



# **Committee Approved Amendments to the 2016-18 Budget (HB 1500)**

**House Appropriations Committee  
February 7, 2017**



# Committee's General Guidance

- Committee's objectives were developed based on input from small group meetings, as well as individual and collective meetings of the Subcommittee Chairs
- Initial items guiding the process:
  - Redirect discretionary funding in Governor's proposed amendments to meet the Committee priorities – first being the funding of a solid compensation package
  - Reexamine new programs adopted last year before applying cuts against long-standing, proven programs
  - Level fund programs in FY 2018 at the FY 2017 level when practical
- Maintain a structurally balanced budget and work to establish cash reserves
  - Includes 2 amendments related to a cash reserve
  - First directs that any amounts generated by Tax Amnesty above those assumed in the budget would be set aside in a cash reserve to address any revenue shortfall
  - Second directs any FY 2017 surplus (after constitutional requirements have been met) into the cash reserve to be used only to offset reductions in state or federal revenues

# Overall Funding Priorities

## Compensation:

- Provides a 3% salary adjustment for state employees effective July 10, 2017 and a 2% salary adjustment for all state-supported local employees effective August 1, 2017
- Additional adjustments provided to key hard to retain employee groups:
  - Increases entry level pay for State troopers from \$36,207 to \$43,000
  - Increases entry level pay for Capitol Police from \$36,000 to \$42,750
  - Provides a compression adjustment for sheriffs' offices and regional jails
  - Provides an additional 2% salary increase for 9 high turnover positions primarily in the health care field as well as increased funding for employees of district court clerks

## K-12:

- Goal was to provide schools with flexibility while minimizing the burden on local government
- Achieves Committee's goal identified last year, of distributing 40% of available Lottery funds based on a per-pupil amount
  - Total of \$218.7 million in FY 2018
  - Allows 100% of funding to be used for on-going costs

# Overall Funding Priorities

## Health and Human Resources

- Continuing efforts to address mental health and substance abuse treatment needs, domestic violence, and implement reforms to the Medicaid program
  - Provides a total of \$28.5 million (all funds) for mental health and substance abuse treatment

## Higher Education

- Provides \$21.0 million to provide budget relief from reductions proposed in HB 1500 as introduced
- Institutional impact limited to 1.4% or less of E & G

## Public Safety

- Restores \$1.2 million GF in FY 2018 for establishment of Special Operations Division
- Provides \$1.5 million GF the second year for local sexual assault and domestic violence victim programs, allowing for the drawdown of \$6.0 million Victims of Crime Act funding match

<b>Resource and Revenue Changes</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2016-18</b>
<b><u>ADDITIONS TO BALANCES</u></b>			
Revert Criminal Fund Balances	1,500,000	0	1,500,000
Revert Capitol Police Balances	700,000	0	700,000
Revert Legislative Services and Commission Balances	811,741	0	811,741
Reflect FY 2016 ABC Profits Not Recognized in HB 1500	10,300,000	0	10,300,000
<b><u>ADDITIONAL REVENUES</u></b>			
Revenues from Sale of Forestry Property	0	340,000	340,000
Recover VRS NGF Share from Teaching Hospitals	1,844,403	1,229,602	3,074,005
Recover VRS NGF from Higher Ed – Move from Op. Budgets	24,219,902	16,146,302	40,366,204
Revert Capital Planning Funds	10,000,000	0	10,000,000
Eliminate Assumed Revenues from HB 1707 – Not Adopted	0	-2,040,000	-2,040,000
Eliminate Assumed Revenues – New DBHDS Licensing Fee	-100,000	-200,000	-300,000
Reflect Assumed Revenues from HB 1913	0	2,264,977	2,264,977
Adjust ABC Excise Tax Forecast Change	1,900,000	3,500,000	5,400,000
Reflect Assumed Revenues from HB 2198	0	400,000	400,000
<b><u>TRANSFERS</u></b>			
VASAP Balance Transfer	800,000	0	800,000
Additional ABC Profits/Efficiencies Transfer Change	1,700,000	3,000,000	4,700,000
DGIF Balance Transfer	650,000	650,000	1,300,000
Firearms Transaction Program Transfer	609,748	609,748	1,219,496
Adjust DEQ Transfer	-206,120	206,120	0
Reflect Transfer Component HB 1913 Revenues	0	280,782	280,782
<b><u>Total Committee Resource Adjustments</u></b>	<b>54,729,674</b>	<b>26,387,531</b>	<b>81,117,205</b>
<b><u>Grand Total- Spending Adjustments</u></b>	<b>15,140,002</b>	<b>79,907,277</b>	<b>95,317,279</b>
<b><u>Unappropriated Balance</u></b>	<b>122,188,800</b>	<b>-120,273,626</b>	<b>1,915,174</b>

# **REPORT OF THE COMPENSATION AND RETIREMENT SUBCOMMITTEE**

---

## Across the Board Salary Increases in 2<sup>nd</sup> Year

- Committee recommends \$70.2 million GF in FY 2018 to provide a 3% salary adjustment for state employees effective July 10, 2017 and \$15.6 million GF in FY 2018 to provide a 2% salary adjustment for all state-supported local employees effective August 1, 2017
  - Partially funded by redirecting \$56.0 million included in the introduced budget for a 1 ½ % employee bonus for state and state-supported local employees
  - Partially funded by redirecting \$3.9 million included in the introduced budget to expand participation in the career development programs for employees in constitutional offices
  - Language authorizes 3% increase for university staff but funding for higher education is adjusted based on their FY 2017 salary actions

