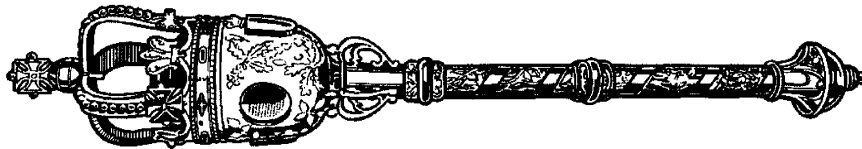


*Report of the
House Appropriations
Subcommittee*

on

*Technology Oversight &
Government Activities*



House Bill 1500

February 3, 2013

REPORT OF THE SUBCOMMITTEE
on
Technology, Oversight, and Government Activities

Mr. Chairman and Members of the Committee:

The Technology, Oversight, and Government Activities Subcommittee is pleased to put before you a series of recommendations to improve the structural balance of Virginia's budget at a time when the economy is beginning to show some signs of recovery.

As we began our review, the need for improving the structural balance of Virginia's budget was an important concern. First among these concerns was the need to eliminate the required reversion of local aid payments by our localities to the Commonwealth. Mr. Chairman, I want to extend my thanks to you for leading the charge to eliminate the local aid reversions that have impacted our counties and cities since fiscal year 2008. As a result of the elimination of this local aid reversion, local governments will retain \$45 million in local aid payments this year.

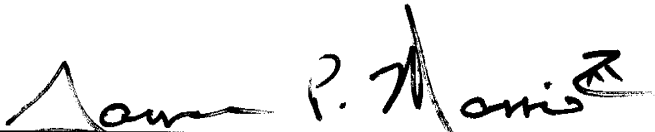
I am also pleased to report that the Subcommittee recommends providing \$2.5 million for the development of a cyber-security accelerator. This accelerator is expected to produce 10 new high-growth companies per year with annual sales growth expectations of \$50 million per year. While many areas of the economy continue to slowly expand, it is expected that between the federal government, intelligence agencies, and private-sector business needs, that cyber-security will grow in importance. This investment in the cyber-security accelerator will strongly position Virginia to capitalize on this growing market.

Finally, Mr. Chairman, the Subcommittee is recommending a number of amendments to the General Provisions that may also alter how Virginia does business moving forward. The most significant of

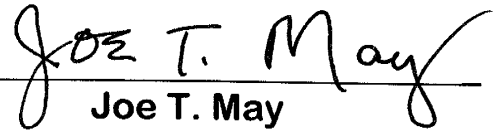
these general provision changes is also the one that could most affect the transparency of state government and the manner in which state government does business. I am pleased to recommend for your consideration, language requiring that in odd-numbered Sessions, or when consideration is given to the need for a Caboose Bill, that the governor submit his amendments to the existing Appropriation Act in the form of half-sheets, just as we do. While some may think this is an extreme measure, it is not. Governors submit half-sheets for their Executive amendments and when sending down amendments during the reconvened Session. The Subcommittee believes this language could improve the transparency of the budget process and the business of state government.

In closing, I would like to thank the members of the Subcommittee for their hard work and support during the Session in putting the Subcommittee budget together. Committee staff will review the report and the attached listing of our recommendations at this time, and I hope it will be your pleasure to adopt our Subcommittee Report.

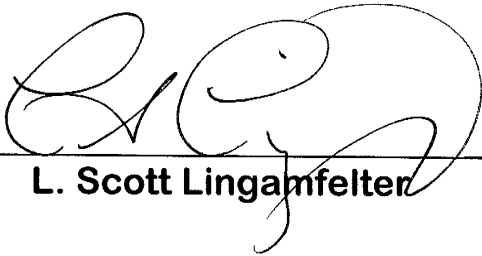
Respectfully Submitted by the House Appropriations Subcommittee
on Technology Oversight & Government Activities:



