

HB 1500
Budget Conference
Highlights

February 27, 2011

House Budget Development Objectives

- The House budget was developed with the following goals in mind:
 - Use one-time savings only to fund non-recurring costs or to unwind structural deficits,
 - Set aside more funding for the Rainy Day Fund,
 - Minimize state debt,
 - Scrutinize any new spending,
 - Address the funding of the VRS, while keeping our promise to state employees, and
 - Reduce the burden on Virginia's businesses

Conference Budget – Major Highlights

- While the House budget focused on addressing the structural deficit by dedicating resources to one-time actions, the Senate goals were to provide additional funding for on-going programs
- As a compromise, the House received a value equivalent to half of its major one-time items. House structural improvements were funded in the conference report as follows:
 - Dedicates \$45.7 million to eliminate AST for 80% of dealers subject to it in FY 2010
 - ✓ Threshold set at \$5.4 million or greater annual sales
 - ✓ Leaves only 1,736 large retailers subject to AST
 - Maintains the House position of making an additional \$64 million deposit into the Rainy Day Fund Reserve
 - ✓ Provides a total of \$114 million
 - ✓ Ensures that 50% of amounts due in FY 2012-2014 biennium are set aside
 - Provides \$32.7 million from the FY 2010 GF surplus to help capitalize the transportation infrastructure bank
 - ✓ This amount is required under provisions of HB 3202 (2007 Session)

Conference Budget – Major Highlights

- Other key elements of the conference report include:
 - A net increase of \$100.7 million GF for higher education and affiliated agencies
 - ✓ Includes new seats at high-demand institutions, House STEM initiative, additional research, and funding for O and M and enrollment growth to moderate tuition increases
 - No capital outlay funding or new debt for the seat of government
 - Includes \$76.7 million to address Behavioral Health and Developmental Services of which \$30.0 million is included in the Behavioral Health and Developmental Services Trust Fund
 - Also includes \$64.5 million to restore Medicaid health care provider payment reductions
 - Rejection of all new fees and the elimination of the \$5.7 million of fees as proposed in the House budget

Conference Budget – Major Highlights

- Other key elements of the conference report include:
 - Provides a net increase of \$74.9 million for public education relative to HB 1500
 - ✓ Largest component is a one-time supplemental payment to all school divisions for the state's share of a \$129.62 per pupil amount (PPA) that totals \$87.7 million in FY 2012
 - ✓ Also includes \$16.6 million to make whole the remaining 38 school divisions that would have received Hold Harmless in Chapter 874
 - Package results in a total increase in payments to VRS for the state employee plans of \$77 million in FY 2012
 - ✓ Provides a 1.71% increase in the employer VRS rates in the 4th quarter of FY 2012
 - ✓ Reinstates the 5% employee retirement contribution with a 5% salary offset
 - ✓ Includes \$41.7 million GF to eliminate the deferral of the FY 2012 4th quarter VRS payments

Conference Budget – Major Highlights

- Other key elements of the conference report include:
 - Provides a total of \$22.6 million for Sheriffs, \$3.0 million for state police for overtime and \$12.4 million for HB 599
 - Includes \$2.0 million for state parks and natural area preserves and \$2.0 million for agriculture and forestry
 - Provides \$38.2 million for the “Opportunity at Work” economic development initiative
 - ✓ Includes \$10.0 million for provisions of HB 2324
 - ✓ \$5.7 million of fee reductions
 - ✓ \$10.3 million to support tax credits adopted by the 2011 General Assembly

Resource Adjustments in Conference Report

Summary Recommended Revenue Adjustments	Conference FY 2011	Conference FY 2012	FY 2010-2012 Biennium
Ending Balance - HB 1500 as Introduced	249,675,089	(245,602,347)	4,072,742
ADDITIONS TO BALANCES	13,558,907	108,916,994	122,475,901
ADDITIONS TO REVENUES			
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 \$5.4 million and greater	(45,700,000)	0	(45,700,000)
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	20,000,000	45,000,000
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)
School Efficiency Reviews	0	20,000	20,000
SB 1136 – Capped Tax Credits Ports	0	50,000	50,000
SB 774 – District Courts	0	(147,936)	(147,936)
Subtotal-Additional Revenues	1,036,820	122,288,884	123,325,704
TRANSFERS	(4,825,000)	(17,373,427)	(22,198,427)
COMMITTEE RESOURCES ADJUSTMENTS TOTAL	259,445,816	(31,769,896)	227,675,920
Grand Total-Spending	(122,713,401)	344,162,746	221,449,345
New Unappropriated Balance	382,159,217	(375,932,642)	6,226,575

