

**Adopted HAC Amendments  
to the 2010-2012 Budget  
(House Bill 1500)  
February 9, 2011**

# **Guiding Principles for Committee Budget Development**

# Primary Budget Development Objectives

- As the Session began, the Chairman and the Subcommittee Chairmen met to outline their primary objectives for the amendments to HB 1500, and identified the following goals:
  - Address the funding of the VRS, while keeping our promise to state employees,
  - Scrutinize any new spending,
  - Use one-time savings only to fund non-recurring costs or to unwind structural deficits,
  - Minimize state debt,
  - Set aside more funding for the Rainy Day Fund, and
  - Reduce the burden on Virginia's businesses
  - Strive to align the FY 2012 spending to ongoing revenues to prepare for the next biennium

# Primary Budget Development Objectives

- As a result, the Amendments under consideration include the following:
  - Dedicate \$111.6 million in funding made available from the Mid-Session Reforecast to eliminate AST for all dealers with annual sales of \$50.0 million or lower in FY 2011
  - Utilize one-time 2010 GF surplus/balances of \$150 million to help capitalize the transportation infrastructure bank
  - Make an additional \$64 million deposit, for a total of \$114 million, into the Rainy Day Fund Reserve, ensuring that 50% of amounts due in next biennium are set aside
  - Reduce the amount of previously authorized debt by nearly \$120 million
  - Increase FY 2012 contributions to the state employee retirement plans by more than \$120 million (does not include teachers – separate amendment)

# Committee Resource Adjustments

<b>Summary Recommended Revenue Adjustments</b>	<b>HB 1500 FY 2011</b>	<b>HB 1500 FY 2012</b>	<b>FY 2010-2012 Biennium</b>
<b>Ending Balance - HB 1500 as Introduced</b>	<b>249,675,089</b>	<b>(245,602,347)</b>	<b>4,072,742</b>
<b>ADDITIONS TO BALANCES</b>	<b>8,871,826</b>	<b>79,351,175</b>	<b>88,223,001</b>
<b>ADDITIONS TO REVENUES</b>			
Technical Adjustment for Federal Conformity	(600,000)	(520,000)	(1,120,000)
Sale of Brunswick @ 25% of market value	0	11,250,000	11,250,000
Accelerated Sales Tax for \$50 million and greater	(111,600,000)	0	(111,600,000)
Mid Session Reforecast - Withholding Taxes	85,000,000	87,000,000	172,000,000
Mid Session Reforecast - Non-withholding	(45,000,000)	0	(45,000,000)
Mid Session Reforecast - Tax Refund - Land Preservation Tax Credit	25,000,000	0	25,000,000
Federal Tax Conformity - §108	(14,900,000)	7,400,000	(7,500,000)
Distribution of Circuit Court Excess Fees	(2,763,180)	(2,763,180)	(5,526,360)
<b>Subtotal-Additional Revenues</b>	<b>(64,863,180)</b>	<b>102,366,820</b>	<b>37,503,640</b>
<b>TRANSFERS</b>	<b>175,000</b>	<b>(17,951,242)</b>	<b>(17,776,242)</b>
<b>COMMITTEE RESOURCES ADJUSTMENTS TOTAL</b>	<b>193,858,735</b>	<b>(81,835,594)</b>	<b>112,023,141</b>
<b>Grand Total-Spending</b>	<b>(6,204,301)</b>	<b>110,604,975</b>	<b>104,400,674</b>
<b>New Unappropriated Balance</b>	<b>200,063,036</b>	<b>(192,440,569)</b>	<b>7,622,467</b>

# Structural Balance – Use of One Time Spending Prepare for FY 2012-14

- The budget amendments as introduced had spending of \$245.6 million in FY 2012 funded by carry-forward amounts of FY 2011 revenues
- Between actions taken by the committee to address the reliance on carry-forward revenues and the availability of additional revenues from the mid-session reforecast, the amendments before you reduce that imbalance to \$192.4 million
- In addition, if you take into account the one-time spending items in FY 2012, about \$20.0 million of ongoing spending is left unfunded going into the next biennium
  - These actions help ensure that revenue growth in the next biennium can be used to address the growth of mandatory spending programs

