



Recommended Amendments to the 2018-20 Budget (HB 1700)

**House Appropriations Committee
February 3, 2019**





Committee Resources



Chairman's Guidance

- The Committee began its deliberation with the following direction from the Chairman:
 - Remove consideration of all revenue associated with the Tax Cuts and Jobs Act (TCJA)
 - Totals \$1.2 billion, offset by \$216.3 million that was proposed to make the Earned Income Tax Credit refundable
 - Remove Limited Time and Discretionary Spending
 - Validate the Mandatory and High Priority Spending
 - Verify budgetary savings figures
 - Identify other resources and savings
- This activity determined the revenues available to fund Committee priorities

Committee Resources

	FY 2019	FY 2020	Biennial
Net Revenue - Economic, Wayfair, Technicals	\$293,000,000	\$345,249,250	\$638,249,250
HB 1700 Budgetary Savings	(111,198,837)	(179,033,881)	(290,232,718)
Other Resources Identified by HAC	126,431,638	95,128,094	221,559,732
Dollars Available - Forecast and Savings	550,092,496	624,759,924	1,174,852,420
Mandatory Spending	197,522,075	377,851,704	575,373,779
High Priority Spending	11,513,939	68,049,745	79,563,684
Revenues Remaining After Mandatory and High Priority Spending	341,056,482	178,858,475	519,914,957
Discretionary Spending In HB 1700 – Including Limited Time Spending (exclusive of Reserve)	225,274,697	454,386,533	679,661,230
Difference	\$115,781,785	(\$275,528,058)	(\$159,746,273)

HAC Resources Identified

	FY 2019	FY 2020	Biennial
Utilize Literary Fund Revenues for K-12	\$80,000,000	\$0	\$80,000,000
Correct DMAS Forecast Error	-	38,900,000	38,900,000
Remove Funding for E-Health Records		4,201,500	4,201,500
Excess Balances in State Health Insurance Fund		46,111,165	46,111,165
Front Page Balance Adjustments	27,406,638	-	27,406,638
Front Page Transfer Adjustments	19,025,000	5,915,429	24,940,429
Total Additional Resources	\$126,431,638	\$95,128,094	\$221,559,732

Resource and Revenue Changes	FY 2019	FY 2020	FY 2018-20
<u>Additions to Balance</u>			
Hurricane Florence – Excess Set-Aside	\$16,635,000	\$0	\$16,635,000
Revert Criminal Fund Balances	4,500,000	0	4,500,000
Revert Legislative Balances	1,775,781	0	1,775,781
DMAS – Capture Carry Forward Balance	1,819,857	0	1,819,857
DARS – Auxiliary Grant and Employment Services Balances	2,676,000	0	2,676,000
<u>Additional Revenues</u>			
Remove TCJA Revenue – Permanent Provisions	(76,900,000)	(177,500,000)	(254,400,000)
Remove TCJA Revenue – Temporary Provisions	(517,300,000)	(433,600,000)	(950,900,000)
Remove Earned Income Tax Credit Refundability	10,300,000	206,000,000	216,300,000
HB 2540: Sales Tax Exempt. Personal Hygiene Products	0	(1,550,000)	(1,550,000)
HB 2065: Move Up Sunset Date for Telework Tax Credit	0	61,000	61,000
<u>Transfers</u>			
Wells Fargo Settlement	14,000,000	0	14,000,000
OAG – Cap Consumer Fund	0	500,000	500,000
Additional ABC Profits	2,700,000	2,800,000	5,500,000
Increase Distillers’ Commission	0	(243,268)	(243,268)
ABC Sunday Operating Hours Extension	0	858,697	858,697
Communication Sales Tax – Transfer to VATI	2,000,000	2,000,000	4,000,000
VASAP Balance Transfer	325,000	0	325,000
Total Committee Resource Adjustments	(\$539,468,362)	(\$402,673,571)	(\$942,141,933)

Tax Policy Adjustments

- Recognize Wayfair revenues per House Bill 1722

Wayfair Estimate: Sales and Use Tax	Portion	\$ in millions
GF Unrestricted	2.015%	\$55.3
GF – Restricted 1% Education	0.990%	27.2
Education – Transfers	0.375%	10.3
Transportation (0.5% 1986, 0.3% 2013, 0.1% transfer)	0.900%	24.7
Local Option	1.000%	27.4
Total State	5.280%	\$144.9

- Raise AST Threshold
 - Current sales threshold for those required to participate in AST included in Chapter 2 is \$4.0 million
 - Increasing the threshold from \$4.0 million to \$10.0 million results in a one-time GF reduction of \$31.0 million
 - Reduces the number of impacted dealers to 1,332

Summary of Spending Priorities

- Fund Comprehensive Compensation Package
 - Provides for 5% increase for teachers and state employees
 - Includes 3% increase for faculty and state-supported local employees
- Provide Additional Funding for Public Education
 - Increases share of lottery distributed on a per pupil amount to 45%
 - Includes \$36 million to reduce the school counselor ratio at all schools
- Address College Affordability
 - Increases general fund support to offset the need for tuition increases
- Behavioral Health Services
 - Provides almost \$30 million for enhanced behavioral health services, including \$8.8 million to accelerate STEP-VA crisis services
- Enhance Structural Balance
 - Reduces unfunded liability for Other Post-Employment Benefits (OPEB) by reducing the amortization period from 25 to 20 years
 - Raise threshold for Accelerated Sales Tax payment to \$10.0 million

Summary of Spending Priorities

- **School Safety Package**
 - Includes \$6.6 million GF the second year to implement the recommendations of the Select Committee on School Safety
 - Provides additional \$3.0 million for School Resource Officer Incentive grant program
- **Meet Economic Development and Workforce Commitments**
 - Appropriates \$50.0 million for the Micron Incentive
 - Provides \$26.3 million for the Tech Talent Pipeline
 - Includes \$4.0 million increase for workforce credentialing at VCCS
 - Deposits \$34 million into the Major Headquarters Grant Fund
- **Enhance Economic Opportunity**
 - Increases funding for Business Ready Sites, Enterprise Zones, Industrial Site Redevelopment, and the VJIP Program
 - Provides \$24 million over biennium for broadband access
- **Advance Water Quality Improvement**
 - Includes \$93.8 million in additional funding for the Water Quality Improvement Fund for non-point source activities – highest level ever
- In total, spending package leaves an unappropriated balance of \$4.8 million at the close of the biennium