Higher Education and Capital Outlay

Higher Education

- Conference budget reflects a net increase of \$100.7 million GF for public colleges and universities and affiliated higher education agencies
- Key higher education general fund operating increases
 - \$16.0 million GF for increased operating costs due to enrollment growth
 - \$12.3 million in targeted STEM initiatives including:
 - ✓ \$3.4 million in a public-private partnership between CISCO Systems and JMY, CWM, VT & UVA
 - ✓ \$0.9 million to expand nursing at Longwood
 - ✓ \$2.2 million for Radford to deliver health-related programs in partnership with Carilion
 - ✓ \$3.0 million for new biology, chemistry and other science faculty at GMU
 - ✓ \$0.8 million at NSU to deliver STEM classes in partnership with local high schools
 - \$2.6 million GF for 351 more in-state undergraduate seats at UVA, CMW, JMU & VT as part of a multi-year phase-in of 1,725 new seats
 - \$11.5 million to improve the number of full-time faculty especially at the VCCS and ODU
 - \$13.6 million for operating costs of new buildings

Higher Education

- \$13.3 million GF for in-state undergraduate financial aid
- \$3.0 million for Eastern Virginia Medical School to maintain funding parity with VCU & UVA medical schools
- Cancer Research
 - \$5.0 million at VCU's Massey Cancer Center
 - \$3.0 million for the UVA cancer center
- \$2.0 million for Extension
 - Language requires an examination organizational structure and financing of Cooperative Extension by the Secretary of Education

Summary of GF Biennial Allocations to Colleges and Universities

Institution	Amount (\$ in millions)	Institution	Amount (\$ in millions)
CNU	1.7	RU	3.5
CWM	0.9	UVA	6.9
VIMS	0.6	UVA-W	1.1
GMU	9.1	VCU	8.3
JMU	6.1	VMI	0.4
LU	1.7	VT	3.7
UMW	1.5	VSU	0.8
NSU	2.5	RBC	0.4
ODU	12.7	VCCS	18.3

Capital Outlay

- No capital outlay funding or new debt for the seat of government
- Reduces proposed debt levels by \$66.8 million
 - Eliminates \$43.5 million for the Sexually Violent Predator project
- Provides \$3.3 million GF as the state share of an 80-bed expansion for the Sitter-Barfoot Veterans Care Center
- \$1.9 million GF to repair Dept. of Corrections water distribution system

Health and Human Resources

Summary: Health and Human Resources

- Conference report includes \$30.0 million GF for the Behavioral Health and Developmental Services Trust Fund
- Also includes \$46.7 million GF to restore waiver provider rates and respite care hours, ID and DD waiver slots and other behavioral health services
- \$69.6 million GF to fund the Medicaid forecast
- \$64.5 million GF to restore Medicaid rates for critical health care safety net providers

Funding for Intellectual Disability (ID) & Developmentally Disabled (DD) Services

- \$30 million DBHDS Trust Fund to transition individuals in training centers to appropriate community-based settings
 - Trust Fund will include ID waiver slots for facility discharges
- Provides \$34.5 million GF over the biennium, largely for community services
 - 275 additional community ID waiver slots in FY 2012 (\$9.0 million GF and \$9.0 million NGF in Medicaid budget)
 - 150 additional DD waiver slots in FY 2012 (\$2.1 million GF and \$2.1 million NGF in Medicaid budget)
 - \$8.6 million to restore ID/DD waiver provider rates by 4% in FY 2012
 - \$7.1 million GF to increase staffing ratios and reduce overtime at the five state intellectually disabled (ID) training centers
 - \$5.0 million GF to expand crisis services statewide to individuals dually diagnosed with intellectual disabilities and mental illnesses
 - \$2.1 million to restore respite care hours from 240 to 480 per year
 - \$600,000 for five positions to facilitate community discharges from state ID training centers and a contract for facility staff training

Funding for Behavioral Health Services

Eastern State Hospital

- \$5.4 million GF to replace federal Medicaid funds at Hancock Geriatric Center and add 8 positions to improve care
- \$1.9 million GF to increase community behavioral health services in the Tidewater region to handle flow-through of clients at ESH due to the downsizing from 280 to 150 adult civil beds