James P. Massie, III, Chair



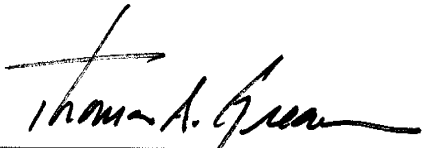
Joe T. May



L. Scott Lingamfelter



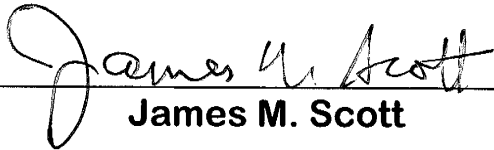
Charles D. Poindexter



Thomas A. Greason



Christopher K. Peace



James M. Scott



Robert H. Brink

Budget Amendment Recommendations

HB 1500 <u>Amendment</u>
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2010-12 BIENNIAL TOTAL		
General	Nongeneral	
<u>Fund</u>	<u>Fund</u>	<u>FTE</u>

TECHNOLOGY

Innovation and Entrepreneurship Investment Authority

Cyber-Security Accelerator	2,500,000
Eliminate FY 2014 Modeling and Simulation Funding	(520,000)
Innovation and Entrepreneurship Measurement System	Language

Part 4

Energy-Efficiency Projects	Language
Cabinet Secretary Salaries	Language
Submission of Half-Sheets	Language

Total: HB 1500	1,980,000
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Amendments to House Bill 1500, as Introduced

Technology and Operations Subcommittee

Item 423 #1h

Technology	FY 12-13	FY 13-14	
Innovation And Entrepreneurship Investment Authority	\$0	\$2,500,000	GF

Language:

Page 364, line 13, strike "\$5,782,500" and insert "\$8,282,500".

Page 365, after line 25 insert:

"M.1. Out of the amounts in this item, \$2,500,000 the second year from the general fund shall be provided to establish a cyber-security accelerator which will be managed by the Center for Innovative Technology (CIT). CIT is directed to recruit companies for the Accelerator regionally and any participating company must agree to start and operate their company in the Commonwealth. Participating companies will be guided through a company initiation and development process supported by key cyber-security professionals, investors and technologists.

2. Companies participating in the Accelerator will be eligible to receive an initial \$25,000 investment from the Accelerator Fund. Upon graduation from the program, they may be eligible for an additional investment of up to \$100,000 from the Center for Innovative Technology's GAP Fund. Any proceeds from the sale of equity in these companies shall not revert to the general fund but shall be used to support the Accelerator.

3. The Center for Innovative Technology shall report to the Chairmen of the House Appropriations and Senate Finance Committees as well as to the Secretaries of Commerce and Trade and Technology by September 1, 2013 with a detailed proposal for the implementation of this program and shall report within 30 days of receipt of the initial round of applications for funding under this program."

Explanation:

(This amendment provides \$2.5 million in the second year from the general fund to establish a cyber-security accelerator program within CIT. Virginia would receive national recognition as the first cyber-security dedicated accelerator in the nation. It is expected that approximately 10 new high growth companies will be created annually from this investment, with annual sales expectations of over \$50.0 million per company. These high-wage employment opportunities will help offset the loss of federally-supported positions throughout the Commonwealth.)

Technology and Operations Subcommittee

Item 423 #2h

Amendments to House Bill 1500, as Introduced

Technology	FY 12-13	FY 13-14	
Innovation And Entrepreneurship Investment Authority	\$0	(\$520,000)	GF

Language:

Page 364, line 13, strike "\$5,782,500" and insert "\$5,262,500".
Page 365, line 16, strike "and \$520,000 the second year".

Explanation:

(This amendment eliminates the second year funding included in the introduced budget for modeling and simulation initiatives. The funding will be redirected to the Cyber-Security Accelerator Fund, which is designed to develop up to 10 new high-growth companies every year.)