TCJA Revenues Captured in Taxpayer Relief and Revenue Reserve Funds

- Pursuant to the provisions of House Bill 2355, all additional revenues generated pursuant to the temporary individual provisions of the Tax Cuts and Jobs Act of 2017 (TCJA) are deposited into a newly established Taxpayer Relief Fund
 - Amounts anticipated to be generated in Fiscal Year 2019 attributable to Tax Year 2018, estimated at \$374.6 million, will be deposited into the Fund
 - The Department of Taxation is directed to submit a plan to return those revenues to the affected taxpayers by August 1, 2018
- Should House Bill 2529, or any other legislation designed to make substantial changes to the Commonwealth's individual income tax policies, not be enacted by the 2019 General Assembly in any Regular or Special Session, the remaining revenues generated from the temporary individual provisions of the TCJA shall also be deposited into the Taxpayer Relief Fund
 - This includes an amount estimated at \$143.4 million in FY 2019 attributable to TY 2019
 - Also included is \$426.6 million in FY 2020 from TY 2019 and \$151.3 million in FY 2020 from TY 2020

TCJA Revenues Captured in Taxpayer Relief and Revenue Reserve Funds

- Should House Bill 2529, or any other legislation designed to make substantial changes to the Commonwealth's individual income tax policies, be enacted by the 2019 General Assembly in any Regular or Special Session and signed into law, any remaining revenues attributable to the temporary individual provisions of the TCJA after implementing the provisions of such legislation shall be transferred to the Revenue Reserve Fund
- In addition, any revenues generated during the FY 2018-2020 biennium attributable to permanent provisions of the TCJA shall be deposited into the Revenue Reserve Fund
 - These amounts are estimated at \$76.9 million in FY 2019 and \$177.5 million in FY 2020



Report of the Public Education Subcommittee



Subcommittee Recommended Budget Amendment Package for Public Education

The Subcommittee's recommended amendments reflect a net increase of \$155.9 million GF over the budget for public education adopted last session

- Technical updates to the current budget save a net total of \$145.8 million GF and also reflect an increase of \$70.3 million NGF in Lottery Proceeds Fund revenues
 - Annual update to membership projections over the biennium reflect a decline in student growth & saves \$55.2 million GF
 - Lower membership projections result in lower student participation levels across programs and generate additional savings of \$31.3 million GF
 - Updates for sales tax forecast and changes to the sales tax revenue distributions result in a net increase of \$11.2 million GF
 - Update to Lottery Proceeds Fund revenue estimates increase by \$39.9 million in the first year and \$30.4 million in the second year and offsets a like amount of GF revenues to save \$70.3 million

Subcommittee Recommendations

- Adds a total of \$62.1 million over the biennium to increase the Supplemental Lottery Per Pupil Amount funding and increases the percentage of total Lottery dollars going to schools without any specific spending or local match requirements up to 45%
- Adds \$36.0 million in FY 2020 for school counselors for all elementary, middle, and high schools pursuant to the adoption of HB2053, substitute
 - Elementary school ratio from 1:500 to 1:375
 - Middle schools ratio from 1:400 to 1:325
 - High school ratio from 1:350 to 1:300
- Includes a net increase of \$13.5 million in the second year from additional Sales Tax revenues collected on internet sales from proposed 'Wayfair' legislation
 - Additional sales tax revenues are estimated at \$30.6 million and the offsetting SOQ Basic Aid adjustment equals (\$17.1) million

Flexibility for Additional 2% Salary Increase

- The current adopted budget includes \$131.3 million for the state's share of a 3.0% salary increase for SOQ-funded instructional and support positions, and for the Academic Year Governor's School and Regional Alternative Education program for the same types of staffing positions – effective date of July 1, 2019
 - To be eligible to receive state funding, schools have to certify that at least a 3.0% salary increase will be provided either in the first or second year or through a combination over both years
- The Subcommittee recommends adding \$43.8 million GF in the second year for the state's share of an additional 2% salary increase – effective date of January 1, 2020
 - To be eligible to receive state funding, divisions have to provide up to a 2.0% increase in the second year by at least January 1, and the 2.0% incentive has to be on top of the local matching requirements for the 3.0% salary increase that may be given over the biennium
 - Any local pay increase provided in the first year that is above the 3.0%, will not count toward the 2.0% salary increase in the second year
 - Divisions that are not able to provide a 3.0% salary increase over the biennium, would be eligible to receive a portion of state funding for up to 2.0% in the second year

Subcommittee Recommendations

- Provides \$4.3 million in the second year to reduce the amortization period used for the Retiree Health Care Credit from 25 to 20 years, and adjusts the rate from 1.20% to 1.34%
- Adds \$274,492 the second year to increase the VPI per pupil amount from \$6,326 to \$6,350
- Includes \$772,251 to support the planning for and preliminary steps toward consolidating several school divisions
- Several other initiatives total \$0.9 million
 - Dual Enrollment Faculty Credential Tuition grant program
 - Develop a Energy Career Cluster for students
 - Develop Micro-credentialing program for teachers
 - Career Academies of Hampton
 - Alternative Performance-based assessments
 - High school student survey
- Provides \$550,000 each year for Computer Science training and professional development for teachers

Summary of Recommendations Related to the House Select Committee on School Safety

- Increases the school division grant award cap for School Security Equipment grants from \$100,000 to \$250,000 each year –
 - Increases the annual \$6.0 million to \$12.0 million budget for total grant awards
- Expands the Public School Security Equipment Grant purchase eligibility to include software and mobile applications (HB1739-Rush)
- Allows a SSO to carry a firearm in the performance of his duties if, within 10 years immediately prior to being hired by the school board, he was employed by a U.S. law-enforcement agency or any state or political subdivision and his duties were substantially similar to those of a law-enforcement officer in the Commonwealth (HB2721-Freitas)
- Increase School Counselors' time providing dedicated counseling services to students (HB1729-Landes) to at least 80% of the school day
- In addition, the Public Safety Subcommittee report includes \$6.6 million GF support related to recommendations of the Select Committee