Other Spending Proposals

- \$2.0 million GF to expand crisis stabilization programs statewide
- \$2.0 million GF to restore funds to operate two 20-bed geriatric units at Southwestern Virginia Mental Health Institute
- \$797,054 GF to add 9 staff:
 - 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

Medicaid / FAMIS Forecasts

- Technical Medicaid forecast changes lower spending by \$87.6 million GF in FY 2011 and increase spending by \$157.2 million GF in FY 2012
- Virginia Health Care Fund forecast requires an additional \$10.3 million over the biennium as a result of lower revenues from tobacco settlement payments and tobacco tax revenues
 - Fund is used to offset GF obligations in the Medicaid program
- FAMIS (Children's Health Insurance Program) forecast reduces spending by \$9.4 million GF in FY 2011 and increases spending by \$9.8 million GF in FY 2012

Medicaid Health Care Provider Payment Restorations	General Fund FY 2012
Hospital Inpatient Payments (4%)	\$24,164,264
Physician & Other Practitioner Services (4%)	\$14,714,275
Nursing Home Payments (3%)	\$13,819,962
Other Waiver Providers (Not ID & DD providers) (4%)	\$5,747,611
Dental Services (4%)	\$2,333,840
Supplemental Payments for High Volume Children's Hospitals & NICUs	\$1,350,000
Pharmacy Drug Acquisitions Costs – Avg. Wholesale Price (AWP) from minus 17.43% to minus 13.1%	\$1,356,585
Pharmacy Dispensing Fee from \$3.50 to \$3.75	\$523,579
Long-stay Rehabilitation Hospitals	\$522,102
Total	\$64,532,218

Other Medicaid Items

- Language phases in care coordination to various populations and services in Medicaid over the next year
- \$700,000 GF in Medicaid savings by capping personal care hours in the Medicaid Elderly and Disabled with Consumer Direction (EDCD) waiver programs
 - Hours capped at 56 hours per week, 52 weeks per year for a total of 2,920 hours per year
 - Does not impact the ID, DD and Technology Assisted waiver programs
 - Will allow for exceptions to the limit using criteria based on dependency in activities of daily living, level of care, and risk of institutionalization
- \$200,000 GF and 4 positions for administering Medicaid waiver changes
- \$487,500 GF to restore podiatry services in Medicaid and FAMIS (was to be eliminated in FY 2012)
- \$625,305 GF to restore reductions in the cap for environmental modifications and assistive technology (slated to be reduced from \$5,000 to \$3,000 in FY 2012)

Sexually Violent Predator (SVP) Program

- \$14.3 million GF and 41 additional positions to accommodate growth at the Virginia Center for Behavioral Rehabilitation (VCBR)
- Language amendments require a comprehensive review of program by JLARC before proceeding with the construction of a new SVP facility or re-opening of Dinwiddie facility at Southside Virginia Training Center
 - Report due by November 30, 2011
- Language authorizes double bunking at existing VCBR facility of up to 150 beds
 - Department of Corrections required to assist in risk assessments of the affected population
 - Allows for contracting with other states to meet capacity
- Department required to provide quarterly reports on the plan and implementation of double bunking and other actions to handle the growing commitments at the facility

Children's Mental Health Services

- \$7.5 million GF to restore local match rates for CSA therapeutic foster care services
- \$5.0 million GF to restore funding to serve non-mandated children in CSA
- \$3.1 million GF in Medicaid savings by initiating five pilot programs with Community Services Boards to manage the care of children in need of community mental health rehabilitation services
 - Pilot programs will be targeted to regions with high utilization of services
- Language in CSA
 - Directs the State Executive Council (SEC) to develop guidelines to assist localities in better managing the care and costs of CSA therapeutic foster care (TFC) services and authorizes the use of regional contracts to help control costs
 - Directs SEC to develop a plan to serve children eligible for CSA in the least restrictive environment with appropriate non-academic supportive services and training to localities
 - Requires annual reports on the use and cost of TFC and special education services

Other HHR Items

- \$12.5 million over the biennium for child support enforcement operations
 - \$5.9 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)
- \$2.9 million GF to restore funding to local social services departments, representing about one-half the reduction scheduled to occur July 1, 2011
- \$1.0 million GF to restore cuts to community rehabilitation services
 - Brain injury services
 - Supported employment
 - Centers for Independent Living
 - Rehabilitation Case Management
- Provides \$500,000 in TANF funds each for Healthy Families, CHIP of Virginia and Community Action Agencies
- \$2.0 million GF in savings by eliminating new funding for vocational rehabilitation services in the Department for the Blind and Disabled