# Across the Board Salary Increases in 2<sup>nd</sup> Year

(in millions)

## State Employees

Employee Group	FY 2018 Funding
State Employees (Non Higher Education Workforce)	\$52.2
Higher Education Faculty	\$8.7
Other Higher Education	\$9.2
Reflect Increase in VITA Rates due to Salary Increase	<u>\$0.1</u>
<b>Total State Employees</b>	<b>\$70.2</b>

## State Supported Local Employees

Employee Group	FY 2018 Funding
Sheriffs and Regional Jails	\$7.5
Other Constitutional Offices	\$2.7
Other State Supported Local Employees	<u>\$5.4</u>
<b>Total</b>	<b>\$15.6</b>



# Targeted Salary Actions for Public Safety Personnel Proposed in Addition to Across the Board Increases

- Committee recommends \$14.6 million GF in FY 2018 to provide a \$6,793 salary increase for all sworn troopers of the State Police effective July 10, 2017
  - Increases entry level pay for troopers from \$36,207 to \$43,000
- Committee recommends \$534,412 GF in FY 2018 to provide an additional increase for Capitol police effective July 10, 2017
  - Proposal increases entry level pay from \$36,000 to \$42,750, an increase of \$6,750
  - All sworn current personnel above the entry pay will receive a \$4,355 increase
- Committee recommends \$7.3 million to provide a compression adjustment for employees in sheriffs' offices and regional jails effective August 1, 2017
  - \$80 per year of service for sworn personnel and \$65 for non-sworn
  - Employees must have 3 or more years of service and adjustment capped at 30 years

# Other Targeted Salary Increases for High Turnover Positions

- Committee recommends \$2.3 million GF in FY 2018 for a additional compensation for district court clerks effective July 10, 2017
  - Details of plan developed by the Office of the Executive Secretary and subject to the approval by the Committee on District Courts
- Committee recommends \$2.9 million GF in FY 2018 to fund an additional 2% salary increase for 9 high turnover positions primarily in the health care field effective July 10, 2017

Direct Service Associate I

Licensed Practical Nurse

Direct Service Associate II

Registered Nurse I

Direct Service Associate III

RN II/Nurse Practitioner I/Physician Asst.

Therapist II

Housekeeping &/or Apparel Worker I

Therapy Assistant/Therapist I

# Others Actions Pursuant to Recommendations of the Pension and Compensation Reform Commission

- Committee recommends \$200,000 GF in FY 2018 for JLARC to conduct a total compensation study
- Committee recommends \$140,000 GF in FY 2018 pursuant to the passage of HB 1555 (Ware) which requires agencies to incorporate succession planning in their agency strategic plans
- Committee recommends \$1.5 million NGF in FY 2018 in administrative funding for the Virginia Retirement System to begin the implementation of the new optional defined contribution plan created pursuant to HB 2251 (Chairman Jones)

# REPORT OF THE HIGHER EDUCATION SUBCOMMITTEE

---

# Allocations to Colleges and Universities

## \$37.9 million

- \$20.0 million GF in FY 2018 as budget relief from the proposed \$76.0 million cuts in HB 1500 as introduced
  - Funds allocated using three main factors:
    - Total Educational & General Program (E & G) budget
    - Institutions ability to generate nongeneral funds
    - General fund support for in-state undergraduate students
  - Resulting impact on E & G is limited to 1.4% or less
    - NSU, VSU, Extension and VIMS were not reduced at all
  - Language limits reduction actions to E & G budget and excludes institution-specific initiatives set out E & G items
    - No reductions to research or financial aid
- \$17.9 million GF for 3% salary increase for all classified, faculty and university staff at each institution (classified funding is in Central Accounts)
  - While the 3% is authorized for all institutions, the general fund allocation takes into account individual institution salary actions for fiscal year 2017 and the continued ability to self-fund

# Total GF Allocations

## \$37.9 million

Institution	\$ in Millions	Institution	\$ in Millions
CNU	1.4	UVA-W	0.8
CWM	(0.7)	VCU	3.9
GMU	3.2	VMI	0.5
JMU	3.5	VT	1.5
LU	0.9	VSU	0.7
UMW	0.9	RBC	0.4
NSU	0.7	VCCS	11.9
ODU	4.2	VT Ext	2.6
RU	2.6	VSU Ext	0.1
UVA	(2.2)	VIMS	1.1

# Other Major Budget Recommendations

- Transfers budget to new Online Virginia Authority
  - Includes \$1.0 million increase in FY 2018
- Virginia Western CC – Botetourt Mechatronics Pilot - \$310,000 GF in FY 2018
- \$250,000 GF UMW regional economic development/ adult education programs
- \$250,000 GF operating support for SCHEV & restore VWIL cuts in 2018
- \$0.7 million GF to restore cuts to State Library to resume normal days/hours of operations to include archival services
- Restore reductions for Jamestown 2019 Commemorations totaling \$5.0 million