Subcommittee Recommendations

- Updates to the VPI – Provisional Teacher Licensure initiative reflect a savings of \$2.0 million each year due to lower utilization than projected
- Updates to the state's VPI program reflect a savings of \$2.2 million in FY 2019 due to lower student enrollments
- Transfers a total of \$1.7 million for UVA's Center for Advanced Study of Teaching and Learning (CASTL) team to provide VPI Teacher Professional Development and the VPI Classroom Observations to Central Office
- Removes existing language that excludes the Achievable Dream program from receiving funding from Neighborhood Assistance Program (NAP) Tax Credit donations –now would continue to receive the annual \$500,000 GF payment and be eligible to receive NAP funding

Recommendations for DOE Central Office

- Includes \$549,573 and 4 positions in the second year to address material weaknesses reported in recent APA audit for information technology security protocols, finance and risk management
- Adds \$500,000 in the second year to update the Virginia Studies and the Civics and Economics SOL tests to align with the History standards adopted by the BOE in 2015
- Proposes \$492,755 in the second year for statewide training and assistance to school divisions to implement the BOE's regulations governing the Use of Seclusion and Restraint in public schools which are expected to be effective in FY 2020
- In addition to the \$1.7 million transferred from Direct Aid for VPI teacher professional development training and classroom observations, the introduced budget also transfers \$400,000 each year from Direct Aid to Central Office from the tuition revenues collected for student enrollments in the Virtual Virginia program



Report of the Compensation & Retirement Subcommittee



Increase Salary Adjustments Included in Chapter 2 for FY 2020

- Subcommittee recommends \$41.9 million GF in FY 2020 to enhance the salary increases approved in Chapter 2 for FY 2020
 - Includes \$18.5 million to increase the across the board salary adjustment for state employees from 2% to 2.75% effective at the beginning of the fiscal year
 - Proposes \$4.8 million to increase the merit increase for state employees from 2% to 2.25%
 - Recommends \$9.7 million GF in FY 2020 for faculty at universities of higher education to increase the across the board salary adjustment from 2% to 3.0%
 - Recommends \$8.9 million GF in FY 2020 for state supported local employees to increase the across the board salary adjustment from 2% to 3.0%
- Subcommittee recommends redirecting \$40.2 million GF proposed in the introduced budget for a 1% bonus to support the cost of the higher salary increases

Address Unfunded Liability in the Retiree Health Credit Plans

- Recommends \$3.8 million GF in FY 2020 to adjust contributions to the state employee retire health credit plan from a proposal to amortize the legacy unfunded liability for the plan over a 20 years instead of over 25 years
 - Proposal increases the rate from 1.17% to 1.31%
- Included in the recommendations from the Elementary Education Subcommittee is \$4.4 million GF for the same proposal for the teacher retiree health credit plan
 - Proposal increases the rate from 1.20% to 1.34%
- Subcommittee recommends redirecting the \$8.1 million GF included in the introduced budget to increase the retiree health insurance credit benefit for public safety personnel in FY 2020

Address Unfunded Liability in the Retiree Health Credit Plans

- Current funded status for the retiree health credit plans is below 10%
 - Funded status for the state plan is 9.7% (current unfunded liability is \$899.4 million)
 - Funded status for the teacher plan is 8.2% (current unfunded liability is \$1,266.0 million)
- Proposal in the introduced budget would have increased the unfunded liability for the retiree health credit by approximately \$75 million
- The Subcommittees' recommendations are projected to save \$729.3 million in savings from lower contribution rates over the life of the amortization

Adjust Funding for State Employee Health Care

- Subcommittee recommends savings of \$46.1 million GF in FY 2020 from a health insurance premium holiday for 2 pay periods during FY 2020
 - For the 2 pay periods during the month of November the health insurance plan will not collect the employee or the employer share of the premiums
 - Due to lower than projected expenses, the cash balances in the health insurance fund have increased from \$308 million at the end of December 2017 to \$415 million at the end of December 2018
- Includes \$21,500 GF in FY 2020 pursuant to the passage HB 2257 (Thomas) which mandates coverage for autism spectrum disorder services regardless of age

Other Funding Amendments

- Subcommittee recommends \$300,000 GF in FY 2019 to support the JLARC study of Virginia's Workers' Compensation Program
 - Funding will support the cost for actuarial analysis and consultants
- Recommends \$808,692 GF in FY 2020 to support the state's share of employee premium increases for state employees who participate in the University of Virginia's Health Insurance Program
- Subcommittee recommends \$250,000 GF the second year for the Department of Human Resource Management (DHRM) pursuant to the passage of HB 2055 (Carr) requiring DHRM to do annual detailed analysis of employee compensation levels
- Includes \$31,250 GF in FY 2020 to increase the salary adjustment for the career development program (CDP) for Commissioners of the Revenue and their deputies to the same percentage salary increase provided in the CDPs for the other constitutional offices

Language Amendments

- Subcommittee recommends striking language in introduced budget adding the Secretary of Finance, and staff directors for the House Appropriations and Senate Finance Committees, or their designees, as ex-officio members of the VRS Board of Trustees
- Recommends language instructing the Department of Human Resource Management to develop a plan to provide equitable and fair reimbursement to out-of-network providers for emergency health care services
- Includes language instructing the Department of Human Resource Management to work with the Department of Veterans Services to develop a plan to promote hiring and retaining of disabled veterans in the state workforce



Report of the Health & Human Resources Subcommittee



Fund Mandatory Spending: \$476.2 million

(GF \$ in millions)