Health Care Reform

- Health Information Technology
 - \$4.6 million GF and two positions over the biennium
 - ✓ 90% FMAP available for technology changes
 - Funds will be used to:
 - ✓ Connect state health systems to the Health Information Exchange
 - ✓ Ensure that Medicaid providers can implement technology needed to produce and use electronic health records
 - ✓ Establish a web-based portal for determining eligibility for Medicaid applications
 - ✓ Pay for Medicaid participation in the Health Information Exchange
- Provider Incentive Program
 - \$20.0 million in federal grants to assist health care providers in producing and implementing electronic health records
 - \$1.3 million GF and two positions over the biennium
 - ✓ 90% FMAP available for program
- Administrative Costs for the Virginia Health Reform Initiative
 - \$250,000 GF over the biennium to support the Office of Health Care Reform in the Secretary's Office
 - Funds will be used to coordinate the planning and implementation of Virginia and federal reform efforts

Public Education

Direct Aid to Public Education

- Conference report includes total biennial funding for Direct Aid equals \$12.6 billion
 - \$6.2 billion FY 2011 --- \$5.3 billion state & \$1.0 billion federal
 - \$6.4 billion FY 2012 --- \$5.5 billion state & \$0.8 billion federal
- The amendments within public education include total GF increases of \$104.3 million offset by reductions of \$29.4 million for net spending increase of \$74.9 million relative to the introduced budget

Technical Updates to SOQ, Incentive & Categorical Accounts

- Revisions to reflect lower estimated growth in student ADM results in a \$43.2 million GF decrease
 - FY 2011: \$17.3 million decrease due to 4,370 fewer students projected
 - ✓ Revised ADM estimate of 1,209,762
 - FY 2012: \$25.9 million decrease due to 6,659 fewer students projected
 - ✓ Revised ADM estimate of 1,216,938
- Updates to Incentive and Categorical Programs for lower student participation levels:
 - FY 2011: \$4.1 million decrease
 - FY 2012: \$3.9 million decrease
- Updates the Composite Index 'hold harmless' payment in FY 2011 for a savings of \$8.4 million
 - Revised supplemental payment totals \$108.1 million

Technical Updates for Sales Tax

- Revised revenue forecast for sales tax distributions and changes to the SOQ Basic Aid payments result in a net increase of \$40.5 million GF over the biennium
 - An increase in sale tax revenue reduces both the state's share and the local matching share for Basic Aid costs
 - A decrease in sale tax revenue increases both the state's share and the local matching share for Basic Aid costs

	FY 2011	FY 2012	TOTAL
Proposed Revised Sales Tax Forecast	\$44,300,000	\$47,600,000	\$91,900,000
SOQ Basic Aid Adjustment	(\$24,781,187)	(\$26,627,203)	(\$51,408,390)
NET Total Adjustments	\$19,518,813	\$20,972,797	\$40,491,610

One-Time \$129.62 PPA Supplement and VRS Rate Increase

- Conference Report includes a one-time supplemental payment to all school divisions for the state's share of a \$129.62 per pupil amount (PPA) that totals \$87.7 million in FY 2012
 - The intent of this payment is to be one-time in nature and shall be taken out of the base expenditure totals for the purposes of calculating the cost of the FY 2012-2014 biennial budget and for future rebenchmarking considerations
 - Reprograms \$55.0 million from the Hold Harmless payments and \$5.9 million from textbooks in the adopted budget for this allocation
- The Conference Report also includes \$16.6 million to make whole the remaining 38 school divisions that would have received Hold Harmless in Chapter 874
- The Conference Report increases the employer rate in the adopted budget from 5.16% to 6.33% for a cost of \$31.0 million in FY 2012

Lottery Proceeds Fund Accounts

- The conference report uses 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 and \$13.2 million of textbooks in FY 2012
 - The budget reflects technical adjustment for lower student participation rates for those programs funded with Lottery proceeds which resulted in the 'freed up' lottery money
- Increases the estimated Lottery Proceeds revenue by \$675,000 in FY 2012 for a revised total of \$435.9 million
- New language directs the Department of Education to pro-rate textbook funding in the event of a Lottery Proceeds revenue shortfall
- The Pre-K account reflects an increase in the assumed non-participation rate from 21.70% to 25.37% based on final enrollment figures submitted from localities