# Higher Education Savings

## \$5.4 million

- Saves \$2.6 million over biennium by deferring proposed new program expansion / initiatives in introduced budget related to workforce grants, O/S student scholarships and the transfer grant program
- Saves \$2.8 million over the biennium by deferring new programs / initiatives approved in 2016 Session at SCHEV and the VCCCS related to cyber scholarships and new cyber initiatives, career coaches, and one-time funding continuation



# Higher Education Policy

- New College Institute language refocuses mission of the NCI and leverages higher education assets across the Commonwealth to help improve educational opportunities for the region
- Provides for additional VCCS Procurement Authority subject to DGS review and approval
- Requires SCHEV to establish a policy for granting undergraduate course credit for AP / CLEP

# **REPORT OF THE PUBLIC EDUCATION SUBCOMMITTEE**

---

# Public Education

- Recommendations include no reductions to public education
- In total, the Committee's proposed amendments add \$12.9 million GF to the public education's 2016-2018 biennial budget above amounts in HB 1500 as introduced
- The Committee recommendations focus on providing more flexibility to school divisions so that they are able to tailor use of funding to locally determined and targeted areas that best fit the needs of students

# Increase Lottery PPA & Spending Flexibility

- The Committee recommends redirecting the new one-time payment of \$55.5 million GF into the Lottery Per Pupil Allocation (PPA)
- In addition, the Committee recommends providing \$6.1 million GF to fund the Lottery PPA, bringing the revised total up to \$218.7 million, which is 40% of the total available Lottery revenue in FY 2018
- In total, these two actions increase the PPA from \$225.25 to \$313.50
- Further, new recommended language expands the spending flexibility such that school divisions may choose to use all their Lottery PPA allocation for recurring expenses

# Small School Division Support Fund ("10/10/10 Plan")

- The Committee recommends adding just over \$9.0 million GF in the second year to provide financial assistance to those smaller school divisions that have realized a significant decline in membership
  - Eligible divisions have less than 10,000 students in average daily membership (ADM)
  - Realized a decline of 10% or more in actual reported membership
  - Measured over the 10-year period from FY 2006 to FY 2016

# Proposed Academic/Remediation Funding

- Proposes to add \$200,000 GF the second year to support SPARKS Summer program that provides instructional opportunities for at-risk students in the Newport News school division
- Recommends expanding the Remedial Summer School (RSS) language to support pilot public-private partnerships between school divisions and the Virginia Alliance of YMCA to help students increase their reading and math skills during the summer and earmarks \$300,000 of existing RSS funding for the partnerships
- Recommends \$175,000 GF the second year to establish a Career and Technical Education Vocational Laboratory pilot at the Virginia Aviation Academy in Newport News
- Adds \$50,000 GF the second year for the Chesterfield school division to partner with Virginia State University for the continued development of a College Partnership Laboratory School

# Proposed Funding for Legislation

- Recommends \$1.0 million GF the second year to support legislation reported from the Committee and/or passed by the House
  - Adds a net increase of \$369,837 resulting from additional Sales Tax revenues collected pursuant to HB 1913
  - Provides \$380,000 for the Parental Choice Education Savings Account (HB1605)
  - Adds \$300,000 to support up to five pilot school divisions to implement improved vision screenings for students (HB1408)
- Adds \$124,467 GF over the biennium to reflect a technical data correction for the K-3 Class Size Reduction initiative

# Recommended Changes to New Funding Reflected in HB1500

- Several of the Committee's proposed amendments remove new spending initiatives that total \$1.5 million GF in the second year:
  - Proposes to maintain current funding level for the Teacher Residency initiative – saves \$1.0 million
  - New Summer Cyber Camp funding – saves \$480,000
  - New Entrepreneurial Leadership initiative planning – saves \$32,292
- Recommends level funding Project Discovery and save \$187,500 GF the second year
- Capture the available balance for New Teacher Improvement Compensation Initiative in the first year and save the same amount in the second year, for a total savings of \$70,000 GF



# Committee's Recommended Language Changes

- Provides additional flexibility to the Mixed-Delivery Preschool grant recipients in order to fully implement the goals and objectives of the individual pilots
- Allows DOE and the Virginia Community College System and Richard Bland College to negotiate individual credit hour rates for dual enrollment courses taught at these institutions
- Directs DOE to work with the Northern Virginia Community College, to contract with a nonprofit organization to develop, market, and implement computer science training and professional development activities for public school teachers
- Expands the Teaching Scholarship program's student eligibility to incoming college freshman that enroll full-time or part-time in approved undergraduate or graduate teacher education programs

# DOE Central Office

- Committee recommends allowing the Department of Health to continue the administrative duty for two federal food programs (Summer Food Service and the Adult and Child Care Food programs); the \$57.7 million NGF and 20.0 FTE in the second year would be retained by DOH
- Maintains the current levels of funding for the Instructional Improvement System - saves \$1.6 million GF in the second year
- Defers adding the new \$500,000 in the second year for the student planning model initiative pilot
- Recommends providing \$23,092 in the second year for the development of a long-range statewide Inclusion Implementation Plan for students with developmental disabilities