Technology and Operations Subcommittee

Item 423 #3h

Technology

Innovation And Entrepreneurship
Investment Authority

Language

Language:

Page 364, line 24, after "A." insert "1."
Page 364, after line 25, insert:
"2. Out of the amounts appropriated for the Innovative and Entrepreneurship Investment Authority, an amount equal to \$50,000 shall be used to create the Commonwealth Innovation and Entrepreneurship Measurement System to measure activities worthy of economic development and institutional focus in furtherance of the Commonwealth Research and Development Roadmap."

Explanation:

(This amendment requires the Innovative and Entrepreneurship Investment Authority (IEIA) to develop the Commonwealth Innovation and Entrepreneurship Measurement System to determine what activities are worthy of economic development or institutional focus as required by the Commonwealth Research and Development Roadmap. The IEIA will provide the resources for this initiative out of its existing budget. For fiscal year 2013, the agency has a \$5.9 million budget.)

Technology and Operations Subcommittee

Item 4-4.01 #1h

Capital Projects

General

Language

Language:

Page 512, line 25, after "\$7,000,000.", strike remainder of line.
Page 512, strike lines 26 and 27.

Explanation:

(This amendment eliminates proposed language redefining the criteria for determining which energy-efficiency projects will be considered operating expenses. Currently, all six criteria must be met for an energy-efficiency project to be considered an operating expense. The proposed language omitted the fifth of the six criteria.)

Technology and Operations Subcommittee

Item 4-6.01 #2h

Positions and Employment

Employee Compensation

Language

Language:

Page 522, unstrike line 49.
Page 522, unstrike, "2.2-400, Code of Virginia, shall be paid in the amounts shown."
Page 522, strike, "Annual salaries of persons appointed to positions by the".
Page 522, strike lines 51 through 53.
Page 523, strike lines 1 and 2.
Page 523, line 7, unstrike "\$160,459", "\$160,459" and "\$160,459".
Page 523, line 8, strike "\$152,818", "\$152,818" and "\$152,818".
Page 523, line 14, unstrike "\$160,433", "\$160,433" and "\$160,433".
Page 523, line 15, strike "\$152,793", "\$152,793" and "\$152,793".
Page 523, line 21, unstrike "\$160,433", "\$160,433" and "\$160,433".
Page 523, line 22, strike "\$152,793", "\$152,793" and "\$152,793".
Page 523, line 29, unstrike "\$152,793", "\$152,793" and "\$152,793".
Page 523, line 30, strike "\$152,793", "\$152,793" and "\$152,793".
Page 523, line 34, unstrike "\$160,433", "\$160,433" and "\$160,433".
Page 523, line 35, strike "\$152,793", "\$152,793" and "\$152,793".
Page 523, line 38, unstrike "\$160,433", "\$160,433" and "\$160,433".
Page 523, line 39, strike "\$152,793", "\$152,793" and "\$152,793".

Explanation:

Amendments to House Bill 1500, as Introduced

(This amendment eliminates the language proposed in the introduced budget regarding changes in the salaries of those cabinet officials that were participating in the Virginia Retirement System prior to July 1, 2010.)

Technology and Operations Subcommittee

Item 4-14.00 #2h

Effective Date

Effective Date

Language

Language:

Page 545, after line 41, insert:

4. That §§ 2.2-1508 and 2.2-1509 of the Code of Virginia are amended and reenacted as follows:

§ 2.2-1508. Submission of executive budget to General Assembly.

A. On or before December 20 in the year immediately prior to the beginning of each regular session of the General Assembly held in an even-numbered year, the Governor shall submit to the presiding officer of each house of the General Assembly printed copies of a budget document *for the biennium beginning July 1 of the even-numbered year* , which shall be known as "The Executive Budget," based on his own conclusions and judgment, containing the following:

1. For each agency, the amount and number of positions appropriated for the current appropriation year and the amount and number of positions recommended for each year of the ensuing biennial period beginning with the first day of July thereafter, accompanied by an explanation of the recommended amount and number of positions. Such information shall also include the total estimated amount appropriated for personnel costs for each agency.