Agency / Item	FY 2019	FY 2020
Department of Medical Assistance Services		
Medicaid Forecast - caseload and utilization	\$159.6	\$251.0
Backfill anticipated loss of Medicaid funding for Piedmont Geriatric and Catawba hospitals (DMAS and DBHDS)	19.0	27.3
FAMIS and SCHIP Forecast - caseload and utilization	4.3	8.5
Adjust Virginia Health Care Fund revenues	0.0	1.7
Backfill lower federal match rate for CHIP administration	0.0	1.7
Department of Behavioral Health & Developmental Services		
Caseload growth in Part C early intervention services	0.4	0.7
Department of Social Services		
Foster Care and Adoption Subsidy Forecast	0.4	0.0
Mandatory cost of living increase for foster care and adoption payments	0.3	1.3
Total	\$184.0	\$292.2

Address Critical Behavioral Health Services

- Builds on previous House efforts to provide services for individuals with serious mental illness
- Accelerates STEP-VA crisis services
- Expands funding for community behavioral health and substance abuse treatment services
 - Discharge assistance services
 - Permanent supportive housing
 - Step-down services for children discharged from the Commonwealth Center for Children and Adolescents
 - Opiate overdose reversal kits
- Addresses census pressures at state behavioral health hospitals
 - Additional nursing staff and psychiatrists to serve patients

Provides \$29.5 million GF for Behavioral Health Services

Major Spending Items (GF \$ in millions)	FY 2019	FY 2020
Community Behavioral Health Services		
Accelerate STEP VA Crisis Services	\$0.0	\$8.8
Discharge assistance plans for 100 individuals on extraordinary barrier list at state hospitals	0.0	5.2
Permanent supportive housing for 150 individuals with SMI	0.0	2.1
Transition high-risk children from CCCA to community beds	0.0	0.9
Expand PACT Team services in Northern Virginia	0.0	0.2
Address Census Pressures at State Hospitals		
Add 254 direct care nursing staff and psychiatrists at state facilities to address census growth	0.0	7.9
Other Services		
Purchase additional opiate overdose reversal kits	1.6	1.6
Provide funds for Virginia Mental Health Access Program	<u>0.0</u>	<u>1.2</u>
Total	\$1.6	\$27.9

Behavioral Health Services - Other Actions

- Adds language in DMAS and DBHDS to begin a comprehensive redesign of public behavioral health services in the Medicaid program and those provided through the Department of Behavioral Health and Developmental Services (DBHDS) into a more complete continuum of evidence-based, cost effective services
 - Progress report due November 1, 2019
- Addresses Community Services Board (CSB) General Fund Reductions
 - Authorizes the DBHDS Commissioner to allocate up to \$7.0 million from available special fund revenue balances to address funding shortfalls at CSBs, if the general fund reductions included in Chapter 2 for CSBs exceeds the anticipated additional revenue from Medicaid expansion by more than 10% at the end of the fiscal year
 - Would be applied to each CSB based on their allocated reductions and receipt of additional revenue
 - Requires DBHDS in consultation with DMAS to monitor monthly the fiscal impact of Medicaid expansion on community services boards (CSBs)
 - Requires CSBs to submit monthly expenditure reports documenting additional federal revenues received as a result of Medicaid expansion
 - Language provides for notification to the chairmen of the money committees and Secretary of Finance
- Requires a report on Programs of Assertive Community Treatment including information on allocation, funding and cost effectiveness, due November 1, 2019

Language

- Medicaid forecasting and expenditure reporting requirements
 - Requires quarterly meetings to explain any material differences in expenditures compared to the official Medicaid forecast with:
 - Secretaries of Finance, Health and Human Resources, and Administration
 - Staff from the Department of Planning and Budget, the House Appropriations and Senate Finance Committees, the Joint Legislative Audit and Review Commission, and the Joint Commission on Health Care
 - Directs the agency to provide options to bring expenditures in line with available resources if necessary
- Modifies Medicaid payment methodology for capital rates for new and renovated nursing homes to reflect prospective fair rental value rates
- Prohibits implementation of individualized support budget program for providers of Medicaid developmental disability waiver services unless expressly approved by the General Assembly
- Prohibits the Health Department from spending any funds on an abortion that is not qualified for matching funds under the Medicaid program or providing any grants or other funds to any entity that performs such abortions.
 - Language also prioritizes the types of entities that the Department of Health contracts with or provides grants for family planning services

Address Child Welfare Issues

- \$2.4 million GF and \$90,000 NGF each year to purchase software licenses for mobile devices to assist local social workers with cases involving child protective services, foster care, adoptions, and eligibility for services
- \$851,000 GF in FY 2020 for training, consultation and technical support, and licensing costs associated with establishing evidence-based programming as required by the federal Family First Prevention Services Act
- \$332,538 million GF and \$332,538 NGF in FY 2020 to fund six positions to implement the Family First Prevention Services Act
- \$176,113 GF and \$241,897 NGF for HB 1730 which requires the placement of a security freeze on the credit report of children in foster care
- \$50,000 GF and \$50,000 NGF for a position to oversee foster parent recruitment efforts
- \$80,151 GF and \$20,350 NGF for HB 2597 which requires local social workers to assess and investigate alleged cases of child sex trafficking and take temporary custody of the child if necessary
- Passed HB 1659 clarifying statutory provisions to require clergy to report suspected child abuse or neglect

TANF Funding

- Temporary Assistance to Needy Families (TANF) Block Grant
 - Adjusts funding in the TANF block grant to balance spending with resources, leaving a balance of \$110.7 million NGF by the end of FY 2020
 - \$1.9 million NGF increase in spending on cash assistance in FY 2020
 - \$3.0 million NGF in FY 2020 for the Federation of Virginia Food Banks
 - \$500,000 NGF for the Virginia Alliance of Boys and Girls Clubs
 - \$22,000 for a new Child Advocacy Center in Russell County
 - \$39,689 GF and \$1.3 million NGF for the fiscal impact of TANF legislation
 - HB 2005 extends TANF for 18-19 year olds in school or career and technical education
 - HB 2397 extends TANF for ex-felons convicted of 1st time drug possession who comply with court, DSS, drug testing, and treatment requirements (similar to current law for food stamp/SNAP benefits)
 - HB 1746 changes VIEW to Virginia Initiative for Employment and Work
 - HB 1871 allows VIEW participants 12 months of transitional day care if enrolled in higher education, postsecondary school or curriculum leading to a credential, certification or license

