



COMMONWEALTH OF VIRGINIA

HOUSE OF DELEGATES  
RICHMOND

S. CHRIS JONES, CHAIRMAN  
ROBERT P. VAUGHN, STAFF DIRECTOR

**APPROPRIATIONS COMMITTEE**  
9<sup>TH</sup> FLOOR, GENERAL ASSEMBLY BUILDING  
CAPITOL SQUARE  
POST OFFICE BOX 406  
RICHMOND, VIRGINIA 23218  
804-698-1590

**The Honorable S. Chris Jones**  
**Comments to the House of Delegates on the Committee**  
**Recommendations to House Bill 29 and House Bill 30**  
February 20, 2014

Mr. Speaker and members of the House:

This afternoon we take up the Appropriations Committee's recommendations to the budget. I am gratified that our budget recommendation received a bi-partisan and unanimous vote from the Committee.

Crafting the biennial budget of the Commonwealth of Virginia is no easy task, and one that I know this Committee undertakes earnestly with the best interests of Virginians in mind. Since the budget was introduced some 8 weeks ago, we have conducted 5 public hearings across the state in order to receive input from the citizens on the priorities they would like to see addressed.

Shortly after arriving here 43 days ago, I assembled the Subcommittee chairman and we began to discuss the direction the Committee would take in building the House Budget. We began our process by fully vetting the introduced budget, with a backdrop that Virginia's economy while growing; the rate of growth is less than the historical trend rate.

Recognizing that the responsibility of adopting a budget ultimately rests with us, I knew that an integral component of a successful budget was to involve all 100 Members of the House. So, over a 2 week period we engaged in small group briefings in which members from both sides of the aisle participated in an in-depth discussion 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.

The first principle, which has long been a tenant of the House, is that the budget be structurally balanced. Mr. Speaker, this budget is no different.

As required by the Constitution, this budget will include nearly \$243.0 million in Rainy Day Fund deposits, replenishing the fund, which was used, as intended, to weather the recession. The Fund balance at the end of FY 2016 will be approximately of \$939.0 million.

Likewise, I also believe that it is imperative to ensure that we have adequate cash reserves on hand as we continue to emerge from the worst recession in memory. To that end, the Committee recommends setting aside a \$137.0 million in a revenue reserve fund designated to guard against any further downward revision in the revenue forecast.

If not needed to offset a downward revision in revenues, the fund will then serve two purposes; first to provide state and state-supported employees a compensation adjustment, and, second to 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 three years earlier than projected!

Mr. Speaker the Committee budget also makes significant investment in several key areas:

In the area of education, the Committee budget recommends an additional \$530.9 million over the biennium for our K-12 system of public education. Our budget also maintains and expands on our 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 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.

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 \$48.0 million over the two year period to ensure that appropriate access, treatment, and services are provided to those in need. First, we are recommending almost \$23.7 million over the biennium to address the mental health legislation we passed earlier this Session and shore up critical funding at our state mental health hospitals. This funding will provide much needed psychiatric inpatient services to individuals in crisis and subject to temporary detention, allow for the extension of emergency custody orders by 2 hours and provide for a real-time psychiatric bed registry.

Equally important, we are recommending \$24.3 million over the biennium for community-based mental health services. This funding will provide for 17 new crisis intervention drop-off centers, more than doubling the number of centers in existence today. In addition, the funding will provide 3 additional PACT teams, increase outpatient services for youth ages 17 to 24, and provide for greater use of telepsychiatry to support assessments and consultations, particularly in rural areas.

Another priority for the Committee 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.

Finally, Mr. Speaker, the Committee has heard the concerns of the hospitals regarding the fiscal stress they are facing on several fronts due to federal actions outside of this body to control. Specifically are the cuts to Medicare and the Disproportionate Share payments to our Hospitals that are contained in Obama Care.

While the Virginia General Assembly cannot control the federal Medicare policy and fiscal actions affecting their operations, we can control the dollars we are responsible

for on the Medicaid side of the ledger. To that end, I am pleased to say that the Committee amendments restore nearly \$81.0 million in total funds for Medicaid inflation adjustment of 2.5% in fiscal year 2015. Together with the adoption of a similar inflation adjustment in fiscal year 2016, the hospitals will receive \$118.6 million in additional Medicaid payments over the biennium.

Mr. Speaker, for those in this body that feel we should rush into expanding Medicaid, I would say be careful what you wish for. While not having a fiscal impact on this two year budget, expanding Medicaid will cost the Commonwealth \$467.5 million beginning in the 2020-22 biennium. Of course that assumes that the federal government does not renege on its promise to pay 90% of the cost.

Mr. Speaker the key point is that Medicaid expansion has no impact on the budget before this body.

I have heard that if we do not include Medicaid expansion in our budget, then we will not have a budget at all. Expanding Medicaid will not ward off a decline in revenues. It does not add any more money to public education, police, or mental health. Then why would our Governor want to shut down state government over this issue? My guess is that he feels that the budget is the only hostage that has value and that by denying our schools, our public safety and our state employees he will get what he wants.

The Commonwealth's covenant Triple "A" rating is not in jeopardy. To threaten to shut down government or to even suggest such a tactic defies logic in my opinion.

The budget is the most important piece of legislation we deal with. Our failure to pass a budget because of Medicaid is quite frankly irresponsible.

Mr. Speaker, the budget recommendations that follow will clearly and strategically focus our resources on keeping our promises to fund the core services of government.

I hope it will be the pleasure of the House to endorse the Committee's amendments to House Bill 29 and 30.