# Structural Balance – Use of One Time Spending Prepare for FY 2012-14

- One-time uses of revenues in FY 2012 designed to improve the structural balance going into the next biennium include:
  - \$114.0 million for the Rainy Day Fund
  - \$28.0 million in one-time excess payments to Route 58\*
  - \$11.0 million for the bonus for constitutional officers/employees
  - \$10.0 million to capitalize the CIT GAP funds and the Commonwealth Research Commercialization Fund
  - \$5.0 million to recapitalize the VSBFA's funds
  - \$3.3 million for a one-time property purchase at VCU
  - \$1.0 million for the derelict structures fund

Note: FY 2012 includes \$68.0 million from the GF for Route 58 to reflect a decision to “cash flow” the biennial payment of \$80.0 million included in HB 30 last year. FY 2011 provided only \$12.0 million. In FY 2013-2014 base returns to \$40.0 million.

# **Economic Development, Agriculture and Natural Resources**

# Economic Development Package

- Committee amendments include \$50.0 million for an Economic Development and Job Creation Initiative
- The largest component is \$25.0 million for a new Virginia Research and Technology Innovation Program (VRTIP)
  - The amendments reflect the provisions of HB 2324 (Lingamfelter) which creates the new research program
  - Funded within Commerce and Trade is \$5.0 million for the CIT Gap Fund and \$5.0 million for the Commonwealth Research Commercialization Fund
  - The remaining \$15.0 million is appropriated for STEM and research in higher education
- Also recommended, but within higher education, is \$3.0 million in industry-specific workforce training funding through the Community Colleges

# Economic Development Package

- The Committee focused the job creation package on programs with a proven track record, and proposes the following:
  - \$5.0 million for the recapitalization of the loan guarantee programs at the Virginia Small Business Financing Authority
  - An increase of \$1.5 million in funding for the Enterprise Zone Grant Program to help reduce pro-ration
  - An increase of \$1.0 million for the existing tourism regional grant program to leverage state dollars with local and private match
  - The provision of \$1.0 million GF and \$2.0 million from proceeds from the sale of surplus property for industrial site redevelopment
  - \$600,000 is provided to make greater use of the international offices approved last year, by providing funding to VDACS to market Virginia's agriculture products overseas
  - Also included is \$250,000 to expand the DHCD Main Street Program and \$200,000 for the Economic Development Partnership to promote regional cooperation to improve regional marketing efforts

# Economic Development Package

- The Committee also felt that one of the best ways to help our businesses is to reduce their costs
- The amendments refocus some of the resources to roll back fee increases approved last year that hurt small businesses
  - In total, the amendments redirect about \$5.7 million, the largest impacting the hospitality industry
  - This includes reducing the VDACS and DOH inspection fees for restaurants, hotels, etc., eliminating the DOLI apprenticeship fee, and rejecting a proposed health care provider fee increase
- Package also reflects a \$10.3 million reduction in revenues from 3 new job-creating tax incentives adopted by the House
  - A research and development tax credit (HB 1447)
  - Credits designed to incentivize traffic through Virginia's ports (HB 2385 and HB 2531)
  - A vineyards and wineries tax credit (HB 1837)

# Economic Development Package

- Recognizing the burdens placed on small businesses, the amendments utilize revenues made available by the Mid-Session Reforecast released on Friday to eliminate the Accelerated Sales Tax (AST) for all but 184 of the 8,762 dealers currently subject to AST
  - \$111.6 million is used to exempt all dealers with sales below \$50.0 million
  - This will also serve to improve the structural balance of the budget going into the next biennium
- To accommodate these spending items the Committee recommended the following:
  - Remove FY 2012 request for \$7.5 million for BRAC Oceana
    - ✓ There is a \$12.4 million balance in funds available
  - Remove \$2.4 million in wet lab funding over the biennium
    - ✓ The FY 2011 funding was tied to project that has not come to fruition
  - Remove \$150,000 of funding at VTA to advertise tourism on public television