Other Health & Human Resource Funding

Agency / Item	FY 2019	FY 2020
Cost increases-Medicaid Enrollment Broker & CoverVa Call Ctr.	\$0	\$2,045,493
Increase Medicaid funding for critical access hospitals	\$0	\$1,612,235
HB 1639 Revise hospice room and board payments for dually diagnosed nursing home residents	\$0	\$447,220
Fund Medicaid federal compliance activities (cost allocation, reporting, etc.)	\$225,000	\$175,000
DBVI services for deaf/blind individuals & support for reasonable accommodations for employees with disabilities	\$0	\$394,609
Expand efforts to address maternal mortality and morbidity	\$0	\$365,000
Create Overdose Fatality Review Team in the Office of the Chief Medical Examiner (OCME) and 3 positions	\$0	\$256,248
HB 2026 newborn screening of congenital cytomegalovirus (CMV)	\$0	\$198,589
Cost benefit analysis of Medicaid pharmacy benefit delivery model	\$0	\$125,000
Add position for DARS adult protective services	\$0	\$100,000
Total	\$225,000	\$5,719,394

HHR Savings Items: \$120.8 Million

(GF \$ in millions)

Agency / Savings	FY 2019	FY 2020
Department of Medical Assistance Services		
Medicaid savings from suspension of ACA health insurance fee	\$0.0	(\$38.9)
Adjust administrative appropriation for Medicaid expansion to reflect updated costs and provider assessment fund source	(14.8)	(17.4)
Eliminate Medicaid for Piedmont Geriatric and Catawba hospitals	0.0	(14.5)
Correct fund source for Medicaid expansion waiver administrative costs	(1.7)	(10.2)
Children's Services Act		
Projected caseload and utilization of services	(5.9)	(5.9)
Department of Health		
Delay implementation of electronic health records	0.0	(4.2)
Department of Social Services		
Adjust administrative appropriation for Medicaid expansion to reflect updated costs and provider assessment fund source	(2.3)	(3.6)
Correct fund source for Medicaid expansion waiver administrative costs	0.0	(1.1)
Foster care and adoption subsidy forecast	0.0	(0.3)
Total	(\$24.7)	(\$96.1)



Report of the Higher Education Subcommittee



HB 1700: Higher Education Institutions

- Subcommittee recommendations include \$54.2 million over the base budget in additional general fund support for colleges & universities, extension and VIMS in the 2018-20 biennium as follows:
 - \$45.7 million is provided to address in-state undergraduate affordability by allowing institutions to maintain tuition at the FY 2019 level
 - \$2.1 million in FY 2020 is provided for the Radford – Jefferson College of Health Sciences merger for Radford and Virginia Western CC
 - \$2.0 million in FY 2020 for a technical adjustment for UVA-Wise
 - \$4.5 million in FY 2020 is recommended for new or expanded institution-specific initiatives, including:
 - \$1.0 million at UVA for focused ultrasound
 - \$1.3 million for additional extension agents
 - \$512,000 at Richard Bland for O & M and VITA charges
 - \$234,000 at VSU for agricultural education faculty
 - \$298,000 at NSU for creation of a Center for African American Public Policy
 - \$200,000 at VIMS for Commonwealth Coastal Research fellows
 - \$275,000 at GMU for a neuroscience initiative

HB 1700: State Council of Higher Education Initiatives

- \$4.0 million GF increase to the workforce credential grant program to a total of \$13.5 million in FY 2020
- \$5.2 million GF for the Tuition Assistance Grant (TAG) with the goal of increasing the annual award by \$50 from \$3,350 to \$3,400 in FY 2020
- \$240,000 for the Grow Your Own Teachers partnership with public colleges & universities, DOE & local school divisions

HB 1700: Other Higher Education Actions

- \$3.5 million for EVMS to support accreditation and community health programs in partnership with Sentara
- \$500,000 million GF to support Jefferson Labs creation of a new nuclear femtology center and continue efforts to secure federal funding
- Central accounts includes:
 - \$27.9 million GF in FY 2020 to increase the number of computer science degrees (Tech Talent Pipeline)
 - \$8.0 million for the creation of the Hampton Roads Biomedical Research Consortium
 - Partnership of UVA, ODU, EVMS and private & non-profit hospitals
 - \$808,692 GF in FY 2020 for UVA health insurance
- \$945,000 for the State Library to eliminate the backlog on archiving Governor's correspondence (HB 1702)
- \$524,458 for Jamestown-Yorktown operations and site security
- \$250,000 for the Frontier Culture Museum for wage employees and operations



Report of the Commerce, Agriculture, Natural Resources and Technology Subcommittee



Commerce and Trade Agencies

- Spending increases for agencies in the Secretariat total \$3.4 million GF in FY 2019 and \$110.0 million GF in FY 2020. Overall spending in the Secretariat increases 1.5% in the first year and 48.0% in the second year
- If you subtract the two largest spending items (Micron and Amazon) spending increases for FY 2020 total \$26.2 million GF which is an 11.4% increase

Economic Development Incentive Payments

- Incentive Payments for Semiconductor Manufacturing Grant Fund (Micron)
 - Authorizing language and \$50.0 million GF is set out in the incentives payments portion of the budget
- Incentives Payment for the Major Headquarters Workforce Grant Fund (Amazon)
 - Language and \$34.0 million is set out in the incentives payments portion of the budget in order to smooth out annual payments to meet the Commonwealth's obligations
- Virginia Jobs Investment Partnership grants program increase \$1.0 million GF in FY 2020 based upon increased demand for funds