# **REPORT OF THE HEALTH AND HUMAN RESOURCES SUBCOMMITTEE**

---

# Address Critical Needs for Behavioral Health and Substance Abuse Treatment

- Builds on previous House efforts to provide services for individuals with serious mental illness and substance use disorder and I/DD services
- Expands targeted behavioral health and substance abuse treatment services to almost 3,000 individuals with serious mental illness (SMI) with incomes at or below 100% of the federal poverty level
- Provides for same-day intake and assessments at Community Services Boards for individuals in need of services
- Expands funding for community behavioral health and substance abuse treatment services
  - Opioid treatment and detoxification services
  - Permanent supportive housing
  - Discharge assistance services

# Provides \$28.5 Million for Behavioral Health Services

- \$25.9 million for community behavioral health and substance use disorder treatment services
  - \$3.0 million GF and \$3.0 million NGF to expand eligibility for the GAP program from 80 to 100% of the federal poverty level and add addiction recovery and treatment services
  - \$5.2 million GF for Community Services Boards to implement same-day intake and assessments for individuals in need of services
  - \$5.3 million NGF for opioid treatment services to approximately 700 individuals, opiate overdose reversal kits and coordination of medication assisted treatment program
  - \$3.0 million GF for local hospital inpatient services for adults, children and geriatric patients to divert and discharge these individuals from state mental health hospitals
  - \$2.5 million for discharge assistance services for 150 individuals at state mental health hospitals who are facing extraordinary barriers to community placement
  - \$2.0 million GF for permanent supportive housing for 132 individuals
  - \$1.0 million GF for detoxification services for 250 individuals
  - \$880,000 GF to provide additional community geropsychiatric teams to work with nursing homes and geriatric individuals with mental illness

# Provides \$28.5 Million for Behavioral Health Services

- \$2.1 million GF for needs at state mental health facilities
  - \$1.3 million for additional direct care staff at Catawba Hospital and Piedmont Geriatric Treatment Center
  - \$305,000 for added pharmacy costs at Western State Hospital for individuals being discharged to the community
  - \$268,985 for additional child psychiatric services at the Commonwealth Center for Children and Adolescents
  - \$256,488 for added security staff at Northern Virginia Mental Health Institute
- \$500,000 GF for the Secretary of Health and Human Resources to prepare an implementation plan to transform the behavioral health system of care into a model which reflects best practice and state-of-the-art services by treating individuals in the community when appropriate
  - Plan is to include details for a financial realignment of the system to maximize community resources and reinvest funding from state hospitals to better serve individuals in the community, while ensuring high quality care, capacity and efficient operations in the state mental health hospitals
  - Report is due by September 1, 2017

# Developmental Services

- Recommends allocating an additional 144 Family and Individual Support (FIS) waiver slots bringing the total number of additional FIS slots to 344 in FY 2018
  - Funding of \$3.1 million GF and \$3.1 million NGF in matching federal Medicaid funds is provided for these additional slots
- Provides \$430,000 in the Department of Behavioral Health and Developmental Services to work with the Department of Environmental Quality to conduct a site assessment at the Central Virginia Training Center which is scheduled to close by FY 2021

# Medicaid Funding Changes

- Adds \$5.5 million GF and \$5.5 million NGF in FY 2018 to fully restore the inflation for nursing facility payments
- Recommends \$3.3 million GF and \$3.3 million NGF in FY 2018 to increase nursing facilities payments for changes to the price percentages for direct and indirect care
- Adds \$1.6 million GF and \$1.6 million NGF for nursing facilities to correct payments to certain nursing facilities that were adversely impacted when they were moved into a different peer group for purposes of calculating Medicaid payments
- Adds \$1.4 million GF and \$1.4 million NGF to restore hospital inflation for the Children's Hospital of the King's Daughters (CHKD) in FY 2018
- Provides \$1.3 million GF and \$1.3 million NGF and seven positions in the Department of Medical Assistance Services to implement JLARC recommendations to improve the fiscal management of the Medicaid program
  - Will assist the agency to obtain and utilize analytical data tools and actuarial analyses to provide greater oversight, accountability and financial management of the Medicaid contracted managed care programs and the fee-for-service program



# Medicaid Policy Changes

- Amendments restore language prohibiting Medicaid expansion under the Affordable Care Act
- Adds language to allow publicly funded nursing homes to be excluded from the Medicaid Managed Long-Term Supports and Services (MLTSS) program
- Adds language authorizing Medicaid supplemental payments to hospitals affiliated with Eastern Virginia Medical School and the Virginia Tech/Carilion School of Medicine
  - The nonfederal Medicaid matching funds will be provided by these institutions
- Adds language authorizing Medicaid supplemental payments to qualifying private hospitals for charity care provided through agreements with state agencies as approved by the Centers for Medicare and Medicaid