2. A statement of historical and projected trends that influence the general economic conditions in the Commonwealth and a statement of the economic assumptions upon which revenue projections are based.

3. A statement of the Governor's proposed goals, objectives, and policies in the areas of:

a. Administration of justice;

b. Education, including intellectual and cultural development;

c. Individual and family services;

d. Resources and economic development, including specific references to economic development and management of natural resources;

Amendments to House Bill 1500, as Introduced

- e. Transportation; and
 - f. General government, including therein or as separate categories areas of multiple impact, such as telecommunications, energy, and urban development.
4. A statement organized by function, primary agency, and proposed appropriation item that sets forth:
- a. Identification of common programs and services;
 - b. Service attainments or lack of attainments and service terminations or reductions for the biennium;
 - c. Major goals, objectives, and specific outcomes related to expenditures for programs;
 - d. Program measures and performance standards to be used in monitoring and evaluating services; and the development of appropriate evaluation cycles, within available resources;
 - e. The amount of each primary agency's budget that is direct aid to localities.
5. A statement of proposed capital appropriations organized by the primary agency that sets forth the program need for the project and the proposed source of funding .
6. A listing of all activity, program-related, agency or departmental evaluations performed in the previous two years with guidance indicating the manner in which the public can gain access to the full text of such studies .
7. A schedule and description of all data processing or other projects in which the Commonwealth has entered into or plans to enter into a contract, agreement or other financing agreement or such other arrangement that requires that the Commonwealth either pay for the contract by foregoing revenue collections, or allows or assigns to another party the collection on behalf of or for the Commonwealth any fees, charges, or other assessment or revenues to pay for the project. Such schedule shall include by agency and project (i) a summary of the terms, (ii) the anticipated duration, and (iii) cost or charges to any user, whether a state agency or institutions or other party not directly a party to the project arrangements. The description shall also include any terms or conditions that bind the Commonwealth or restrict the Commonwealth operations and the methods of procurement employed to reach such terms.
- B. ~~On~~ *Each year on* or before December 20 of the year immediately prior to the beginning of the regular session of the General Assembly held in odd-numbered years, the Governor shall submit to the presiding officer of each house of the General Assembly printed copies of a budget document, which shall be known as "~~Executive Amendments to the Appropriation Act,~~" describing all gubernatorial amendments

Amendments to House Bill 1500, as Introduced

proposed to the general appropriation act ~~enacted in the immediately preceding even-numbered session~~ in effect at that time. *A specific, separate, and severable amendment shall be submitted for each item of the general appropriation act that the Governor proposes to amend or add, in the same format the Governor uses when recommending amendments to a general appropriation act at a reconvened session of the General Assembly. For purposes of this subsection, "item" means the designation of such in the general appropriation act.*

C. The Department of Planning and Budget shall prepare "The Executive Budget" and ~~the "Executive Amendments to the Appropriation Act"~~ *amendments proposed pursuant to subsection B* in a manner and with language that can be easily understood by the citizens of the Commonwealth. *The "Executive Budget" shall provide and that provides*, to the extent practical, a cross-reference to the Governor's recommended budget bill ~~or amendments to the Appropriation Act~~. Such documents shall also be placed on the Internet to provide easy access by the public.

§ 2.2-1509. Budget bill.

A. (Effective until July 1, 2013) On or before December 20 of the year immediately prior to the beginning of each regular session of the General Assembly held in an even-numbered year, the Governor also shall submit to the presiding officer of each house of the General Assembly, at the same time he submits "The Executive Budget," copies of a tentative bill for all proposed appropriations of the budget, for each year in the ensuing biennial appropriation period, which shall be known as "The Budget Bill." "The Budget Bill" shall be organized by function, primary agency, and proposed appropriation item and shall include (i) an identification of, and authorization for, common programs and (ii) the appropriation of funds according to programs. Strategic plan information and performance measurement results developed by each agency shall be made available to the General Assembly as it considers "The Budget Bill." Except as expressly provided in an appropriation act, whenever the amounts in a schedule for a single appropriation item are shown in two or more lines, the portions of the total amount shown on separate lines are for information purposes only and are not limiting. No such bill shall contain any appropriation the expenditure of which is contingent upon the receipt of revenues in excess of funds unconditionally appropriated.