Commerce and Trade Agencies

Department of Housing and Community Development

- Broadband funding is increased to \$20.0 million GF in FY 2020 bringing the total to \$24.0 million for the biennium
 - Language transfers \$2.0 million each year of the biennium from the Communications Sales & Use Tax fund to the Virginia Telecommunications Initiative (VATI) to assist increase local governments access to broadband technology
- Increases Industrial Revitalization Fund \$1.0 million GF in FY 2020 to \$2.5 million
- Enterprise Zone Grant Program now funded at \$15.0 million in FY 2020 to mitigate the proration of grants
 - New language clarifies that solar panels are an eligible expense for the grant program
- Proposes \$100,000 GF increase and one FTE in the second year to study the federal, state and local governments' potential role in eviction diversion programs to assist in this ongoing problem
- Increases funding by \$100,000 GF in FY 2020 for the Crooked Road Heritage Music Trail

HB 1700: Commerce and Trade Agencies

Virginia Economic Development Partnership

- Business-Ready Sites Program (Virginia SCAN) funding is increased \$5.0 million GF in FY 2020, and includes language that expands the database assessment study currently underway to include smaller sites 25 (+) acres
 - Grants are used to characterize, inventory and develop sites in the Commonwealth in order to increase Virginia's competitiveness with other states
- Increases funding by \$6.1 million GF in FY 2020 for the Center for Advanced Manufacturing
 - Accompanying language brings the Commonwealth closer to its industry and university partners through a number of new, collaborative research programs designed to increase industry membership and increase utilization of additional federal research funds

HB 1700: Commerce and Trade Agencies

Fort Monroe Authority

- Includes \$500,000 GF in FY 2019 to for planning, design, construction and other costs associated with a permanent monument commemorating the 400-year anniversary of the first landing of Africans at Point Comfort in 1619
- Budget also provides additional operating support of \$157,000 GF in the second year to offset the reduction in funding from the National Park Service (NPS) resulting from a delay in land transfer of the 35-acre Wherry Parcel to NPS

Virginia Tourism Authority

- Includes increases of \$300,000 GF in FY 2020 for the Spearhead Trails Initiative, increasing the total for the biennium to \$1.4 million.
- Also increases funds by \$200,000 GF in FY 202 for the Heart of Appalachia Tourism Authority in FY 2020 for a total of \$300,000 GF for the biennium

Secretary of Administration / Technology

Virginia Information Technologies Agency

- Disentanglement costs associated with Settlement of legal dispute between Virginia and Northrup Grumman total \$35.8 million
 - This amount will be drawn from VITA's line of credit, and will be repaid in through agency ISF rates
- Budget utilizes \$28.1 million GF revenue across biennium to mitigate unanticipated increase in disentanglement costs to agencies, as they transition from the old service model to the new model
- Directs an increase in ISF rates paid by agencies for IT services in FY 2020 to pay down VITA's line of credit which has been utilized for transition and disentanglement costs, as well as an error in agency forecasting for FY 2018 primarily related to disentanglement
 - It is anticipated that this rate increase is temporary and future rates are expected to decline
- Implements a reduction of \$62.0 million NGF in FY 2020 for vendor pass-through payments to reflect the most recent forecast of state agencies' utilization in service areas after transitioning to the new IT services model

Secretary of Administration / Technology

Virginia Information Technologies Agency

- Numerous language amendments that do the following:
 - Directs VITA to develop a new rate to be implemented in July 1, 2020 to fund the Chief Data Officer's efforts to create a Commonwealth data inventory, and enterprise data dictionary and catalog
 - Directs VITA to work with the Department of Human Resource Management to develop and issue a request for proposals designed to secure and replace the current personnel information management system
 - Language provides the 9-1-1 Services Board a line of credit to accelerate implementation of next generation 9-1-1 service across the Commonwealth
 - With the amendment, the 9-1-1 Services Board will have sufficient cash flow to fund implementation of next generation 9-1-1 service by the end of fiscal year 2021. In addition, this amendment allows the 9-1-1 Services Board to continue to pay wireless carriers for E9-1-1 until the Commonwealth transitions to next generation 9-1-1 service.
 - Budget authorizes VITA \$800,000 NGF in FY 2020 and 4 additional FTE's to assist with management and training for high risk contracts, pursuant to passage of legislation by the General Assembly

Water Quality Improvement Fund (WQIF)

Activity (\$ in millions)	FY 19 Supplement	FY 20 Mandatory
WQIF Reserve	\$0.0	\$8.3
Natural Resources Commitment Fund (NRCF) – Bay Watershed	7.0	37.3
NRCF – Outside Bay	3.0	16.0
SWCD Technical Assistance	1.5	8.0
Special Uses	8.5	4.3
Forestry Water Grants	0.0	0.5
Conservation Reserve Enhancement Program	1.5	2.0
Resource Management Plans/Poultry Waste	0.0	0.8
Livestock Exclusion (SL-6)	7.0	0.0
Virginia Conservation Assistance Program	0.0	0.8
Grand Total	\$20.0	\$73.8

Other Department of Conservation and Recreation Funding

- Provides an increase of \$267,853 in FY 2020 for the Dam Safety Fund bringing the appropriation to \$732,147 in the second year
- Increases by \$450,000 the amounts provided to Soil and Water Conservation Districts for remote monitoring equipment at its dams
- Provides \$1.5 million GF to assist in sediment removal and other improvements to College Lake, a central stormwater basin in Lynchburg which suffered more than \$30.0 million in damage as a result of an August 2018 rainfall event
- Includes \$133,400 nongeneral funds for DCR in the second year to hire one FTE position to increase its oversight of the land preservation tax credit
- Includes \$257,187 GF and one FTE position in FY 2020 to support the operations of the Daniel Boone Wilderness Interpretive Center
 - Existing language in Chapter 2 provides for a transfer of the Center to DCR
- Provides \$534,159 GF and 2 FTE positions in FY 2020 to support the limited opening of the Clinch River State Park

Other Natural Resources Actions

Marine Resources Commission

- Provides an additional \$1.0 million GF in FY 2020 to support oyster replenishment and restoration activities
 - This would bring total funding to \$2.5 million for replenishment and \$1.5 million for restoration in FY 2020