# Water Quality Improvement Fund

- Amendments deposit \$36.4 million to the WQIF in FY 2011, which is allocated as follows:
  - \$22.9 million is provided for the Natural Resources Commitment Fund
  - \$5.0 million will be allocated to DCR for use in addressing nonpoint source pollution from urban stormwater run-off
  - \$5.5 million is transferred to the WQIF Reserve, created by the General Assembly in 2004
  - \$3.1 million is provided to DEQ for wastewater treatment plant upgrades
- Increases funding for soil and water conservation districts by \$1.0 million in FY 2012 for staffing and office expenses
- Provides \$1.0 million GF in FY 2012 for the Civil War Historic Site Preservation Fund
- Requires DCR to report on the number of acres farmed by region, the number of agricultural best management practices implemented, and the expected types and number of practices required because of the Watershed Implementation Plan

# Higher Education

# Criteria for Higher Education Recommendations

- Address access and affordability concerns
  - Provide \$61.3 million to address the cost issues identified by higher education institutions in order to mitigate possible tuition and fee increases on in-state undergraduate students
    - ✓ Enrollment growth at high in-state institutions: \$30.3 million
    - ✓ O & M for new buildings: \$16.8 million
    - ✓ Increase proportion of full-time faculty: \$11.5 million
    - ✓ Increase in-state undergraduate seats at high demand institutions: \$2.6 million
  
- Increase degree production in STEM / Health
  - \$8.9 million for STEM initiatives across the higher education system
  - \$3.4 million for public-private partnership between GMU, JMU, UVA, VT & CISCO Systems, Inc.

# GF Allocations to Colleges and Universities

Institution	Amount	Institution	Amount
CNU	1,763,000	RU	2,905,925
CWM	1,597,000	UVA	3,215,000
VIMS	617,500	UVA-W	1,600,000
GMU	8,267,775	VCU	6,040,000
JMU	5,655,000	VMI	758,000
LU	1,360,800	VT	4,340,000
UMW	1,856,000	VSU	905,000
NSU	2,104,000	RBC	755,000
ODU	11,910,000	VCCS	17,550,000

# Other Major Higher Education Budget & Policy Recommendations

- VCU Massey Cancer Center - \$5.0 million
- EVMS Parity with UVA & VCU Medical Schools - \$1.2 million
- \$7.9 million for interest earnings
- \$3.3 million for VCU property conveyance
- \$3.0 million for VCCS workforce development
- Cooperative Extension
  - Restart the restructuring planning process in order to ensure full involvement of all stakeholders including agricultural industry, local governments, and field extension agents
    - ✓ Progress report due August 2011
    - ✓ Interim report due December 2011
- Stem cell research language that corresponds to language in recent technology bills

# Capital Outlay

# Reduce Debt Burden

- Amendments provide a net \$117.0 million reduction in the amount of tax-supported debt from amounts proposed in HB 1500 and prior authorizations
  - Eliminate \$43.5 million for new sexually violent predator facility on the site of the former Brunswick Prison
  - Eliminate \$35.2 million in tax-supported debt to effect energy conservation projects
    - ✓ Raises the threshold on DGS Energy-Efficiency Program in order to leverage private market solutions
  - Eliminate \$30.0 million in Virginia port bonds authorized in 2008
  - Eliminate \$10.0 million in tax-supported debt for a new DGIF headquarters
    - ✓ Project will continue as a PPEA, financed by DGIF revenues and savings
  - Eliminate \$5.0 million in tax-supported debt for the VCU Satellite Dental Clinic due to lack of progress in implementing the project
    - ✓ Language in HHR begins process of a private provider solution
  - Provide \$6.7 million for equipment for new facilities opening at JMU and Radford that were mistakenly omitted from the introduced budget