Language Amendments

- Adds new language to clarify the funding methodology for full-time Virtual School programs:
 - First: permits the Carroll County school division to receive FY 2011 funding for 350 out-of-division students based on its composite index and to receive funding for any additional out-of-division students based on the composite index of the division where the student lives
 - Second: beginning with FY 2012, a school division will receive state funding for out-of-division students based on the composite index and amount budgeted in the division where the student lives
- Allows school divisions to carry over any unspent state funds from FY 2012 into FY 2013
- Allows the Department of Education to keep any revenues generated from the sale of educational resources they develop
- Increases the percentage what a school division would pay for a school efficiency review from 25% to 37%

Other K-12 Changes

- Reduces funding for Public Broadcasting by \$401,692, representing a 10% reduction in FY 2012
- Provides \$66,265 funding to increase the Governor's School enrollment cap by 50 slots for a revised total of 1,650 students in FY 2012
- Transfers \$120,163 for the Radio Reading program, Virginia Voice, to Department for the Blind and Vision Impaired in FY 2012
- Reduces Project Discovery funding by 10% for a savings of \$68,850 in FY 2012
- Captures \$1.2 million in saving in FY 2011 from fewer students attending State Operated Programs

Other Actions

- The budget adds \$3.4 million GF 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
 - ARRA funding is reduced from \$126.4 million to \$122.9 million
- Recommends \$3.0 million in funding to establish a new pilot 'Pay for Performance' initiative in 'Hard-to-Staff' schools
 - DOE will develop guidelines and award funds on a competitive grant basis to divisions that apply by June 15, 2011
 - Remaining portion of the FY 2012 Composite Index 'hold harmless' supplement is reprogrammed to this initiative
- Finally, under the Secretary of Education, proposed recommendation includes \$600,000 GF in FY 2012 for higher education institutions to plan for the development and support of 'College Partnership Laboratory Schools'

Compensation & Retirement

Employer Contribution to the VRS

- Includes \$41.7 million GF in funding to eliminate the deferral of the FY 2012 4th quarter VRS payments
 - Chapter 874 defers these payments till FY 2013
- Provides a 1.71% in increase in the employer VRS rates in the 4th quarter of FY 2012
- Package results in a total increase in payments to VRS for the state employee plans of \$77 million in FY 2012

Reinstate 5% Employee Contribution

- Requires state employees hired prior to July 1, 2010 (Plan 1), to begin paying the 5% employee VRS contribution effective June 25, 2011
- Provides a 5% salary offset also effective June 25, 2011
- Net impact of the combined actions is \$15.1 million GF

Line of Duty

- Includes \$400,000 GF in additional funding for the Line of Duty program
 - Results in total state GF support for the program in FY 2012 of \$3.4 million
- Amends language extending 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 times as they opt out

Other Compensation & Benefit Actions

- Restores \$7.1 million in GF in FY 2012, for employer contributions to the optional retirement plan (ORP) for higher education faculty
 - Rejects recommendation to decrease the contribution rate for Plan 1 employees from 10.4% to 8.5%
- Provides \$410,000 GF in additional funding in FY 2012 for the state employee health insurance program to fund the impact of HB 2467
 - Legislation mandates that insurance plans include coverage for the diagnosis and treatment of autism spectrum disorder for children ages two through six

Strikes Language From Introduced Budget

- Strikes language in the introduced budget which authorized a 2 percent bonus for state employees next December contingent on FY 2011 year end balances
- Strikes language included in the introduced budget regarding the 5% employee contribution for teachers and local employees
 - Maintains the status quo
 - Election is irrevocable for Plan 1 employees
 - Localities and school boards retain the option to change the portion of the 5% contribution paid by their plan 2 employees (consistent with the provisions of HB 1189 of the 2010 session)

General Government

Significant General Government Actions

- Restores all of the \$5.0 million in the State Bar cash balances that had been proposed to be transferred to the general fund
- Includes language clarifying policies related to the payments of commissions to circuit court clerks
- Authorizes the filling of 21 vacant judgeships
 - Reduces savings assumption by approximately \$3.0 million in FY 2012