Department of Historic Resources

- Includes a total of \$20,565 GF in the second year associated with the cost of legislation authorizing funding for Historic African-American graves in Alexandria, Hampton, Suffolk, Martinsville, and Pulaski
- Provides \$200,000 for the department to partner with DCR on the creation of a National Heritage Data Explorer GIS tool
- Includes \$100,000 for the Historic Hopewell Foundation for restoration work at Weston Plantation and \$70,000 for the historic Greensville County training school

Agriculture & Forestry

Department of Forestry

- Subcommittee recommendations include \$200,000 GF in FY 2020 to provide broadband coverage to five agency field offices
- Included in Capital Outlay is \$4.3 million NGF for the construction of a new vehicle service center for the Department near its Charlottesville headquarters. Funding for the construction would be provided by UVA as part of a parcel swap

VDACS

- Recommendations include \$150,000 GF in FY 2020 to establish a MELP program for equipment at the state's four regional animal health and food safety laboratories and replace aging molecular and bacteriological equipment



Report of the Transportation Subcommittee



Transportation Forecast Adjustment

- Actions within the transportation secretariat provide for an increase of \$608.9 million NGF (8.2%) in the first year and an increase of \$621.3 million NGF (8.9%) in the second year
 - Adjustments include: reflection of the current Six Year Improvement Program adopted by the CTB in June,
 - The December revision to the Commonwealth Transportation Fund forecast, and
 - Technical adjustments required by the Department of Accounts which do not result in additional available revenues

(\$ in millions)	FY 2019	FY 2020	Biennial
Reflect June 2018 SYIP	\$104.3	(\$0.7)	\$103.6
December Forecast Changes	0.0	210.7	210.7
Technical Adjustments	504.7	411.1	915.8
Total:	\$609.0	\$621.1	\$1,230.1

Transportation Agency Amendments

VDOT

- Language directs the department to implement reverse tolling on I-66 Inside the Beltway coincident with the completion of the Eastbound widening project
- Directs VDOT to increase funding for the Safety Service Patrols by \$5.0 million in FY 2020
 - 16% of all Interstate delays are caused by incidents, and fully 51% of delays on I-81 are caused by traffic accidents

Department of Rail and Public Transportation

- Authorizes DRPT to utilize up to \$3.0 million in its reserves to allow a one-year transition to the new performance-based metrics used to allocate transit operating funds
- Directs DRPT to consider funding of a bus route from Roanoke to Covington to increase rail access and usage

DMV Transfer Payments

- Appropriates \$71.7 million in FY 2019 and \$73.9 million in FY 2020 which reflects the additional revenues generated by HB 1539 of the 2018 General Assembly, which imposed the floor on the regional gas tax in Northern Virginia and Hampton Roads

Transportation Agency Amendments

Department of Motor Vehicles

- Authorizes two Customer Service Centers
 - Emporia – acquire existing Center through lease-purchase
 - Loudoun – allows department to move forward and seek new sight for the Sterling Customer Service Center

Department of Aviation

- Authorizes 3 new FTE positions to enhance the aircraft registration program and reduce IT costs by replacing contractors for full-time staff
- Directs the department to consider the establishment of a grant program for air service development for air carrier airports and report to Money Committees by November 1, 2019

Virginia Port Authority

- Recommends an additional \$5.3 million NGF in FY 2020 to upgrade cargo handling equipment with Port Terminal Revenues



Report of the Public Safety Subcommittee



Department of Corrections

- Provides \$12.9 million GF over the biennium in additional medical services spending at the Fluvanna Women's Correctional Center
- Includes \$3.5 million GF and \$3.1 million NGF in FY 2020 to implement electronic health records in all women's correctional centers
 - Central Appropriations amendment directs the Department to implement electronic health records using the existing state contract, and provides \$3.0 million in contingency funding for this purpose
- Adds \$1.2 million GF in FY 2019 and \$4.2 million GF in FY 2020 for increased medical costs at the Department's other facilities
- Includes \$1.2 million GF in FY 2020 to increase capacity of the Community Corrections Alternative Program (CCAP)
 - Provides alternative to incarceration for opiate-addicted offenders who have violated the conditions of their release
- Deposits \$657,000 in the Corrections Special Reserve Fund pursuant to eight House bills affecting criminal sentencing

Department of Criminal Justice Services

- Includes \$6.6 million GF the second year to implement the recommendations of the Select Committee on School Safety
 - Amounts listed below are in addition to increased support for School Security Equipment Grants and school counselors included in the recommendations of the Subcommittee on Elementary and Secondary Education

Select Committee on School Safety Items	Amount
Increase funding for School Resource Officer Incentive Grant program	\$3.0 million
Provide school safety training to all Virginia public schools	\$1.3 million
Develop case management tool for threat assessment teams; expand threat assessment team training	\$721,000
Continue administration of School Climate Survey	\$576,000
Provide basic training to all school resource officers	\$428,000
School safety application pilot program in three localities	\$300,000
Provide active shooter training to schools and communities	\$280,000
Total	\$6.6 million

- Provides \$145,000 GF in FY 2020 for sex trafficking response coordinator position, pursuant to House Bill 2576 (Krizek)

Other Public Safety

	Item	Amount
<u>State Police</u>	COMLINC training, operations and support	\$628,000
	Address fingerprinting case backlog	\$622,000
	STARS: Project management for STARS equipment refresh	\$500,000
	STARS: Four additional communications garage technicians	\$205,000
	STARS: Equipment refresh training costs	\$175,000
	State Share of Med-Flight Partnership	\$100,000
<u>Forensic Science</u>	Opioid Crisis Emergency Response Plan	\$3,300,000
	Increased cost for laboratory supplies	\$500,000
<u>Military Affairs</u>	Increase Appropriation for National Guard Tuition Assistance	\$1,500,000
<u>Fire Programs</u>	Positions for State Fire Marshall's Office	\$125,000
<u>Veterans Services</u>	Angel Wings for Veterans Program	\$24,000

Other Public Safety

Compensation Board

- Reverts \$3.0 million in FY 2019 and \$3.7 million in FY 2020 in excess jail per diems
- Reverts \$847,000 in FY 2020 due to delayed opening of Prince William/Manassas jail expansion

