

Administration

| Governor's Proposed Amendments | | | | |
|--|-------------------------|------------------|-------------------------|------------------|
| (\$ in millions) | | | | |
| | FY 2015 Proposed | | FY 2016 Proposed | |
| | <u>GF</u> | <u>NGF</u> | <u>GF</u> | <u>NGF</u> |
| 2014-16 Current Budget (Ch. 3, 2014 Special Session I) | \$675.7 | \$1,584.2 | \$679.1 | \$1,585.7 |
| Proposed Increases | 11.3 | 227.5 | 3.6 | 277.8 |
| Proposed Decreases | <u>0.0</u> | <u>(0.2)</u> | <u>(0.3)</u> | <u>(0.6)</u> |
| \$ Net Change | 11.3 | 227.3 | 3.3 | 277.2 |
| HB 1400/SB 800, as Introduced | \$687.1 | \$1,811.5 | \$682.4 | \$1,862.9 |
| % Change | 1.7% | 14.3% | 0.5% | 17.5% |
| Central Account Reversions | (\$1.1) | \$0.0 | (\$2.2) | \$0.0 |
| % Change | 0.0% | 0.0% | 0.0% | 0.0% |
| FTEs | 371.40 | 464.10 | 372.40 | 465.10 |
| # Change | 0.00 | 0.00 | 1.00 | 1.00 |

- **Compensation Board**

- *Deputy Sheriffs' Salaries.* Adds \$1.6 million GF the second year to increase the salary level for Grade 7 (entry level) deputy sheriffs from \$29,081 to \$31,009. This amount also includes funds to increase the starting salary level for Grade 8 deputy sheriffs from \$31,788 to \$32,009, to avoid salary compression. Proposed language ties the entry-level salary to the maximum gross income level for a family of four established by the U.S. Department of Agriculture for the Supplemental Nutrition Assistance Program (SNAP), and requires future local contributions to raise this salary level as the SNAP maximum income level increases to ensure that the salary goal is maintained over time.
- *Staffing Cost for Central Virginia Regional Jail.* Includes \$0.2 million GF the second year for 11 additional positions to support Phase 1 of the Central Virginia Regional Jail expansion project in Orange. This project has an anticipated opening date of November 1, 2015.

- *Jail Per Diems.* Provides \$11.3 million GF the first year to fund the projected cost of per diem payments to regional and local jails (funding to cover the projected second year increase of \$13.0 million GF is not included).
 - *Sheriffs' Career Development Program.* Includes a language change to move the administration of the certification component of this program from the University of Virginia's Weldon Cooper Center to Virginia Commonwealth University.
 - *Delinquent Court Fines and Fees.* Includes a language change to reverse the action taken by the 2014 General Assembly in Chapter 3 concerning the collection of delinquent fines and fees by local treasurers. The proposed language would permit the treasurers to collect delinquent fines and fees on a contingency basis. The language included in Chapter 3 prohibited the treasurers from charging contingency fees, effective January 1, 2016.
- **Department of General Services**
 - *Reflect Savings from Decreased Use of Capital Outlay Management.* Includes a savings of \$170,600 NGF the first year and \$575,400 NGF the second year to reflect both increased rates and decreased usage of BCOM services from delayed capital project schedules. The Internal Service Fund rate for Bureau of Capital Outlay Management (BCOM) review and inspection services is authorized to increase from \$128.00 per hour to \$139.00 per hour.
 - *Increase Consolidated Lab Testing.* Provides an additional \$600,000 NGF in the second year for assumed increases in the drug testing services performed by the Division of Consolidated Laboratory Services that are purchased by the Department of Corrections.
 - *Increase Drinking Water Testing.* Provides \$136,000 NGF the second year from an assumed rate increase for the analysis of drinking water samples mandated by the federal Safe Drinking Water Act. Language is also included that directs the Division to adjust rates in order to achieve the additional revenue.
 - *Analyze Options Related to the Center for Innovative Technology.* Proposes language directing the Division of Real Estate Services to conduct a feasibility study of the Commonwealth's option to take ownership of the Mid-Rise Building in Reston and report by October 15, 2015.
 - *Adjust eVA Appropriation to Reflect Usage.* Provides an additional \$3.1 million NGF the first year and \$3.7 million NGF the second year to accommodate increased procurement system contract costs, Cardinal integration, and funding of the Virginia Strategic Sourcing initiative that was previously funded from program balances.

- ***Provide Additional Parking Facilities Appropriation.*** Provides an additional \$1.0 million NGF the second year for the Parking Fund to reflect actual expenditures. There is no rate increased associated with this technical adjustment.
- ***Internal Service Fund Analyst.*** In support of efforts to improve the forecasting and reporting of internal service fund program, the proposed budget includes 1.0 FTE in the second year to support internal service fund financial operations and rate reviews. The funding for the position will be borne across the nine internal service funds managed by the Department.