A. (Effective July 1, 2013) On or before December 20 of the year immediately prior to the beginning of each regular session of the General Assembly held in an even-numbered year, the Governor also shall submit to the presiding officer of each house of the General Assembly, at the same time he submits "The Executive Budget,"

Amendments to House Bill 1500, as Introduced

copies of a tentative bill for all proposed appropriations of the budget, for each year in the ensuing biennial appropriation period, which shall be known as "The Budget Bill." "The Budget Bill" shall be organized by function, primary agency, and proposed appropriation item and shall include an identification of, and authorization for, common programs and the appropriation of funds according to programs. Except as expressly provided in an appropriation act, whenever the amounts in a schedule for a single appropriation item are shown in two or more lines, the portions of the total amount shown on separate lines are for information purposes only and are not limiting. No such bill shall contain any appropriation the expenditure of which is contingent upon the receipt of revenues in excess of funds unconditionally appropriated.

B. The salary proposed for payment for the position of each cabinet secretary and administrative head of each agency and institution of the executive branch of state government shall be specified in "The Budget Bill," showing the salary ranges and levels proposed for such positions.

C. "The Budget Bill" shall include all proposed capital appropriations, including each capital project to be financed through revenue bonds or other debt issuance, the amount of each project, and the identity of the entity that will issue the debt.

D. Concurrently with the submission of "The Budget Bill," the Governor shall submit a tentative bill involving a request for authorization of additional bonded indebtedness if its issuance is authorized by, or its repayment is proposed to be made in whole or in part, from revenues or appropriations contained in "The Budget Bill."

E. ~~On Each year, on~~ or before December 20 ~~of the year immediately prior to the beginning of each regular session held in an odd-numbered year of the General Assembly,~~ the Governor shall submit to the presiding officer of each house printed copies of all gubernatorial amendments proposed to the general appropriation act ~~adopted in the immediately preceding even-numbered year session in effect at the time. A specific, separate, and severable amendment shall be submitted for each item of the general appropriation act that the Governor proposes to amend or add, in the same format the Governor uses when recommending amendments to a general appropriation act at a reconvened session of the General Assembly. For purposes of this subsection, "item" means the designation of such in the general appropriation act.~~ In preparing the amendments, the Governor may obtain estimates in the manner prescribed in §§ 2.2-1504, 2.2-1505, and 2.2-1506. On the same date he shall also submit ~~a tentative bill during the second year of the appropriation period,~~ a request for authorization of additional bonded indebtedness if its issuance is authorized by, or its

Amendments to House Bill 1500, as Introduced

repayment is proposed to be made in whole or in part, from revenues or appropriations contained in the proposed gubernatorial amendments.

F. The proposed capital appropriations or capital projects described in, or for which proposed appropriations are made pursuant to, this section shall include the capital outlay projects required to be included in "The Budget Bill" pursuant to § 2.2-1509.1. The Governor shall propose appropriations for such capital outlay projects in "The Budget Bill" in accordance with the minimum amount of funding and the designated sources of funding for such projects as required under § 2.2-1509.1."

Page 545, line 42, strike "4." and insert "5."

Page 545, line 43, after "second" strike "and" and insert ","

Page 545, line 43, after "third" insert ", and fourth".

Explanation:

(This amendment would require that the amendments to the biennial budget submitted to the General Assembly be presented as separate and severable amendments for increased comprehensibility. This language does not modify the submission of the new biennial budget proposed prior to the start of even-year sessions of the General Assembly.)