# Other Capital Actions

- Nearly \$700,000 in debt service savings due to updating out-of-state student credit hours subject to the capital project charge
- \$12.8 million in higher education projects funded through nongeneral fund sources such as auxiliary enterprise and private gifts
  - Includes \$250,000 from the capital planning fund to begin planning for the replacement of the Virginia Treatment Center for Children
- \$60.2 million in 9(d) NGF revenue bonds for higher education dorms, dining halls, and other auxiliary projects
  - Not tax-supported debt
  - Project generates revenues to cover the debt service and operating costs

# Compensation and Retirement

# Employer Contribution to the VRS

- Amendments phase-in an increase in employer contribution rates that are paid to the VRS starting in January 2012
  - By the 4<sup>th</sup> quarter the full VRS rate for the state employee plan is funded
  - Eliminates the 4<sup>th</sup> quarter VRS payment lag added in FY 2010 as a budgetary savings
- In total, actions will result in approximately \$120.0 million in additional funding going to the Virginia Retirement System in FY 2012
  - An additional \$89.8 million payment to the VRS in FY 2012 is included in the Department of Education

# Reinstitute 5% Employee Contribution

- Amendments require state employees hired prior to July 1, 2010 (Plan 1), to begin paying the 5% employee contribution effective June 25, 2011
  - This action will equalize employee contributions paid by Plan 1 and Plan 2 employees going forward
- Recommends a 5% salary offset also effective June 25, 2011
- Net impact of the combined actions is an additional \$15.1 million GF for the cost of fringe benefits

# Other Compensation & Benefit Actions

- Restores \$7.1 million GF in FY 2012 for employer contributions to the optional retirement plan (ORP) for higher education faculty keeping the contribution rate for Plan 1 ORP participants at 10.4%
- Provides an additional \$410,000 GF in FY 2012 to fund the impact of HB 2467 on the state employee health insurance program
  - Legislation mandates insurance plans cover the diagnosis and treatment of autism spectrum disorders for children ages two through six

# Employee Contribution – Teachers and Locals

- Amendments allow school boards and localities to reinstitute the 5% employee contribution for employees hired prior to July 1, 2010 contingent on providing a salary offset of at least 5%
  - Consistent with proposal for Plan 1 state employees
- Amendments mandate school boards and localities to require employees hired on or after July 1, 2011 to pay the 5% employee contribution
  - School boards and localities would continue to have the option to set employee contribution requirements for those hired between July 1, 2010 and June 30, 2011

# Line of Duty

- Amendments provide \$400,000 GF in additional funding for the Line of Duty program, increasing total state GF support for the program in FY 2012 of \$3.4 million
- Amends language to extend the deadline for localities to opt out of the state program from July 1, 2011 to July 1, 2012
  - Localities would have to contribute into the program until such time as they opt out

# Transportation

# VDOT and DRPT

- The largest amendment within VDOT reflects the Commonwealth Transportation Fund forecast update, which provides an additional \$104.3 million NGF in FY 2011 and \$408.5 million NGF in FY 2012
- Also included are amendments to implement portions of the transportation package adopted pursuant to HB 2527
  - Includes \$150.0 million from the FY 2010 GF surplus/year-end balances as well as \$250.0 million of existing VDOT NGF revenues identified in the audit completed this fall to capitalize the Virginia Transportation Infrastructure Bank (VTIB) in FY 2011
  - Also included is language increasing the cap of the VDOT revenue sharing program to \$200 million pursuant to HB 2527
- There are a number of language amendments related to the Department of Rail and Public Transportation, including language stipulating that the Commonwealth will have a voting member on the WMATA Board and language to ensure that all mass transit funds are used solely for their intended purposes

# Aviation and Virginia Port Authority

- Included in the Department of Aviation is the transfer of the funding for the Virginia Commercial Space Flight Authority, reflecting the joint goals of these entities and the linkage between general aviation and commercial space flight
  - A companion amendment removes the funding from VEDP
- At the Virginia Port Authority two amendments reflect the lease and security costs associated with the VPA's takeover of APM Terminal in Portsmouth
  - This includes \$46.8 million NGF in lease costs in FY 2012 and \$900,000 in contract security costs
- There are also 2 amendments related to VPA's debt authority
  - The first authorizes the use of previously authorized bonds for improvements at the Newport News Marine Terminal
  - The second reduces debt authority for Craney Island from \$155 million to \$125 million to reflect project schedule revisions due to the purchase of the APM terminals and the resulting capacity added

