

# 2018 SPECIAL SESSION I

## VIRGINIA ACTS OF ASSEMBLY - CHAPTER 1

An Act to amend and reenact Chapter 836 of the 2017 Acts of Assembly, which appropriated the public revenues and provided a portion of such revenues for the two years ending, respectively, on the thirtieth day of June, 2017, and the thirtieth day of June, 2018.

[H 5001]

### Approved - June 7, 2018

Be it enacted by the General Assembly of Virginia:

1. That Items 6, 53, 69, 84, 85, 91, 106, 138, 139, 266, 281, 285, 303, 305, 306, 308, 309, 310, 313, 315, 330, 341, 342, 343, 344, 345, 346, 349, 350, 375, 379, 393, 410, 433, 435, 442, 451, 452, 453, 454, 455, 456, 457, 458, 475, 476, 478.30, 479, 480, 491, C-14.50, C-19, C-24.15, C-50, C-52.45, C-52.60, C-52.75, C-54, 3-1.01, 3-2.03, 3-5.03, 4-6.01, 4-8.03, and 4-14.00, of Chapter 836 of the 2017 Acts of Assembly be hereby amended and reenacted and that the cited chapter be further amended by striking therefrom Item 478.10.

2. §1. The following are hereby appropriated, for the current biennium, as set forth in succeeding parts, sections and items, for the purposes stated and for the years indicated:

A. The balances of appropriations made by previous acts of the General Assembly which are recorded as unexpended, as of the close of business on the last day of the previous biennium, on the final records of the State Comptroller; and

B. The public taxes and arrears of taxes, as well as moneys derived from all other sources, which shall come into the state treasury prior to the close of business on the last day of the current biennium. The term "moneys" means nontax revenues of all kinds, including but not limited to fees, licenses, services and contract charges, gifts, grants, and donations, and projected revenues derived from proposed legislation contingent upon General Assembly passage.

§ 2. Such balances, public taxes, arrears of taxes, and monies derived from all other sources as are not segregated by law to other funds, which funds are defined by the State Comptroller, pursuant to § 2.2-803, Code of Virginia, shall establish and constitute the general fund of the state treasury.

§ 3. The appropriations made in this act from the general fund are based upon the following:

	First Year	Second Year	Total
Unreserved Balance, June 30, 2016	\$623,444,000	\$0	\$623,444,000
	<i>\$1,278,097,637</i>		<i>\$1,278,097,637</i>
Additions to Balance	\$112,929,105	-\$128,219,397 <i>(\$346,679,260)</i>	\$241,148,502 <i>(\$233,750,155)</i>
Official Revenue Estimates	\$18,560,962,400	-\$19,193,307,390 <i>\$19,328,182,934</i>	\$37,754,269,790 <i>\$37,889,145,334</i>
Revenue Stabilization Fund	\$294,653,279	\$272,542,500	\$567,195,779
Transfers	\$650,847,811	\$640,823,562 <i>\$625,284,929</i>	-\$1,291,671,373 <i>\$1,276,132,740</i>
Total General Fund Resources Available for Appropriation	\$20,242,836,595 <i>\$20,897,490,232</i>	\$20,234,892,849 <i>\$19,879,331,103</i>	-\$40,477,729,444 <i>\$40,776,821,335</i>

The appropriations made in this act from nongeneral fund revenues are based upon the following:

	First Year	Second Year	Total
Balance, June 30, 2016	\$4,795,976,243	\$0	\$4,795,976,243
Official Revenue Estimates	\$27,771,433,871	\$28,300,946,274 <i>\$28,121,292,152</i>	\$56,072,380,145 <i>\$55,892,726,023</i>
Lottery Proceeds Fund	\$599,982,144	\$546,495,789 <i>\$596,659,574</i>	\$1,146,477,933 <i>\$1,196,641,718</i>
Internal Service Fund	\$2,077,103,387	\$2,174,937,786 <i>\$1,975,159,775</i>	\$4,252,041,173 <i>\$4,052,263,162</i>
Bond Proceeds	\$384,882,000	\$408,626,132 <i>\$412,884,132</i>	\$793,508,132 <i>\$797,766,132</i>

Total Nongeneral Fund Revenues Available for Appropriation	\$35,629,377,645	\$31,431,005,981 \$31,105,995,633	\$67,060,383,626 \$66,735,373,278
<b>TOTAL PROJECTED REVENUES</b>	<b>\$55,872,214,240</b> <b>\$56,526,867,877</b>	<b>\$51,665,898,830</b> <b>\$50,985,326,736</b>	<b>\$107,538,113,070</b> <b>\$107,512,194,613</b>

§ 4. Nongeneral fund revenues which are not otherwise segregated pursuant to this act shall be segregated in accordance with the acts respectively establishing them.