	Circuits /Districts
Circuit Courts	2 for 2 nd circuit, one each for the 5 th , 6 th , 9 th , 10 th , 11 th , 14 th , 15 th , 18 th , 24 th , 26 th , 27 th , & 30 th
General District Courts	One each for the 2 nd , 6 th , 12 th , and 20 th
Juvenile and Domestic Relations District Court	One each for the 11 th , 15 th , and 27 th

Legislative Department

- Includes savings of \$3.7 million from the Legislative Department
- Includes \$3.6 million in reversions of FY 2010 year end balances from Legislative agencies and commissions
- Savings of \$146,035 GF in FY 2012 from the elimination of dues paid to the Council on State Governments

Public Safety, Natural Resources, and Government Operations

Sheriffs and Regional Jails

- The Conference Committee report includes an additional \$8.3 million GF in FY 2011 and \$14.3 million GF in FY 2012 for sheriffs
- The Conference Committee report also includes a reduction in jail per diems of \$1.3 million GF in FY 2011 reflecting the lower number of state-responsible offenders held in local and regional jails
- The Conference Committee report also includes language that:
 - Requires the Board of Corrections to report both the standard rated capacity for jails and the double-bunked capacity
 - Reassesses the appropriate staffing ratios for the Piedmont and Western Tidewater regional jails
 - ✓ Each of these facilities had federal inmate contracts that have since expired and now house additional local and state-responsible offenders

Criminal Justice Services

Criminal Justice Services

- Provides an additional \$12.4 million GF in FY 2012 for HB 599 Payments
- Eliminates DCJS funding for school resource officer grants
 - Only 21 localities currently receive these grants which expire at end of FY 2011
 - All other localities with school resource officers pay for those officers
- Reduces funding for regional criminal justice training academies by \$31,694, or roughly \$3,000 per training academy
 - Language is also provided to analyze the current future financial operations and outlook for the regional criminal justice training academies
 - Language authorizes the City of Hampton to establish its own locally-funded training academy
- Language is provided to capture an agency year-end GF balance

Corrections and Juvenile Justice

Department of Corrections

- Includes savings of \$1.3 million GF in FY 2011 and \$200,000 GF in FY 2012 from the earlier closing of James River Correctional Center
- Permits the Governor to open housing units at the Mt. Rogers Correctional Center in Grayson County provided that the costs of opening the facility can be achieved by either reducing the number of state-responsible offenders in jails, or by housing out-of-state inmates
- Includes \$338,614 GF in FY 2012 for bed space associated with legislation adopted by the General Assembly
 - HB 1516, HB 1777, HB 1898, HB 2063, HB 2066, SB 772, SB 745, SB 1185, and SB 1222

Department of Juvenile Justice

- Adds \$800,000 GF in FY 2012 for juvenile crime control grants
 - Includes language to examine the programs supported by grants and effectiveness in preventing juvenile arrests, convictions and incarceration
 - Provides greater flexibility for localities in matching state funding for grants
- Includes language to examine use of juvenile correctional centers and detention homes

Veterans Services and State Police

Department of Veterans Services

- Includes \$402,403 GF in FY 2012 to provide four additional veterans claims officers and support staff
 - Ensures that there is one veterans claims officer for every 26,212 veterans living in Virginia, as is required by the Code of Virginia
- Adds \$100,000 GF in FY 2012 to ensure 24 hour security for the Virginia War Memorial
- Includes technical amendments in the nongeneral fund support for the Sitter-Barfoot Veterans Care Center

Department of Juvenile Justice

- Adds \$3.0 million to pay overtime for the State Police officers in lieu of compensatory leave
- Provides \$91,377 GF in FY 2012 to establish an information sharing program with U.S. border states to learn about transnational gangs, and the transportation of illegal drugs, firearms, explosives, or terrorist activities
- Includes technical adjustments to correct errors in introduced budget

Natural Resources

Department of Conservation and Recreation

- Includes additional funding and positions in FY 2012 for:
 - State park operations -- \$1.2 million GF and 15 positions
 - Soil and water conservation districts -- \$1.0 million
 - Natural area preserves -- \$800,000 GF and 5 positions
- Reduces land conservation funding by \$1.0 million in FY 2012
 - Maintains \$1.0 million for Civil War Historic Site Preservation
- Transfers \$4.9 million from DCR's portion of the WQIF to the WQIF Reserve Fund established by the General Assembly
 - Acts as a savings account for continued funding of water quality initiatives
 - Allocates \$27.9 million from DCR's portion of the WQIF to the Virginia Natural Resources Commitment Fund for implementation of agricultural best management practices