Central Accounts Saving Strategies

- ***Revert Internal Service Fund Balances.*** Proposed actions in Part 3-1.01 revert balances from five existing internal service funds to provide \$6.1 million in GF resources in the first year. From these amounts, the largest balance reversion is \$2.9 million from the eVA procurement program, \$1.6 million from the Fleet Management Program, and \$601,800 from the State Surplus Property Program. In each case, the funds are left with funding to cover assumed federal reimbursements as well as maintain 60 day expenditure coverage. For the eVA funds, the excess revenues reflecting vendor charges remain in the fund for continued support of the electronic procurement program.
- ***Increase Commercial Lab Certification Fees.*** Proposes to supplant a \$250,000 GF appropriation to the Division of Consolidated Laboratory Services with an increase in certification fees under the Laboratory Certification Program.
- ***Central Account Reductions.*** Included in the savings actions enumerated in the Central Appropriations section, \$736,449 GF the first year and \$1.5 million GF the second year is recovered from existing agency appropriations and reverted to the General Fund.

- **Department of Human Resources Management**

- ***Prioritize the Settlement of Workers' Compensation Claims.*** Includes language authorizing a working capital advance of up to \$20.0 million to prioritize the settlement of workers' compensation claims and requires annual reporting on this initiative. Recent actuarial reviews of the workers' compensation program have indicated the Commonwealth has \$1.0 billion in actuarial liability against the program.
- ***Increase the NGF Appropriation for Local Choice Program.*** Includes an increase in the NGF appropriation for the optional Local Choice Program of \$47.0 million the first year and \$68.3 million the second year to reflect increases in local

participation. The Local Choice Program is a health benefits program offered to local governments and school systems across the Commonwealth.

- ***Increase NGF Appropriation for the Health Insurance Fund.*** Proposes to increase the base appropriation for the State Health Insurance Program by \$176.2 million NGF in the first year and \$200.9 million NGF the second year to reflect increases in health care claims.

Central Accounts Saving Strategies

- ***State Employee Health Insurance Program.*** The Governor's introduced budget proposes a series of policy changes to Health Insurance Benefits resulting in a net savings of \$1.2 million GF. Included in these actions are:
 - 1) an increase in yearly deductible by \$75 for singles and \$150 for all others;
 - 2) limiting the availability of androgens without prior authorization, and
 - 3) a reduction in the co-pay for physical therapy services.

In addition to these savings, the budget assumes a cost avoidance from an increase in the annual out of pocket maximum by \$1,000 for singles and \$2,000 for all others to combine out-of-pocket maximum for medical and prescription drugs consistent with the Affordable Care Act.

Two additional actions included in Part III transfer \$1.2 million in balances from the Health Insurance Fund (HIF) as well as \$10.4 million in residual appropriations from FY 1999 to the Incurred but Not Reported Reserve (IBNR). Recent changes to the HIF rates have resulted in an increase in the fund balance.

- ***Central Account Reductions.*** Included in the savings actions enumerated in the Central Appropriations section, a total of \$248,000 GF the first year and \$349,000 GF the second year is recovered from existing agency appropriations and reverted to the general fund. Additional action is included in Part III to transfer \$767,000 in NGF balances to the GF resources from various DHRM maintained funds including the Employee Dispute Resolution and Workers' Compensation Funding Accounts.

- **State Board of Elections**

- ***Improve Website Capability for Election Result Reporting.*** Proposes \$30,000 GF each year to improve the department's website to address volume outages for election night reporting.

- ***Increase Federal Help America Vote Act Appropriations.*** Proposes an additional \$1.2 million NGF the first year and \$2.9 million NGF the second year from federal funds in support of the costs of maintaining the Virginia Election and Registration Information System.
- ***Change of Address Registry.*** Proposes \$0.2 million GF in the second year in support of the update and maintenance of mailing lists in compliance with National Change of Address data.
- ***Replace Voting Equipment.*** Two separate actions are taken to improve the quality and consistency of voting systems across the Commonwealth. First, language requiring all localities to replace direct-recording electronic voting machines with optical scanner voting equipment is included and \$1.6 million GF in the second year is proposed for the first of three-years’ reimbursements to 11 localities that have already made this investment.

A separate proposed amendment in Part III finances the replacement of non-complaint voting equipment statewide with \$28.0 million in Virginia Public Building Authority proceeds. It is assumed that the VPBA financing will be repaid at \$4.3 million GF per year for seven years.

- ***Central Account Reductions.*** Included in the savings actions enumerated in the Central Appropriations section, a total of \$147,000 GF the first year and \$197,000 GF the second year is recovered from existing agency appropriations and fund balances and reverted to the General Fund.