§ 5. The sums herein appropriated are appropriated from the fund sources designated in the respective items of this act.

§ 6. When used in this act the term:

A. "Current biennium" means the period from the first day of July two thousand sixteen, through the thirtieth day of June two thousand eighteen, inclusive.

B. "Previous biennium" means the period from the first day of July two thousand fourteen, through the thirtieth day of June two thousand sixteen, inclusive.

C. "Next biennium" means the period from the first day of July two thousand eighteen, through the thirtieth day of June two thousand twenty, inclusive.

D. "State agency" means a court, department, institution, office, board, council or other unit of state government located in the legislative, judicial, or executive departments or group of independent agencies, or central appropriations, as shown in this act, and which is designated in this act by title and a three-digit agency code.

E. "Nonstate agency" means an organization or entity as defined in § 2.2-1505 C, Code of Virginia.

F. "Authority" sets forth the general enabling statute, either state or federal, for the operation of the program for which appropriations are shown.

G. "Discretionary" means there is no continuing statutory authority which infers or requires state funding for programs for which the appropriations are shown.

H. "Appropriation" shall include both the funds authorized for expenditure and the corresponding level of full-time equivalent employment.

I. "Sum sufficient" identifies an appropriation for which the Governor is authorized to exceed the amount shown in the Appropriation Act if required to carry out the purpose for which the appropriation is made.

J. "Item Details" indicates that, except as provided in § 6 H above, the numbers shown under the columns labeled Item Details are for information reference only.

K. Unless otherwise defined, terms used in this act dealing with budgeting, planning and related management actions are defined in the instructions for preparation of the Executive Budget.

§ 7. The total appropriations from all sources in this act have been allocated as follows:

<b>BIENNIUM 2016-18</b>			
	<b>General Fund</b>	<b>Nongeneral Fund</b>	<b>Total</b>
OPERATING EXPENSES	\$40,468,348,902 \$40,563,660,539	\$63,654,062,447 \$64,236,800,263	\$104,122,411,349 \$104,800,460,802
LEGISLATIVE DEPARTMENT	\$164,767,347	\$6,776,127 7,086,127	\$171,543,474 \$171,853,474
JUDICIAL DEPARTMENT	\$968,525,789	\$66,480,945	\$1,035,006,734
EXECUTIVE DEPARTMENT	\$39,333,570,633 \$39,428,882,270	\$62,390,912,891 \$62,964,995,834	\$101,724,483,524 \$102,393,878,104
INDEPENDENT AGENCIES	\$1,485,133	\$1,189,892,484 \$1,198,237,357	\$1,191,377,617 \$1,199,722,490

STATE GRANTS TO NONSTATE AGENCIES	\$0	\$0	\$0
CAPITAL OUTLAY EXPENSES	\$1,000,000	<del>\$1,033,878,832</del> <i>\$1,048,136,832</i>	<del>\$1,034,878,832</del> <i>\$1,049,136,832</i>
TOTAL	<del>\$40,469,348,902</del> <i>\$40,564,660,539</i>	<del>\$64,687,941,279</del> <i>\$65,284,937,095</i>	<del>\$105,157,290,181</del> <i>\$105,849,597,634</i>

§ 8. This chapter shall be known and may be cited as the "2018 Amendments to the 2017 Appropriation Act."

ITEM 1.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

**PART 1: OPERATING EXPENSES**

**LEGISLATIVE DEPARTMENT**

1. Not set out.
2. Not set out.
3. Not set out.
4. Not set out.
5. Not set out.

**§ 1-1. DIVISION OF LEGISLATIVE SERVICES (107)**

6.	Legislative Research and Analysis (78400).....			\$7,109,913	\$6,612,233 \$6,922,233
	Bill Drafting and Preparation (78401).....	\$7,109,913	<del>\$6,612,233</del> \$6,922,233		
	Fund Sources: General.....	\$6,842,039	\$6,592,199		
	Special.....	\$267,874	<del>\$20,034</del> \$330,034		

Authority: Title 30, Chapter 2.2, Code of Virginia.

A. Out of this appropriation shall be paid the annual salary of the Director, Division of Legislative Services, \$157,374 from July 1, 2016, to June 24, 2017 and \$157,374 from June 25, 2017, to June 30, 2018.