Part 4 Amendment

- Language prohibits the purchase or deployment of body-worn camera systems by state agencies

Alcoholic Beverage Control Authority

- Provides \$3.7 million NGF and nine positions for new store openings in FY 2019
- Increases the transfer of net profits from store sales to the general fund by \$10.9 million over the biennium relative to the transfer amounts assumed in Chapter 2

Change in Net Profit Transfer Relative to Ch. 2	FY 2019	FY 2020
Increase net profit transfer based upon revised sales forecast	\$5.8 million	\$4.5 million
Increase net profit transfer, earlier Sunday opening		\$859,000
Reduce net profit, increased distillery store commission		(\$243,000)
Total change in net profit transfer	\$5.8 million	\$5.1 million

Judicial Department

Supreme Court

- Reverts \$4.5 million in Criminal Fund balances to the general fund
- Includes \$288,000 GF in FY 2020 for the ongoing cost of relocating the judicial branch data center to a vendor-operated facility in eastern Henrico County

Indigent Defense Commission

- Provides \$637,000 GF in FY 2020 for 20 paralegal positions to address workload issues in public defenders offices related to the increased use of body-worn cameras



Report of the General Government and Capital Outlay Subcommittee



HB 1700: Capital Outlay

- Subcommittee recommendations include \$1.4 billion in new capital outlay spending including:
 - \$1.1 billion in VCBA / VPBA tax-supported bonds
 - \$198.2 million in nongeneral funds
 - \$17.9 million in 9 (c) NGF revenue bonds
 - \$33.0 million in 9 (d) NGF revenue bonds

HAC Capital Outlay Project Pool

- Subcommittee recommends \$779.4 million to address the following:
 - Replacement of Central State Hospital (Phase I)
 - Includes the forensic unit, support facilities and 48 civil beds
 - Renovation / expansion of Alderman Library at UVA
 - Construction of the STEM Lab Building at VCU
 - Construction of the VIMS Oyster Hatchery
 - Construction of Phase III of the VMI Physical Training Facilities
 - 12 projects that address life safety, infrastructure and major system replacements & maintenance across the Commonwealth
 - Renovation of Jackson Hall at JMU
 - Phase I of the Replacement & Demolition of Daniel Gym and Harris Hall at VSU
 - IT Infrastructure at GMU
 - Supplements for previously approved capital projects
 - Capital investment for the Hampton Roads Biomedical Research Consortium
- \$17.1 million of the cost of the projects listed above is offset by proposed bond savings from previously-approved projects

Other Major Bond Supported Projects

- \$45.8 million for State Police STARS / COMLINC
 - STARS replacement is the first of a four-year replacement phase-in
- \$168.0 million for VT Innovation Campus
 - In addition VT will provide \$107.0 million from philanthropy & institutional funds
- \$69.0 million for Data and Decision Science Building
 - In addition VT will provide \$10.0 million from philanthropy & institutional funds
- \$46.0 million for equipment in new buildings coming on-line
- \$7.6 million for Gilmer Hall supplement
- \$11.4 million for the acquisition of the Commonwealth Center for Advanced Manufacturing building

HB 1700: Nongeneral Fund Supported Capital Projects

- Projects funded through nongeneral funds (e.g. gifts, federal funds, auxiliary enterprise revenues, and port revenues)
 - \$198.2 million NGF revenue projects primarily in higher education
 - Includes previously noted Virginia Tech projects
 - \$17.9 million in 9(c) revenue bonds for higher education projects
 - \$33.0 million in 9(d) revenue bonds for higher education projects

HB 1700: Capital Outlay Language

- Language amendments address several significant issues
 - Requires the Department of General Services to evaluate the statute of limitations provisions in the Code in consultation with major stakeholder to include the private sector construction community
 - Pedestrian and traffic safety at the Seat of Government
 - Use of the Beaumont Property
 - Procurement Thresholds
 - ABC Warehouse Property

Commonwealths Attorneys

- Subcommittee recommends \$1.5 million GF the second year to fund 20% of the shortfall in funded positions in Commonwealths' Attorneys offices based on the Compensation Boards staffing standards calculation
 - Recommendation would fund 21 Assistant Commonwealth Attorneys positions and 11 support staff
- Language amendment under the Supreme Court expands the workgroup reviewing the impact of body cameras on workloads
 - The language included in Chapter 2 instructed the workgroup to examine the impact of body cameras on the workload on Commonwealth's Attorneys
 - The expanded workgroup will examine the impact of body cameras on the Commonwealths public safety and judicial agencies as a whole

Department of Elections

- Subcommittee recommendations include several funding actions in FY 2020 for the Department of Elections many of which are to address issues identified in the JLARC review of the Department
 - \$607,500 GF and 3 FTEs to expand local election official training
 - \$297,433 GF and 2 FTEs for voter list maintenance
 - \$106,651 GF and 1 new fiscal administrative position
- Recommendations include language which prohibits the Department of Elections spending funds to rebuild the Virginia Election & Registration Information System (VERIS) before the Department has developed a thorough plan to contract for a replacement system
 - Requires a report to the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2019
- Includes \$261,265 GF pursuant to the passage of HB 2760, which requires the use of Geographic Information System maps when redrawing boundaries for local elections.

Other Subcommittee Spending Amendments

	FY 2019	FY 2020
General Assembly – Support for House Clerks Office	\$0	\$2,263,996
General Assembly – Funding for Interpreters	\$0	\$100,000
Capitol Police – 1 new FTE and Career Development Plan	\$0	\$200,000
JLARC – Review of Governance of Legalized Gambling (introduced budget included \$175K for Secretary of Finance)	\$0	\$200,000
Gen. Assembly – Commemoration of 100th Anniversary of Women's Right to Vote	\$395,000	\$100,000
Tax – Administrative Cost Pursuant to Tax Policy Changes (HB 2529)	\$0	\$1,017,712
Central Appropriations – Funding to Improve Management of High Risk Contracts (HB 1668)	<u>\$0</u>	<u>\$400,000</u>
Total	\$395,000	\$4,281,708