# Health and Human Resources

# Summary of Proposed HHR Spending and Savings Actions

- Amendments focus on meeting critical needs:
  - Waiting lists for Medicaid waiver services
  - Care improvement in state training centers and mental health hospitals under federal scrutiny
  - Providing care to children with serious emotional disorders
- Savings amendments focus on bending the cost curve down in fast growing programs
  - Medicaid
  - Children's mental health services
  - Sexually violent predator program

# Bending the Medicaid Cost Curve

- Amendments recognize the need to bend the cost curve in the Medicaid program which will comprise 22 percent of the general fund budget in FY 2012
- Amendments attempt to control the rapid growth of certain services and use those savings to provide services to more individuals who are on waiting lists
- Amendments cap personal care hours in the Medicaid Elderly and Disabled with Consumer Direction (EDCD) waiver and the Developmentally Disabled (DD) waiver programs
  - Hours capped at 40 hours per week, 52 weeks per year for a total of 2,080 hours per year
  - Saves \$10.6 million GF and \$10.6 million NGF
  - At least 13 other states limit personal care hours
  - Savings are used to expand waiver programs to those on waiting lists
  - Does not impact the ID waiver program and Technology Assisted waiver program

# Children's Mental Health Services

- Amendments address the rapid and unrestrained growth in Medicaid children's mental health services and the need to provide better care and management of these services
- Amendments require Medicaid-funded children's mental health rehabilitation services to be subject to provisions in the Comprehensive Services Act (CSA)
  - Save \$21.6 million GF in the Medicaid program through local cost sharing, and better care coordination and utilization management through CSA
  - Provide localities with \$1.5 million GF and \$1.5 million NGF to better manage the care of Medicaid-eligible children through existing local Family Assessment and Planning Teams and Community Policy and Management Teams
- Restore \$5.0 million GF to enable localities to continue to provide services to non-mandated seriously emotionally disturbed children through the Comprehensive Services Act program
- Provide language to direct the State Executive Council to develop guidelines to assist localities in better managing the care and costs of CSA therapeutic foster care services

# Medicaid Critical Needs

- Provides \$14.2 million GF and \$14.2 million NGF in FY 2012 to add 375 additional Intellectual Disability (ID) waiver slots (discussed in detail in later slide)
- Provides \$3.9 million GF and \$3.9 million NGF in FY 2012 to add 270 Developmentally Disabled (DD) waivers
  - Reduces the waiting list by 25%
  - Slots have not been added to this waiver program since 2007
- Partially restores funding to mitigate nursing home operating rate reduction scheduled to take effect July 1, FY 2011
  - Provides \$5.0 million GF and \$5.0 million NGF
  - Funding will change the scheduled FY 2012 reduction from 3% to 2%
  - Spending is offset by proposed reduction of \$2.4 million GF in FY 2012 by reducing capital reimbursement from 8.5% to 8.0%
- Provides \$1.0 million GF and \$1.0 million NGF in FY 2012 to enhance Medicaid reimbursement for high-volume freestanding children's hospitals (Medicaid utilization greater than 50%)

# Funding for Intellectual Disability (ID) Services

- 375 additional ID waiver slots in FY 12 (\$14.2 million GF and \$14.2 million NGF in Medicaid budget)
  - 100 slots targeted to discharges at Central Virginia Training Center (CVTC) and Southside Virginia Training Center (SVTC)
- \$5.1 million GF to increase staffing ratios and reduce overtime at the state intellectually disabled (ID) training centers
  - Targeted at CVTC and SVTC which are under federal scrutiny
  - Funds will allow facilities to avert planned layoffs or hire part-time, temporary or contract specialty staff until staffing ratios are improved through resident discharges to appropriate community placements
- \$2.5 million GF to expand community crisis services to individuals dually diagnosed with intellectual disabilities and co-occurring mental health or behavioral disorders
  - Targeted to the regions served by CVTC and SVTC
  - Regional mobile teams and crisis stabilization units would be used to divert individuals from emergency admissions at training centers
- \$600,000 for five positions to facilitate community discharges from state ID training centers and a contract for facility staff training