# Legislation Adopted by Committee

Legislation Adopted	GF	NGF
HB 2209 Emergency Dept. Care Coordination	\$370,000	\$3,333,000
HB 1467 Add Neonatal Abstinence Syndrome to Reportable Diseases by Health Dept.	\$52,000	\$0
HB 2304 Long-Term Care Requirements of DMAS	\$478,394	\$478,394
HB 2417 Medicaid Fraud Prevention & Prepayment Analytics	\$742,000	\$742,000
HB 2207 Food Stamp Program Replacement of EBT Cards	\$101,315	\$101,315
HB 2092 Review of Records for Eligibility for Public Assistance	\$75,000	\$75,000
<b>Total</b>	<b>\$1,818,709</b>	<b>\$4,729,709</b>

# Elimination of Fees

- Recommends eliminating the proposed increase in restaurant inspection fees and shellfish facility inspection fees in the Department of Health
  - Adds \$4.2 million GF and reduces \$3.2 million in fee revenue to maintain the current restaurant inspection fee of \$40
  - Add \$116,000 GF and reduces \$116,000 in fee revenue to eliminate the proposed fee for shellfish facility inspections
- Recommends eliminating the proposed fee for behavioral health adult service providers in the Department of Behavioral Health and Developmental Services
  - Eliminates language authorizing the fee and \$75,000 GF over the biennium and one position to process the fees
  - Reduces revenue of \$300,000 over the biennium which was expected to be generated from the fee

# Program Restorations

- Recommends \$2.5 million GF to restore funding for a number of programs that were reduced or eliminated in HB 1500, as introduced

Program	FY 2017	FY 2018
Long-Term Employment Support Services	\$400,000	-
Brain Injury Services	\$375,000	-
Centers for Independent Living	\$200,000	-
Pharmacy Connect for SWVA	\$145,834	-
AAA Care Coordination Program	-	\$490,000
Child Advocacy Centers	-	\$401,500
Physician Loan Repayment Program	-	\$300,000
Purchase of Soil Scientist Services	-	\$200,000
<b>Total</b>	<b>\$1,120,834</b>	<b>\$1,391,500</b>

# TANF Funding

- Amendments provide federal Temporary Assistance to Needy Families (TANF) funds to the following programs
  - \$10.0 million in FY 2018 for community wealth building and employment and training programs
  - \$4.8 million each year for a child support supplement up to \$100 per month for TANF families with more than one child
  - \$2.5 million to increase TANF benefits in localities with the lowest payments
  - \$2.0 million to provide a 2.5% increase in TANF benefits statewide
  - \$829,500 for Child Advocacy Centers
  - \$1.3 million for the Virginia Early Childhood Foundation
  - \$400,000 for Northern Virginia Family Services
- Transfers \$3.7 million in TANF funds to the Child Care and Development Block Grant for child day care subsidies for low-income working families
- Eliminates \$6.0 million in TANF funding for Long Acting Reversible Contraceptives
- Amendments result in a TANF balance of \$55.0 million NGF at the end of FY 2018

# HHR Savings

Savings Items (\$ in millions)	2016-18
Continue Prohibition on Personal Attendant Overtime	(8.5)
Supplant GF with Federal Opioid Crisis Grant	(5.3)
Eliminate Statewide Gap Analysis of Behavioral Health System	(4.5)
Medicaid Forecast Adjustment to Reflect FY 17 Expenditures	(3.7)
Behavioral Health Savings from GAP Expansion to 100% FPL	(2.8)
Medicaid Estate Recovery Efforts	(1.0)
Savings from Unsubscribed Medicaid Funded Residency Slots	(0.5)
Eliminate Funding for Meningococcal Vaccine	(0.5)
Adult Services Case Management System Operations	(0.4)
Maintain Adult & Child Feeding Programs in the Dept. of Health	(0.1)
<b>Total</b>	<b>(\$27.3)</b>

# **REPORT OF THE PUBLIC SAFETY SUBCOMMITTEE**

---

# State Police

- Restores \$1.2 million GF in FY 2018 for establishment of Special Operations Division
- Restores \$206,000 the second year to open a new area office in the New River Valley
- Includes \$330,000 and four positions to support background checks for child day care center employees and volunteers
- Exemption from certain Virginia Information Technology Agency provisions
  - Language in Central Appropriations authorizes the State Police to procure and operate cyber security and management tools required to protect its IT, pursuant to memorandum of understanding with VITA
  - Language requires Superintendent and CIO to provide a report detailing timelines and costs of transitioning responsibility for all State Police IT from VITA
  - Includes \$2.9 million to be released upon completion of the report, and the execution of a Memorandum of Understanding with VITA to address necessary IT projects



# Department of Criminal Justice Services

- Provides \$1.5 million GF the second year for local sexual assault and domestic violence victim programs
  - Allows drawdown of \$6.0 million Victims of Crime Act funding match
- Provides \$154,000 the second year for model addiction recovery programs in four local and regional jail pilot sites
- Includes \$10,000 in the second year for initial deposit to Virginia Firearms Safety and Training for Sexual and Domestic Violence Victims Fund (HB 1853)
- Reduces HB599 funding by \$551,000 GF each year
  - Technical adjustment to reflect lower assumed growth in general fund revenues in FY 2017

# Department of Alcoholic Beverage Control

- Increases transfer of net profits to the general fund by \$13.8 million in FY 2017 and \$13.2 million in FY 2018
  - Assumes sales of growth 4.5% in each year
- Increases transfer to the general fund from agency efficiency savings by \$900,000 in FY 2017 and \$1.4 million in FY 2018
- Language amendment requires Department to transfer their field services vehicle to the Virginia Department of Emergency Management for use as mobile command center