B. Notwithstanding the salary set out in paragraph A. of this item, the Committee on Joint Rules may establish a salary range for the Director, Division of Legislative Services.

C. The Division of Legislative Services shall continue to provide administrative support to include payroll processing, accounting, and travel expense processing at no charge to the Chesapeake Bay Commission, the Joint Commission on Health Care, the Virginia Commission on Youth, and the Virginia State Crime Commission.

D. Out of this appropriation, \$250,000 the first year from the general fund is provided to support the work of the Senate Joint Resolution 47 (2014) Joint Subcommittee to Study Mental Health Services in the Commonwealth in the 21st Century. The funding may be used to contract for expertise and assistance in its work to evaluate the community-based system of service delivery or other related topics as required by the work of the Joint Subcommittee. Any contractor hired shall evaluate the current system along with alternative delivery systems to provide the necessary information and assistance to the subcommittee in determining the most appropriate delivery system, or modifications to the current delivery system, that ensures access, quality, consistency, and accountability. Any remaining balance at year-end shall be carried forward to the subsequent fiscal year.

E. Included in this item is \$247,840 in the first year *and* \$310,000 in the second year from dedicated special revenue to implement the recommendations of the Chesapeake Bay Restoration Fund Advisory Committee.

	Total for Division of Legislative Services.....			<b>\$7,109,913</b>	<b>\$6,612,233</b> <b>\$6,922,233</b>
	General Fund Positions.....	56.00	56.00		
	Position Level.....	56.00	56.00		
	Fund Sources: General.....	\$6,842,039	\$6,592,199		

ITEM 6.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
	Special.....	\$267,874		\$20,034 \$330,034
7.	Not set out.			
8.	Not set out.			
9.	Not set out.			
10.	Not set out.			
11.	Not set out.			
12.	Not set out.			
13.	Not set out.			
14.	Not set out.			
15.	Not set out.			
16.	Not set out.			
17.	Not set out.			
18.	Not set out.			
19.	Not set out.			
20.	Not set out.			
21.	Not set out.			
22.	Not set out.			
23.	Not set out.			
24.	Omitted.			
25.	Not set out.			
26.	Not set out.			
27.	Omitted.			
28.	Not set out.			
28.10	Not set out.			
	Grand Total for Division of Legislative Services.....		\$8,867,608	\$8,287,113 \$8,597,113
	General Fund Positions.....	67.50		67.50
	Position Level.....	67.50		67.50
	Fund Sources: General.....	\$8,475,060	\$8,242,982	
	Special.....	\$392,548	\$44,131 \$354,131	

ITEM 29.		Item Details(\$)		Appropriations(\$)	
		First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
29.	Not set out.				
30.	Not set out.				
31.	Not set out.				
32.	Not set out.				
33.	Not set out.				
34.	Not set out.				
35.	Not set out.				
36.	Not set out.				
	TOTAL FOR LEGISLATIVE DEPARTMENT.....			<b>\$83,896,856</b>	<b>\$87,646,618</b> <b>\$87,956,618</b>
	General Fund Positions.....	592.50	593.50		
	Nongeneral Fund Positions.....	26.50	28.50		
	Position Level.....	619.00	622.00		
	Fund Sources: General.....	\$80,459,665	\$84,307,682		
	Special.....	\$3,183,825	<del>\$3,085,563</del> \$3,395,563		
	Trust and Agency.....	\$115,717	\$115,717		
	Federal Trust.....	\$137,649	\$137,656		

ITEM 37.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

**JUDICIAL DEPARTMENT**

- 37. Not set out.
- 38. Not set out.
- 39. Not set out.
- 40. Not set out.
- 41. Not set out.
- 42. Not set out.
- 43. Not set out.
- 44. Not set out.
- 45. Not set out.
- 46. Not set out.
- 47. Not set out.
- 48. Not set out.
- 49. Not set out.
- 50. Not set out.
- 51. Not set out.
- 52. Not set out.

**§ 1-2. JUDICIAL DEPARTMENT REVERSION CLEARING ACCOUNT (104)**

53.	Across the Board Reductions (71400).....			\$877,395	\$3,502,395
	Fund Sources: General.....	\$877,395	\$3,502,395		

Authority: Discretionary Inclusion.