# Funding for Adult Behavioral Health Services

## Eastern State Hospital (ESH)

- Provides \$5.0 million GF to replace a loss of federal Medicaid funds at Hancock Geriatric Center and adds 8 positions to improve care
  - Facility decertified from the Medicaid program in September 2010
  - Care improvements should enable facility to regain certification this spring
- \$1.4 million GF to increase community behavioral health services in the Tidewater region to discharge adult civil patients from ESH to the community and divert admissions
  - Recent rebuild of ESH resulted in reduced adult civil beds from 280 to 150

## Other Behavioral Health Items

- \$1.0 million GF to restore funds to maintain a 20-bed geriatric unit at Southwestern Virginia Mental Health Institute (SWMHI)
- \$797,054 GF to add 9 staff to address system-wide needs:
  - 6 licensing positions
  - 1 system-wide medical director
  - 1 quality management specialist for compliance issues
  - 1 information technology position to manage conversion to electronic health records

# Sexually Violent Predator (SVP) Program

- Amendments reflect grave concerns about the rapid growth and lack of specific information about the program to civilly commit sexually violent predators
- To address these concerns the amendments delay both the construction of a new facility and the re-opening of Dinwiddie facility pending review of current program
  - Recommend the sale of the Brunswick Correction Center for use as an economic development site at 25% of value (estimated at \$11.4 million)
- Directs the DBHDS to double bunk up to 150 beds at current facility (a number of other states utilize double bunking)
- Allows Department to contract with other states if needed to meet patient needs or if capacity is reached
- Requires DBHDS to undertake a comprehensive review of the program and report to money committees in July and November
- To meet the current program projections, the amendments provide \$14.3 million GF and 41 additional positions for commitments of sexually violent predators at the Virginia Center for Behavioral Rehabilitation (VCBR) located in Nottoway
  - Provides funding for minimal staff growth based on review of staffing ratios

# Other HHR Spending Items

- \$13.1 million over the biennium for child support enforcement operations
  - \$6.5 million to backfill a shortfall in revenue collections from payments received on behalf of TANF recipients
  - \$6.6 million of this funding restores the base in FY 2012 which was supplanted with federal funding
- \$6.2 million over the biennium to address a shortfall in funding for the AIDS Drug Assistance Program (ADAP)

# Elementary and Secondary Education

# Direct Aid to Public Education

- The recommended 2010-2012 biennial budget for Direct Aid to Public Education totals \$9.6 billion GF and \$2.9 billion NGF (Lottery, Literary and federal)
- The amendments reflect a total of \$100.4 million GF in new spending and \$151.2 million GF in savings, a net change of (\$50.8) million over the biennium and are accounted for in the following categories:
  - Technical & Forecast Updates: (\$52.1) million
  - Reprogramming Actions (\$94.1) million
  - VRS Payment Adjustment \$89.8 million
  - Other Actions \$5.6 million

# Routine Technical Updates to SOQ, Incentive & Categorical Accounts

- Projected student ADM revised shows lower estimated growth: produces savings of \$43.2 million GF
  - FY 2011: \$17.3 million - Revised ADM estimate of 1,209,762
  - FY 2012: \$25.9 million - Revised ADM estimate of 1,216,938
- Updates to Incentive and Categorical Programs reflect lower student participation levels for biennial savings of \$8.0 million
  - FY 2011: \$4.1 million decrease
  - FY 2012: \$3.9 million decrease
- Technical update of the Composite Index 'hold harmless' payment cost in FY 2011 generates savings of \$8.4 million
  - Revised supplemental payment totals \$108.1 million
- Revised revenue forecast for sales tax distributions and changes to the SOQ Basic Aid payments result in a net increase of \$40.5 million over the biennium