# Other Public Safety and Veteran's Affairs

## Secretary of Public Safety and Homeland Security

- Provides \$1,000,000 GF in FY 2018 toward the Commonwealth's nonfederal cost match to complete a U.S. Army Corps of Engineers flood control study for the Hampton Roads and Northern Neck Regions

## Compensation Board

- Language amendment authorizing the hiring of two multi-jurisdictional Assistant Commonwealth's Attorneys dedicated to prosecuting insurance fraud
  - Authorizes the use of up to \$400,000 NGF from the Insurance Fraud Fund

## Department of Veteran's Services

- Includes \$610,000 GF and 34 positions the second year to reorganize Virginia Veteran and Family Support (VVFS) Program
  - Recommendation of VVFS working group established following 2015 JLARC report that identified concerns with the program
  - Converts all contract staff employed by CSBs to DVS staff
- Establishes Veterans Services Foundation as separate budget item pursuant to HB 2148
  - Transfers \$115,000 and one position from the Department of Veterans Services

# Judicial Branch

- Includes \$1.1 million GF in FY 2018 to fill vacant judgeships
  - Sufficient funding is provided to increase the number of funded judgeships from 408 to 412 the second year
- Provides \$90,000 GF the second year for the costs of increased use of substitute judges
- Provides \$3.8 million GF in FY 2018 for the Executive Secretary to work with State Police to develop and implement a statewide electronic summons system for use by State Police
  - Language requires a plan to be presented to the money committees before funds can be released to purchase needed equipment
- Transfers \$1.5 million in FY 2016 Criminal Fund balances to the general fund
  - Criminal Fund is projected to have sufficient funding for rest of biennium

**REPORT OF THE CAPITAL  
OUTLAY AND GENERAL  
GOVERNMENT SUBCOMMITTEE**

---

# General Government Funding Initiatives

## Capitol Police

- Committee recommends \$1.2 million in FY 2018 for 15 new positions for the Capitol Police including 3 new canine units

## Division of Legislative Services

- Committee recommends \$100,000 and 1 FTE in FY 2018 for the Division of Legislative Services to hire a professional and occupational regulatory analyst pursuant to the passage of HB 1566 (Webert)

## Virginia Foundation for the Humanities

- Committee recommends \$150,000 GF in FY 2018 for the Virginia Foundation for the Humanities, housed at UVA, to work with the taskforce created pursuant to HB 2296 (MCQuinn) to identify the history of formerly enslaved African Americans in Virginia and determine ways to preserve that history for educational and cultural purposes

## Department of Treasury

- Committee recommends providing \$1.5 million GF included in FY 2017 to provide compensation to Keith Allen Harward for wrongful incarceration pursuant to the passage of HB 1650 (Sullivan)

# Capital Outlay Actions

- Reduces and repurposes proposed tax-supported debt
  - Provides for planning the replacement of the ABC warehouse to determine project cost, location and financing options
  - Replaces proposed Buckingham CC Wastewater with Greenville CC emergency repairs project
  - Addresses DMA Fire Safety statewide
  - Authorizes VIMS Eastern Shore Lab Complex
  - Authorizes renovations at Institute for Advanced Learning and Research
  - Supplants maintenance reserve and State Police Area 12 Office
- These actions reduce debt by about \$70 million and save \$10.8 million GF for use in the budget

# Other Capital Actions

## Capital Planning Actions

- Eliminates the four new planning projects proposed in the introduced budget
  - The 2016 capital outlay program previously authorized 21 projects
- Authorizes ABC Warehouse and Office Building project as previously noted
- Reverts \$10 million in planning pool balances for use in the budget

## Capital Language Changes

- Adds Prince William Adult Detention Center to eligible jail reimbursement list in Treasury Board
- Eliminates \$3.7 million NGF for additional property acquisition in Department of Conservation and Recreation
- Eliminates duplicative language related to cooperative procurement



# Capital Outlay Policy Actions

- Clarifying language on eligibility of CCAM to access previous funding authorization for the apprentice academy
- Language for CWM that mirrors authority provided to nine other institutions allowing the College to look at alternative financing options mainly for auxiliary projects
- Authority for CNU to sell Yoder Barn property
- Clarifying language on scope of CNU fine arts project
- ODU & Radford athletic projects authorized and clarifies treatment of the debt service in various calculations
- Creates DMA non-reverting fund from proceeds of property sales
- Language for DMA and DGS to look into capital process improvement on projects involving federal funds
- Eliminates proposed capital leases for third party solar projects on state property

# **REPORT OF THE SPECIAL PROJECTS SUBCOMMITTEE**

---

# Local Fiscal Distress

- Chairman Jones established a 5-member Special Subcommittee on Local Fiscal Distress in September
- Held series of meetings with staff from House Appropriations, Senate Finance, Legislative Services, the Secretary of Finance, DPB, Commission on Local Government, DHCD, Auditor of Public Accounts, VACO and VML
- Sought input from the private sector specialists with experience addressing poor local fiscal management
- Budget recommends language that establishes 3 component parts of a new process:
  - Improved fiscal monitoring system for Auditor's utilization seeking enhanced data collection to help determine localities in trouble or approaching distress
  - A process managed by the Governor, in consultation with the Chairmen of the House Appropriations Committee and Senate Finance Committee, may be triggered that includes an intervention plan beginning with a formal assessment by a team from state government

