



COMMONWEALTH OF VIRGINIA  
HOUSE OF DELEGATES  
RICHMOND

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**The Honorable S. Chris Jones, Chairman**  
**Comments on the Committee Recommendations to House Bills 29 and 30**  
**February 16, 2014**

Welcome and good afternoon. Today we meet to consider amendments to House Bill 29, the current biennial budget and House Bill 30, the budget for the 2014-2016 biennium.

Crafting the biennial budget of the Commonwealth of Virginia is no easy task, and one that I know this Committee earnestly undertook with the best interests of all Virginians in mind.

Since the budget was introduced some 8 weeks ago, we have conducted 5 public hearings across the Commonwealth to receive input from our citizens on the priorities and needs they would like to see addressed.

After arriving here on January 7th, the Subcommittee chairmen and I began to discuss the direction the Committee would take in crafting the House Budget.

While the responsibility of adopting a budget ultimately rests with the Committee, an integral component of a successful budget required the involvement of all members of the House. So, over a two week period, we engaged in small group briefings in which members from both sides of the aisle participated in detailed discussions of the proposed budget.

With the input of the House, we charted several goals and principles that would serve as the framework for the Committee's budget deliberations.

First and foremost, we needed to be mindful that, although state revenues are beginning to grow, the rate of growth is well below the historic trend growth of 6%.

Furthermore, this rate of growth is less than we experienced in the two previous economic recoveries. For example, coming out of the 1991 and 2001 recessions, our growth rate was approximately 7.5% and 7.8%, respectively. The current economic forecast calls for 4% over the next biennium.

In keeping with a long standing tradition of the House, the Committee has made the long-term structural balance of our finances a top priority. This budget will be no different.

As required by the Constitution, this budget will include nearly \$243.2 million in Rainy Day Fund deposits to replenish the fund, which was used, as intended, to weather the recession. The Fund balance at the end of FY 2015 will be approximately \$939 million.

Likewise, it is imperative to ensure that we have adequate cash reserves on hand as we continue to emerge from one of the weakest recoveries in memory. To that end, approximately \$138.0 million will be placed in a reserve fund designated to guard against any further downward revision in the revenue forecast.

The fund will serve two purposes; first as a revenue reserve in the event that our economy does not perform as we anticipate. Second, if we do meet expectations, then these appropriated dollars will be earmarked to provide state and state-supported employees a compensation adjustment, as well as address the funded status of the State Employee Retirement System.

You may recall two years ago the General Assembly adopted legislation that put us on a pathway to fund at 100% the contribution rates certified by the VRS Board of Trustees. The actions in this budget will reach that objective four years earlier than projected!

The Committee budget also continues to make major investments in a number of areas that have been a priority of this Committee.

In the area of public education, the Committee budget recommends an additional \$530.9 million over the biennium. The Committee also recommends restoring \$5.4 million in Fiscal Year 2015 for the Cost of Competing for Support Staff. Additionally,

our budget provides \$5.3 million in a series of technical corrections identified by the Department of Education over the last several weeks.

Our budget maintains and expands on the House's commitment to higher education. I am pleased that our budget will allocate \$210.0 million over the biennium to keep that commitment, including an additional \$20.0 million designed to help moderate tuition at our colleges and universities, and \$6.2 million to fulfill our commitment to pay for additional in-state seats at William & Mary, UVA, Virginia Tech, and JMU.

Our budget recommendations will also focus additional resources to meet the needs of Virginia's most vulnerable citizens. Specifically, our budget will restore funding to the health safety network by ensuring adequate Medicaid payments for our hospitals and nursing homes; and, provide additional Medicaid waiver slots to address the waiting lists for intellectual and developmental disability services.

As discussed on the House floor, adequate funding for our hospitals and nursing homes is not only important for the delivery of quality health care to the aging and disabled, but it also recognizes that our health care providers are major employers, especially in rural Virginia.

To that end, our recommendation is to fully restore \$80.9 million in inflation to our hospitals and teaching hospitals. All told, this will infuse nearly \$118.0 million in additional funding to our hospitals over the next biennium. Our recommendations also include \$6 million in new funding to our free clinics and community health centers.

In the area of Intellectual and Developmental Disabilities, the Committee has recommended an additional 50 ID and 15 DD waivers, for a total of 750 ID waivers and 65 DD waivers.

As part of the House mental health reforms, our budget provides a total of \$48 million over the two year period to ensure that appropriate access, treatment, and services are provided to those in need. This includes funding for an additional 17 Crisis Intervention Assessment Centers, 3 PACT teams, and 50 beds at our State hospitals.

Another priority for the House was in the area of Domestic Violence. In total, the committee budget will provide nearly \$5.5 million in additional funding for domestic violence and sexual assault services.

In closing, the budget recommendations that follow will clearly and strategically focus our resources to keep our promise to fund the core services of government. I believe, quite frankly, that the work of the subcommittees has achieved this goal and I want to thank the members of the Committee for their efforts. I would be remiss if I didn't acknowledge the outstanding contributions of Robert Vaughn and his dedicated staff. Their work ethic and devotion to good fiscal management is second to none!

Finally, I would like to take a moment and reflect on the gentleman from Bedford, Lacey Putney; whom I know is enjoying his life of retirement after devoting 52 years of service to the Commonwealth. I personally benefitted greatly from his friendship, wisdom and leadership. Serving with Lacey on this Committee for 12 years allowed me to experience firsthand many valuable lessons, among them; the importance of inclusive leadership, the difference a firm steady hand can make and most importantly the absolute necessity to take the conservative long view concerning the state's finances to ensure a secure future for our Commonwealth.

When the Speaker appointed me to take on this responsibility, in light of the above, I knew I had big shoes to fill. As a team, working together, I believe we have done our former Chairman proud and for that, I thank you all.

I would like to receive the reports of the Subcommittees, beginning with Delegate Poindexter, Chairman of the Compensation and Retirement Subcommittee.