# Enhanced Flexibility to Offer a 2% Bonus

- One of the highest priorities was providing additional flexibility and more choices to school divisions
  - By providing flexibility, school divisions can accomplish the priorities most important to them
- With that objective in mind, the amendments reprogram \$65.7 million in FY 2012 to establish a Support for Personnel & Operational Cost Account
  - Funding for this account would come from combining the \$37 million allocation in SOQ Basic Aid for school buses along with \$28.7 million from portions of textbooks and Pre-K funding
- School divisions are given the choice of using these funds to provide a 2% teachers bonus or they can continue to use the funds to purchase school buses, textbooks, or other educational related items
  - Localities will continue to be required to provide their local match
  - If a school division elects to provide a 2% bonus, then they would be permitted and encouraged to use their Education Jobs money as the local match for the bonus

# Additional Funding for the State Share of VRS Payments

- Maintain the adopted budget's VRS employer rate of 5.16% in FY 2012 for school divisions
- Direct DOE to make a lump-sum payment of \$89.8 million directly to VRS in FY 2012 to pay for the state's share of an additional 3.3% employer VRS rate for all funded positions in direct aid
  - School divisions will not be required to pay a local match to the 3.3%, but are encouraged to set aside funds for payments to the VRS in the next biennium
- The lump-sum payment has been drawn from two budget sources:
  - \$55.4 million from the FY 2012 composite index 'hold harmless'
  - \$34.4 million from aligning the funding provided in the budget to the Code of Virginia requirements for funding elementary resources teachers for grades K-5 (elementary) rather than grades K-7 (elementary & middle)
- Amendment includes language that:
  - Requires new employees, hired on or after July 1, 2011, to pay the 5.0% employee rate contribution – with no option for the school division to pay any portion of the 5% employee's contribution
  - Allows school divisions reinstitute the 5% employee contribution, for those hired prior to July 1, 2010 only if the employees' base salary is offset by at least a 5.0% increase

# Lottery Proceeds Fund

- The amendments recommend several actions relating to Lottery funding:
  - Using available lottery revenues to supplant general fund revenues that had been budgeted to fund \$19.8 million of the Composite Index 'hold harmless' in FY 2011
  - Increasing the estimated Lottery Proceeds revenue by \$675,000 in FY 2012 to reflect the updated forecast, for a revised total of \$435.9 million
  - Directing the Department of Education to prorate At-Risk funding in the event of a Lottery Proceeds revenue shortfall beginning in FY 2012
  - Adding language to permit school divisions the option/flexibility to use their Pre-K funds to expand the number of full-day kindergarten classes and reduce half-day kindergarten classes

# Other K-12 Actions

- \$3.4 million in FY 2011 to replace the federal ARRA Funds that were shifted to Higher Education due to required technical revisions that impacted the split calculation
- \$3.0 million in FY 2011 to establish a new pilot 'Pay for Performance' initiative in 'Hard-to-Staff' schools
- \$0.6 million in FY 2012 for higher education institutions to plan for the development and support of 'College Partnership Laboratory Schools' through the Secretary of Education
- \$2.1 million in savings in FY 2012 from public broadcasting
- \$0.3 million in savings in FY 2011 to the National Board Certification teacher bonuses to reflect actual participation
- In addition, the amendments:
  - Transfer \$120,163 for the 'Virginia Voice' program from public broadcasting to the Department of the Blind and Vision Impaired
  - Finish phasing out Project Discovery, (\$688,500) and use a portion of the saved funding to increase the Governor's School enrollment cap by 50 slots to 1,650 in FY 2012, \$66,265

# Public Safety

# Public Safety Spending

- Includes \$8.3 million in FY 2011 and \$11.3 million in FY 2012 of additional funding for sheriff's offices to backfill the public safety fee proposed by Governor Kaine but not adopted by 2010 General Assembly
- Provides nearly \$6.0 million in FY 2012 to address overtime compensation for State Police officers working between 40 and 43 hours per week
  - Eliminates the current compensatory leave cycle that requires one officer to incur compensatory leave because another is forced to take compensatory leave
- Includes \$5.9 million GF in FY 2012 for STARS radio system maintenance
- Includes \$6.1 million GF in FY 2011 for additional jail per diem payments
- Provides \$8.1 million GF and 18 positions for inmate medical care in the Department of Corrections
- Includes \$2.2 million GF and nearly \$1.0 million NGF in FY 2012 for 45 additional probation and parole officers
  - The majority of these probation and parole officers will be assigned to prisons to improve offender reentry into society