# Local Fiscal Distress

- Intervention process (continued)
  - Team will then advise the Governor and Chairmen of its analysis and recommendations on how to proceed using resources that are identified in the budget for this purpose
- In addition, budget language is in place securing \$500,000 GF in FY17 to assist localities already identified as of January 1, 2017
- Subcommittee will continue work during upcoming year
- Expand focus to examine local fiscal management policies and consider potential, permanent changes to the Code of Virginia

**REPORT OF THE COMMERCE,  
AGRICULTURE, NATURAL  
RESOURCES AND TECHNOLOGY  
SUBCOMMITTEE**

---

# Secretariat Agriculture and Forestry

- Committee amendments focus on restoring cuts to core Departmental programs and eliminating proposed fee increases
- Amounts generated by reducing funding levels for new initiatives or program expansions adopted last Session
- Amendments eliminate the proposed fee increase in the VDACS non-restaurant food establishment inspections and provide \$400,000 GF in FY 2018 to maintain the program levels
- Also eliminate the new fee proposed for silvicultural inspections and provide \$500,000 GF in the second year to continue supporting the department's silvicultural protection activities without fees
- Committee proposes to fully restore funding for the Reforestation of Timberlands Program
  - Adds \$300,000 GF to fully match industry contributions to the program in FY 2018
  - Provides \$113,360 GF in FY 2018 to eliminate the proposed use of RT funds to support accounts receivable systems upgrades
- Fully restores \$288,750 GF in state matching funds for the coyote and black vulture control program over the biennium

# Secretariat Agriculture and Forestry

- Reductions limited to new initiatives
- Eliminates \$259,955 GF over the biennium for an unfilled organics specialist position at VDACS authorized by the 2016 General Assembly
- Removes second year funding totaling \$373,944 for the new farm development grant program
- Reduces the increase in Agriculture and Forestries Industries Development grant funding provided in FY 2018
  - Retains \$1.5 million in the second year for grants which is \$500,000 above FY 2016 funding levels for this successful program
  - Retains funding included in the introduced budget for staffing of the program and makes no changes to current year funding levels

# Natural Resources

- Proposed amendments in Natural Resources provide an additional \$3.0 million GF for agency activities over the biennium compared to HB 1500 as introduced
- In addition, the amendments provide \$8.3 million from the Water Quality Improvement Fund Reserve to continue the commitment to improving Virginia's water quality by providing additional resources for Agricultural Best Management Practices
  - Of this amount, \$992,937 is appropriated for Technical Assistance for Virginia Soil and Water Conservation Districts
  - \$7,281,537 for Agricultural Best Management Practices Cost-Share Assistance
    - \$4,368,922 for matching grants on lands within the Chesapeake Bay watershed
    - \$2,912,615 for matching grants on lands outside of the Chesapeake Bay watershed



# DCR & DEQ Funding Restorations & Additions

## Department of Environmental Quality

- Committee provides \$1.35 million GF in the second year for the purchase of an extensometer for the Hampton Roads Sanitation District project aimed at addressing land subsidence by injected treated wastewater back into the aquifer
- \$350,000 GF is provided to fund the costs associated with the study of the impact of the EPA's Clean Power Plan pursuant to HB 1974
- All reductions at the agency are offset by the use of nongeneral fund resources, including amounts from the Vehicle Emissions Inspection Fund, the Waste Tire Fund, and the Hazardous Waste Management Fund ensuring program activities continue at current levels

## Department Conservation and Recreation

- Restores \$400,000 for the development of handicapped accessible bike trails at Swift Creek
- Restores language included in Chapter 780 prohibiting the acquisition of park land without General Assembly approval

# Other Natural Resources Agencies

## Marine Resources Commission

- Restores the Virginia Saltwater Sport Fishing Tournament
- Rolls back proposed increase in commercial fishing and gear licensing, and provides GF support to offset the fee revenue, assumed to have been \$244,246 in the second year
- Restores \$0.4 million GF to the Habitat Management Division eliminated in 2010
- Defers privatization of oyster lease surveying services by providing \$72,879 in additional general fund support for the program in FY 2018

## Department of Game and Inland Fisheries

- Transfers \$650,000 each year to the general fund to help address the budgetary shortfall. No cuts were applied to this agency in either the October reduction plan for HB 1500 as introduced

## Historic Resources

- Fully restores the Battlefield Preservation Fund appropriation, providing \$1.0 million GF in each year of the biennium
- Includes funding to preserve historic African-American Graves and Cemeteries in same fashion as the Revolutionary and Civil War grave sites program pursuant to HB 1547

# Commerce and Trade

Committee focused on preserving the resources dedicated to priority initiatives while also targeting the Commonwealth's limited resources towards the new and innovative economic development initiatives started last year

