

**Governor McDonnell's
Proposed Executive Amendments
to the Introduced Budgets
(HB 29 and HB 30)**

House Appropriations Committee

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Governor McDonnell's Executive Amendments Address Three Primary Objectives . . .

- Address issues that have arisen since decisions were finalized for the introduced budget bill.
- Clarify or correct language or amounts to more accurately address the original intent of his proposed actions in the introduced budget.
- Support priority legislation that is being introduced.

Resource changes add \$5.9 million to the available balance . . .

Executive Amendments That Change Resources	FY 2012	FY 2013	FY 2014
Revenue - Allow Parking Fund to Retain Interest	(25,415)	(25,415)	(25,415)
Revenue - Move earned income tax credit from FY 2013 to FY 2012	(6,600,000)	7,000,000	-
Revenue - Provide for increased wine tax credit	-	-	(250,000)
Additions to balance - Reduce additions to balance to reflect the reappropriation of amounts for Veterans' Care Center site evaluation	(250,000)	-	-
Transfers - Restore amounts reverted as inactive	(2,689)	-	-
Transfers - Restore nongeneral fund revenue deposited to the general fund	(200,508)	-	-
Revenue - Increase estimated proceeds from the sale of the Old Tax Building	-	1,250,000	-
Revenue - Reset research and technology tax credit to current level	-	-	5,000,000
Subtotal of Resource Changes	\$ (7,078,612)	\$ 8,224,585	\$ 4,724,585

Savings amendments free up \$44.6 million in appropriation balances . . .

Executive Amendments - Savings

Agency	Title	FY 2012	FY 2013	FY 2014
Department of Medical Assistance Services	Capture savings from federal bonus payment for Medicaid	(26,729,489)	(4,116,835)	(4,116,835)
Compensation Board	Reduce operating funds for jails	(944,200)	(879,896)	(886,142)
Direct Aid to Public Education	Adjust per pupil amount for Supplemental Support for School Operating Costs account	(108,099)	-	-
Department of Medical Assistance Services	Adjust estimates for hospital inflation savings	-	(3,661,334)	(976,928)
Virginia Community College System	Redirect workforce development funding	-	(1,000,000)	(1,000,000)
Department of Historic Resources	Transfer general fund dollars to the proper service area	-	(110,384)	(110,384)
Subtotal of Savings Amendments		(27,781,788)	(9,768,449)	(7,090,289)

\$59.3 million in additional funds for public education (K-12) tops the list of new spending recommendations . . .

Executive Amendments - Spending

Agency	Title	FY 2012	FY 2013	FY 2014
Direct Aid to Public Education	Expand Youth Development Academies to all 8 superintendent regions	-	\$475,279	\$475,279
Direct Aid to Public Education	Expand Early Reading Intervention program	-	\$4,116,378	\$4,121,676
Direct Aid to Public Education	Update free lunch percentage for K-3 Primary Class Size Reduction program	-	\$23,529,519	\$23,570,806
Department of Education, Central Office Operations	Provide funding for IT academies	-	\$1,500,000	\$1,500,000
University of Virginia	Provide funding to support the Virginia Logistics Research Center	-	\$325,000	\$325,000
Virginia Military Institute	Offset revenue loss associated with Governor's legislative proposal	-	\$298,580	\$298,580
Frontier Culture Museum of Virginia	Restore funding for information technology	-	\$75,963	\$75,963
Department of Medical Assistance Services	Correct funding for teaching hospitals	-	\$8,743,133	-
Department of Social Services	Provide funding for human trafficking related pilot projects	-	\$50,000	\$50,000

A total of \$75.7 million in new spending is recommended . . .

Executive Amendments - Spending continued

Agency	Title	FY 2012	FY 2013	FY 2014
Grants to Localities	Provide funds for children's mobile crisis services	-	\$500,000	\$500,000
Department of Military Affairs	Reflect funding transfer from DJJ to DMA for Challenge Program	-	\$1,335,213	\$1,335,213
Department of Corrections	Woodrum appropriation for domestic violence legislation	-	\$50,000	-
Department of Corrections	Woodrum appropriation for sex offender registry bill	-	\$50,000	-
Department of Corrections	Increase staffing for SVP evaluation	-	\$76,231	\$115,394
Department of Corrections	Woodrum appropriation for legislation increasing penalty for violent sexual crimes	-	\$1,711,348	-
Department of Historic Resources	Transfer general fund dollars to the correct service area	-	\$110,384	\$110,384
Department of Forestry	Provide funding for the purchase of equipment through the state's Master Equipment Lease Purchase (MELP) program	-	-	\$250,000
Subtotal of Spending Amendments		\$0	\$42,947,028	\$32,728,295

The Governor's recommendations reduce the unappropriated balance to \$6.3 million . . .

Summary of Proposed Resources and Changes in Spending

	FY 2012	FY 2013	FY 2014
<u>Total Proposed Resources</u>			
HB/SB 29 and HB/SB 30 as introduced			
Prior Year Balance	\$ 841,176,000	\$ 566,689,478	\$ 8,750,406
Additions to Balance	(43,595,396)	3,588,917	3,588,917
Revenue Forecast	15,726,601,262	16,246,453,970	16,969,470,400
Transfers	420,855,811	395,375,118	410,518,462
Total Resources	16,945,037,677	17,212,107,483	17,392,328,185
Executive Amendments	(7,078,612)	8,224,585	4,724,585
Total Proposed Resources	16,937,959,065	17,220,332,068	17,397,052,770
<u>Total Proposed Appropriations</u>			
HB/SB 29 and HB/SB 30 as introduced	16,399,051,375	17,178,403,083	17,365,163,921
Executive Amendments			
Savings Amendments	(27,781,788)	(9,768,449)	(7,090,289)
Spending Amendments	-	42,947,028	32,728,295
Subtotal of New Spending	(27,781,788)	33,178,579	25,638,006
Total of All Proposed Spending	16,371,269,587	17,211,581,662	17,390,801,927
Balance	\$ 566,689,478	\$ 8,750,406	\$ 6,250,843

Most language amendments provide greater clarity or more accurately support the intent of the Governor's proposed budget . . .

- Many language amendments are technical adjustments to correct errors in embedded numbers, references, or text for clarification but do not change policy from the introduced budget.
- Others provide language to accompany the changes in revenue or spending proposed as executive amendments.
- Policy amendments are recommended to provide:
 - language to modify the Federal Action Contingency Trust (FACT) Fund to establish criteria for use of the funding as well as to establish an advisory committee.
 - language permitting the use of a portion of the unappropriated balance to assist with Line of Duty Act costs. The potential use of these funds is dependent upon the outcome of current stakeholder group discussions surrounding potential reform of the Line of Duty Act program.
 - that the Department of Aging shall operate the state's Long-Term Care Ombudsman program rather than the current nonprofit organizations designated by state law.
 - language authorizing the elimination of individual income tax refund checks, and provide for the issuance of such refunds through debit cards, direct deposits, or other electronic means.