# Other Public Safety Items

- Includes \$248,395 GF in FY 2012 to provide 4 additional veterans claims officers for Virginia's 823,000 veterans
- Includes \$182,029 GF in FY 2012 for the prison bed impact of bills increasing various criminal penalties
  - HB 1516, HB 1777, HB 1898, and HB 2066
- Provides \$91,377 in FY 2012 to establish an information exchange program with states bordering Canada and Mexico to learn about gang activities, illegal drug and firearm distributions, and terrorism threats

# Technology, Oversight, & Government Activities

# Revenue Stabilization Fund

- Provides \$64.0 million GF in additional funding for the Revenue Stabilization Fund reserve, increasing the total reserve to \$114.0 million
- The \$114.0 million reserve represents half of the anticipated \$228.0 million deposit that will be required during the 2012-2014 biennium
- Eliminates language that would have permitted the Revenue Stabilization Fund reserve to be used for unfunded federal mandates or emergency disaster declarations

# Technology Items

- Provides \$26.6 million GF in FY 2011 and \$28.7 million GF in FY 2012 to address the increased costs of information technology services provided by the Virginia Information Technologies Agency (VITA)
  - Also includes language stating that if the funding is insufficient to address all agencies' additional costs, no reallocations may be made to any agency receiving less than \$1.0 million in additional funding
    - ✓ 10 agencies received about 87 percent of all funding provided
- Saves \$10.5 million from the Governor's hiring freeze for Executive branch agencies
  - Positions approved for hiring could not be filled for 60 days
- Captures \$500,000 in balances from the Productivity Investment Fund

# General Provisions Language

- Provides for unexpended GF appropriations to be reappropriated where required by the Code of Virginia or where necessary to make payment on preexisting obligations from the purchase of goods or services; otherwise these balances are to revert to the GF
- Requires the Secretary of Administration, in cooperation with the Secretary of Technology, to report annually on the policies governing telecommuting, the state agencies that have adopted telecommuting policies, and how many state employees telecommute
- Requires the Chief Information Officer and State Comptroller to develop policies governing the use of cell phones and telecommunication devices for in-scope Executive Branch agencies
- Provides for the development of policies and procedures for the sale of surplus computers and laptops to state employees and officials by VITA for in-scope Executive Department agencies and that other agencies may develop such policies and procedures
  - Any proceed from these sales would be deposited into the general fund

# General Government

# Judicial Department Actions

- Amendments restore the \$5.0 million in cash balances to the State Bar
  - Introduced budget proposed transferring these balances to the GF
- Includes \$5.4 million each year due to higher than projected expenditures for the criminal fund
- Assumes savings of \$2.9 million in FY 2012 from eliminating state funding for local drug courts
  - Only 14 out of 30 local drug courts currently receive state GF support
- Reverts \$297,171 in FY 2010 year-end balances from the Indigent Defense Commission

# Administration

- Amendments provide \$11.0 million GF to provide a one time 2% bonus for Constitutional Officers and their employees
  - Bonus effective December 1, 2011
- Includes language clarifying policies related to the payments of commissions to circuit court clerks
  - Provides \$2.8 million each year

# Legislative Department

- Amendments capture savings of \$4.1 million from within the Legislative Department
- Provide for additional reversion from House Clerk's budget of \$275,000 in FY 2011
  - Chapter 874 authorized a reversion of \$500,000 each year from the House Clerk's budget
- Includes a reversion of FY 2010 year end balances from the Capitol Police of \$2.3 million
- Assumes savings of \$240,380 GF in FY 2012 from the elimination or reduction of dues paid to legislative organizations
- Includes \$1.3 million in reversions from other legislative commissions and agencies