes HB 1500 Conference Report

	<u>FY 2017</u>	<u>FY 2018</u>
<u>Additions to Balances</u>		
Revert Criminal Fund Balances	1,500,000	
Revert Capitol Police Balances	700,000	
Revert DLS and Legislative Commission Balances	811,741	
Revert Judicial Balances		198,822
Revert Richmond Tourism Balances to Reflect Cash-Flow Needs	1,500,000	
Subtotal-Balances	4,511,741	198,822
<u>Additional Revenues</u>		
Forestry Property Sales Revenues		340,000
DSP Background Check Fee	609,748	609,748
Reduce Transfer to DGIF	650,000	650,000
Eliminate Proposal to Disallow Use of Credit and Exemption		-2,040,000
Eliminate DBHDS Licensing Fee for Adult Providers	-100,000	-200,000
Sales Tax Revenues from HB 1913		2,269,410
ABC Excise Tax Forecast Change	1,900,000	3,500,000
Eliminate Land Preservation Tax Credit Transfer Fee Increase		-1,000,000
Adjust Amnesty Forecast – Deposit in Cash Reserve Fund		31,306,555
Subtotal-Revenues	3,059,748	35,435,713

Revenue Changes HB 1500 Conference Report

	FY 2017	FY 2018
<u>Transfers</u>		
VASAP Balances	800,000	
FY 2016 ABC Balances Not Reflected in HB 1500	10,300,000	
ABC Efficiencies Transfer Increase	900,000	1,400,000
Capture Additional ABC Profits	800,000	1,600,000
DEQ Fund Swaps	-206,120	206,120
HB 1913 – Cigarette Smuggling Enforcement		280,780
VRS Recovery From Teaching Hospitals	1,844,403	1,229,602
VRS Recovery from Higher Education	24,219,902	16,146,302
Capture Balances from SBIGF and SBJGF		1,600,000
Remove VEDIP Supplier Cluster Grant		2,500,000
Transfer Trauma Center Amounts	1,850,000	2,000,000
Transfer Emergency Services Funds	2,850,000	3,000,000
Reverse Increase in Land Preservation Credit Transfer Fee		-100,000
Capture Additional Higher Education Interest Earnings	500,000	500,000
Transfer Excess Balances from OAG Reg, Consumer and Lit. Fund	1,400,000	500,000
Transfer Capital Planning Funds to GF	5,000,000	
Subtotal-Transfers	50,258,185	30,863,104
<u>Grand Total Changes: Revenues/Resources</u>	57,829,674	66,497,639
<u>Final Unappropriated Balance After Resource & Spending Adjustments</u>		3,572,948

Items Not Included in Either House or Senate Budgets

- **Item 7 #1c:** Language directs proceeds from the sale of surplus property from the General Assembly Building to the Capital Square Preservation Council
- **Item 24 #1c:** Amendment eliminates funding for the Virginia Bicentennial of the American War of 1812 as the Commission no longer exists
- **Item 43 #1c:** Language directs the Committee on District Courts to transfer 4 deputy clerk positions from the 13th to the 14th judicial district based on workload study
- **Item 44 #1c:** Language establishes an expiration date on current guardian ad litem language that will be codified pursuant to Senate Bill 1343
- **Item 61 #1c and Item 3-1.01 #2c:** Amendments lower by \$500,000 in the second year the amounts from the Regulatory, Consumer Advocacy, Litigation and Enforcement Revolving Trust Fund retained by the Attorney General, leaving \$750,000 for the Attorney General's usage. Part 3 amendment captures \$1.4 million in excess balances in the first year. These actions were in lieu of adopting reductions to the AG's office as included in the Senate budget
- **Item 70 #1c:** Language requires the use of a standardized mental health screening instrument by local jails and requires a report on the costs of mental health assessments
- **Item 93 #2c:** Language authorizes VDACS to stop having to accept applications for Beehive Grants when funding is not provided for the program
- **Item 123 #2c and 3c:** Extends the certification for SWAM businesses from 3-5 years and reduces the MEL by 12 FTEs to reflect actual funding levels
- **Item 306 # 6c:** Adds language to Medicaid Managed Care regulations to reflect that payments to nursing facilities are no less than the per diem payments set by Medicaid reimbursement methodology
- **Item 442 #2c:** Technical change to continue to authorize DMV to provide temporary licensure of property carriers until January 1, 2018 to reflect delayed enactment date of the Property TNC legislation
- **Item 448 #1c:** Language authorizes VDOT to extend a loan to DRPT to cover withheld FTA funds due to because the Metro Safety Commission has not been enacted by all signatory parties
- **Item C-6 #1c:** Authorizes additional 9(d) NGF bonds for a student housing project at Richard Bland based on actual bids received since the introduction of the budget