- Committee amendments within the Commerce and Trade Secretariat redirected approximately \$7.8 million GF to economic development initiatives
- It also redirected \$2 million GF to higher education research by restoring funding to the Global Genomics and Bioinformatics Research Institute (INOVA)
  - These funds are for FY 2017 in order to keep this public-private, research commercialization partnership moving forward and not lose any of the momentum it has gained since its inception

# GO Virginia

- The Committee recommendations restore \$7.5 million GF for the Department of Housing and Community Development to continue the GO Virginia Initiative to foster job growth by encouraging regional collaboration among business, education and government
  - \$3.6 million GF is provided the first year to restore funding to support organizational and capacity-building activities and workforce gap analyses
  - \$2.15 million GF the second year is provided for capacity-building and \$1.75 million GF in increased support for grants in each qualifying region based on its share of state population

# Economic Development Initiatives

## HB2245 (Jones) Virginia Research and Investment Committee (VRIC)

The Committee approved some revisions surrounding the operations and responsibilities of the Virginia Research and Investment Committee

- The two major provisions that were added are as follows:
  - **FOIA protections** were added to the materials and discussions submitted during the application process when a group or organization seeks funding.
  - Second, the Bill transfers the responsibility for updating the **Commonwealth Research and Technology Strategic Roadmap** from the Center for Innovative Technology to the VRIC and SCHEV
- Budget language authorizes the VRIC to conduct an assessment study of Virginia's research assets in order to gather contemporary data to utilize when rewriting the Roadmap

# Economic Development Adjustments

The Committee captured savings in several ways:

- It eliminated all proposed new spending in the Secretariat
- It level funded several programs to match FY 2018 funding levels to FY 2017 funding
- Captured savings due to schedule changes for several economic development incentive projects totaling \$5.5 million
  - Aerospace Engine Manufacturing Cluster Grant Fund Program = \$2.5 million
  - Pulp, Paper and Fertilizer Advanced Manufacturing Performance Grant Fund Program = \$3.0 million
  - These funds will be provided when the performance requirements for the grants are met

# REPORT OF THE TRANSPORTATION SUBCOMMITTEE

---

# Transportation Funding Levels

- Provides an increase of \$136.2 million NGF (2.0%) in the first year offset by a reduction of \$37.6 million NGF (0.6%) in the second year in total funding
  - No proposed changes to GF appropriations within the Secretariat (which are limited to Route 58 debt service and PILOT for the VPA)
- Proposed amendments to VDOT and DRPT are primarily technical in nature and reflect revisions to the Commonwealth Transportation Fund forecast for FY 2018
  - DRPT: Increase of \$8.2 million NGF in FY 18
  - VDOT: Increase of \$137.2 million NGF in FY 17 and a decrease of \$42.9 million in FY 18
- Authorizes 10 additional FTE positions to VDOT for toll operations and 4 additional FTEs to DRPT for rail projects
  - Increases the proposed share of rail funding that may be used for project administration to from 3.5% to 5% in lieu of the requested 7% share



# Increasing Accountability

## WMATA Reform

- Includes two language amendments to help ensure that needed reforms are instituted at the Washington Metropolitan Transit Authority (WMATA) as part of the multi-jurisdictional Compact renegotiation
  - First mirrors the enactment clause included in HB 2136, the Metro Safety Commission Compact
  - The second directs the Secretary of Transportation to initiate a review of the operating, governance and financial conditions at WMATA, including an analysis of
    - The legal and organizational structure of WMATA
    - The composition and qualifications of the WMATA Board of Directors
    - Potential strategies to reduce growth in labor costs
    - Options to improve the sustainability of employee retirement plans
    - Safety and reliability
    - Options to improve the efficiency of WMATA operations

# Promoting Reform and Transparency

## Dulles Airport Funding

- Amends existing language relating to the provision of GF support for Dulles Airport to ensure continued efforts are made to maximize revenue generation at the facility by pursuing opportunities to develop non-airport acreage to support operations
- To date, airport has signed the required long-term lease with United Airlines and attracted additional carriers to the facility

## Department of Aviation

- Includes language to ensure that all aviation grants from Commonwealth Transportation Funds are used solely for Code-authorized purposes and requires the Department to provide an audit report on funding usage over the past three years

## Toll Road Revenues and Fines

- Includes language requiring an annual report on revenues generated from toll roads, including amounts imposed and collected from toll violations, civil penalties, and administrative fees

# Other Transportation Initiatives

- Recognizes the repayment of \$20.0 million, over a four-year period, of amounts previously appropriated from CPR bond proceeds which had been provided to Virginia Beach for light rail expansion
  - Because the project is not moving forward subsequent to a failed voter referendum, the funds will be returned to the Commonwealth and re-deposited into the Transportation Partnership Opportunity Fund
  - Consistent with the Committee's policy of not earmarking transportation dollars, these amounts will be available for reuse on a competitive basis
- Authorizes the Secretary of Finance to issue a Treasury loan in the amount of \$1.7 million each year for three years to compensate the City of Portsmouth for lost personal property tax revenues due to the transfer of property from private to state ownership as part of the renegotiated lease for the Virginia International Gateway port facility
  - Planned expansion to the facility will include the purchase of high-value cranes and other equipment under private ownership and increase Portsmouth's personal property tax revenues sufficiently to allow for repayment of the loan