Natural Resources

Department of Environmental Quality

- Providing for the use of up to \$3.0 million from DEQ's portion of the WQIF to complete the James River chlorophyll study included in Virginia's Watershed Implementation Plan
 - Has the potential to limit the level of nutrient reductions local wastewater treatment plants along the James River need to achieve
- Provides \$827,815 GF in FY 2012 to correct an error in the introduced budget
 - Funding is offset by an equal transfer in agency balances to GF

Technology and Government Operations

- Includes savings of \$10.5 million from a 60-day vacancy requirement for Executive Branch agencies positions
- Reduces the additional funding provided for state agency information technology service costs by \$1.5 million GF each year
 - Includes language limiting any reallocation of funding to those state agencies receiving more than \$1.0 million in additional funding each year
- Captures \$500,000 in uncommitted balances from the Productivity Investment Fund and eliminates a \$250,000 GF second year appropriation
- Includes language in the General Provisions regarding:
 - Reversion of year-end GF balances except where required by the Code of Virginia or where pre-existing obligations exist
 - Development of policies for the issuance of telecommunication devices for in-scope Executive Branch agencies receiving IT services through VITA
 - Permitting state agencies not subject to VITA to develop policies and procedures for the sale of surplus computers and laptops to their employees or officials
 - Requires reporting about the Commonwealth's telecommuting policies, employee telecommuting usage, and the impact of telecommuting on state agency services

Agriculture & Forestry, Commerce & Trade, Transportation

Agriculture and Forestry

- Amendments within the Secretariat of Agriculture and Forestry result in an increase of \$2.0 million compared to HB 1500 as introduced
- VDACS
 - Reduces the VDACS food inspection fee from \$100.00 to \$40.00 and provides \$540,000 GF to back fill the loss of \$540,000 of fee revenues
 - Provides \$460,000 to allow VDACS to partner with the international offices maintained by the Economic Development Partnership to market Virginia's agricultural products overseas
 - Includes \$700,000 in FY 2012 for the local Purchase of Development Rights matching program
- Department of Forestry
 - Provides \$300,000 to restore 4 vacant forester and firefighting positions in FY 2012

Economic Development

- Within the Commerce and Trade Secretariat, the majority of spending amendments fund the “Opportunity at Work” initiative and includes:
 - \$10.0 million in FY 2012 for research and development pursuant to the provisions of House Bill 2324
 - ✓ \$4.0 million will be deposited into the CIT Gap Funds and \$6.0 million for the Commonwealth Research Commercialization Fund, of which \$2.0 million will be dedicated to SBIR grants
 - \$10.3 million in FY 2012 to reflect 3 new tax incentives adopted this Session:
 - ✓ A research and development tax credit capped at \$5.0 million,
 - ✓ \$5.0 million for Virginia Port tax incentives, and
 - ✓ \$250,000 for a vineyard and wineries tax credit
 - \$5.7 million to reduce fees impacting Virginia’s businesses
 - ✓ Reduces the Health Department inspection fees – reduce from \$285 to \$40
 - ✓ Reduces the VDACS non-restaurant fee reduced from \$100 to \$40
 - ✓ Eliminates the DOLI apprenticeship program fee

Economic Development

- The spending amendments for the “Opportunity at Work” initiative also include:
 - \$5.0 million in FY 2012 to recapitalize the loan programs at the Virginia Small Business Financing Authority (VSBFA)
 - \$3.0 million for industrial site revitalization through the existing Derelict Structures Fund managed by the Department of Housing and Community Development and \$1.0 million for the Brownfields Redevelopment Fund
 - \$2.0 million in GF and \$2.0 million from the sale of surplus property
 - \$2.5 million in FY 2012 to supplement grant funding available through the Enterprise Zone Program to reduce pro-ration of payments to eligible grantees
 - \$1.0 million in FY 2012 to expand the Virginia Tourism Authority’s Marketing Grant Program
 - \$500,000 in FY 2012 to expand funding for the Motion Picture Opportunity Fund (MPOF)
 - \$200,000 to VEDP to promote regional collaboration
 - Finally, also included in higher education is \$3.0 million in funding for non-credit training classes at community colleges

Commerce and Trade Agencies

Additional Actions in Commerce and Trade agencies include:

- Department of Housing and Community Development
 - \$232,869 to provide a 10% restoration to each Planning District Commission
 - \$300,000 for Southeast Rural Community Assistance Funding
- Department of Labor and Industry
 - Provides \$253,550 GF to backfill the nongeneral funds reduced by eliminating the apprenticeship program fee
- Department of Mines, Minerals and Energy
 - Includes language authorizing the Governor to utilize up to \$500,000 from the GOF for the Offshore Wind Authority
- Virginia Tourism Authority
 - Includes language restoring the funding that had been eliminated for the Outdoor Advertising program – program is treated identically to See Virginia First in that it would be reduced 6% in FY 2012
 - Did not adopt Senate proposals for direct non-state payments for the Virginia Sports Hall of Fame or OpSail 2012

Commerce and Trade Agencies

■ Virginia Employment Commission

- Includes language urging Congress to defer repayment of loans for unemployment insurance based on President's inclusion of such language in his budget
- Provides a contingent appropriation of \$8.9 million GF from any FY 2011 surplus or balances if the deferral does not occur
- Remaining \$3.0 million of interest would be paid from available penalties and interest collected by VEC from overpayments

■ Savings Actions

- Conference report includes the \$7.5 million in savings in FY 2012 from BRAC Oceana included in both budgets
- Also includes a reduction of \$15.0 million from the research proposal which was transferred to higher education by both bodies
- Report includes the House reduction of \$2.0 million from the new initiative for tourism micro grants, and a \$1.5 million reduction from a proposed increase in the Motion Picture Opportunity Fund, and a proposed increase of \$500,000 for the Main Street program, and savings of \$295,206 from the indoor plumbing program

Transportation

- The largest amendment in transportation reflects the adjustments to the Commonwealth Transportation Fund forecast update, totaling \$104.3 million in FY 2011 and \$408.5 million in FY 2012
- Conference report reflects the provisions of House Bill 2527 related to the Virginia Transportation Infrastructure Bank (VTIB) and the Revenue Sharing Program
 - Includes \$287.7 million as an initial capitalization for this bank which will be used to provide grants to local governmental entities and loans to private entities that have entered into public-private transportation act agreements
 - ✓ The funding is comprised of \$32.7 million from the FY 2010 GF surplus and \$250.0 million of the existing VDOT NGF revenues identified in the audit completed this fall
 - Report also reflects the increase in the revenue sharing program from a maximum of \$50 million per year to \$200 million each year
- The amendments retain the Governor's proposed FY 2012 spending priorities within VDOT
 - Dedicates \$50.0 million to the Transportation Partnership Opportunity Fund
 - Increases the funding allocated for Transportation Research by \$10.0 million
 - Authorizes allocations to "state-only" construction projects selected by the Commonwealth Transportation Board

Transportation

- Several specific actions within the DRPT transit programs:
 - Reduces amounts allocated to paratransit services by \$1 million
 - Provides funding to develop rail access for troop train shuttle operations between Fort A.P. Hill and Fort Lee
 - Provides funding for a ridership demonstration for Roanoke “bus-bridge” to Lynchburg passenger rail
- The conference amendments transfer oversight of the Virginia Commercial Spaceflight Authority from the Secretary of Commerce and Trade to the Secretary of Transportation
 - Requires the Department of Aviation to develop a Virginia Strategic Plan for Aerospace
 - Provides the Commercial Spaceflight Authority \$1.5 million NGF in the second year from Aviation program balances
- Amendments for the Port Authority reduce the overall authorization level of Commonwealth Port Fund bonds for Craney Island development by \$30.0 million and authorize the use of these bonds to include construction of warehouses at Virginia Ports Authority owned facilities
- Amendments require the Department of Motor Vehicles to analyze the DMV Select program offices and report to the General Assembly prior to making any changes to the DMV Select program offices

Summary – Conference Agreement on Key House Positions

- Eliminates the accelerated sales tax for 80% of dealers subject to it in FY 2010, leaving only 1,736 large retailers
- Provides additional \$64 million for deposit into the Rainy Day Fund Reserve – for a total of \$114 million – thus setting aside 50% of amounts due in FY 2012-2014 biennium are set aside
- Appropriates \$30.0 million for deposit into the Behavioral Health Trust Fund to address the needs of our intellectually and developmentally disabled citizens
- Includes no new debt and rejects proposal for new buildings at the seat of government
- Includes no fee increases and contains reductions and elimination of fees impacting our small businesses
- Provides \$32.7 million from the FY 2010 GF surplus to help capitalize the transportation infrastructure bank