A. Sufficient funding is included within the Judicial Department to support a total of 408 circuit and district court judgeships in fiscal year 2017 and 407 circuit and district court judgeships in fiscal year 2018. The vacant judgeships to be filled as of July 1, 2016, are as follows:

1. Circuit Court judgeships: one each in the 10th, 19th, and 23rd Circuits; and two each in the 15th and 25th Circuits, for a total of seven Circuit Court judgeships to be filled as of July 1, 2016.
2. General District Court judgeships: one each in the 7th, 16th, 19th, 21st, 24th and 31st Districts; and two in the 15th District, for a total of eight General District Court judgeships to be filled as of July 1, 2016.
3. Juvenile and Domestic Relations District Court judgeships: one each in the 5th, 17th, and 29th Districts, for a total of three Juvenile and Domestic Relations District Court judgeships to be filled as of July 1, 2016, and one in the 13th District to be filled as of August 1, 2016.

ITEM 53.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

B. The vacant judgeships to be filled as of July 1, 2017, are as follows:

1. Circuit Court judgeships: one each in the 3rd, 6th, and 7th Circuits, and two in the 19th Circuit, for a total of five Circuit Court judgeships to be filled as of July 1, 2017.
2. General District Court judgeship: one each in the 8th and 15th Districts, for a total of two General District Court judgeships to be filled as of July 1, 2017.
3. Juvenile and Domestic Relations District Court judgeships: one each in the 2nd, 5th, and 20th Districts, for a total of three Juvenile and Domestic Relations District Court judgeships to be filled as of July 1, 2017.

C. On or before June 30, 2018, the Director of the Department of Planning and Budget shall revert an amount estimated at \$198,822 from Judicial agency balances.

D. Notwithstanding the provisions of § 17.1-507, Code of Virginia, upon the next vacancy of an authorized judgeship in the 19th judicial circuit, the maximum number of authorized judgeships in the 19th judicial circuit shall be reduced from 15 to 14.

E. Included within this item is \$2,625,000 the second year from the general fund for a compensation initiative for district court clerks and deputy clerks effective September 10, 2017. The annualized cost of the compensation initiative shall not exceed \$3,500,000 and the implementation is subject to approval by the Committee on District Courts.

F. On or before June 30, 2017, the Director, Department of Planning and Budget, shall authorize the reversion to the general fund of \$1,500,000 the first year from the fiscal year 2016 balances of the Criminal Fund.

*G. On or before June 30, 2018, the Director, Department of Planning and Budget, shall transfer to the general fund \$1,500,000 the second year from the fiscal year 2017 balances of the Criminal Fund.*

Total for Judicial Department Reversion Clearing Account.....			<b>\$877,395</b>	<b>\$3,502,395</b>
Fund Sources: General.....	\$877,395	\$3,502,395		
<b>TOTAL FOR JUDICIAL DEPARTMENT.....</b>			<b>\$516,137,863</b>	<b>\$518,868,871</b>
General Fund Positions.....	3,267.71	3,267.71		
Nongeneral Fund Positions.....	104.00	104.00		
Position Level.....	3,371.71	3,371.71		
Fund Sources: General.....	\$482,917,972	\$485,607,817		
Special.....	\$9,379,549	\$9,417,938		
Dedicated Special Revenue.....	\$22,333,608	\$22,335,813		
Federal Trust.....	\$1,506,734	\$1,507,303		



ITEM 54.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

**EXECUTIVE DEPARTMENT**

**EXECUTIVE OFFICES**

- 54. Not set out.
- 55. Not set out.
- 56. Not set out.
- 57. Not set out.
- 58. Not set out.

**§ 1-3. ATTORNEY GENERAL AND DEPARTMENT OF LAW (141)**

59.	Not set out.				
60.	Not set out.				
61.	Regulation of Business Practices (55200).....			\$3,540,386	\$3,040,386
	Regulatory and Consumer Advocacy (55201).....	\$3,540,386	\$3,040,386		
	Fund Sources: General.....	\$1,620,729	\$1,620,729		
	Special.....	\$1,919,657	\$1,419,657		

Authority: Title 2.2, Chapter 5, Code of Virginia.

Included in this Item is \$1,250,000 the first year and \$1,250,000 the second year from special funds for the Regulatory, Consumer Advocacy, Litigation, and Enforcement Revolving Trust Fund as established in Item 48 of Chapter 966 of the Acts of Assembly 1994 and amended herein. The Department of Law is authorized to deposit to the fund any fees, civil penalties, costs, recoveries, or other moneys which from time to time may become available as a result of regulatory and consumer advocacy litigation, litigation in which the Office of the Attorney General participates, or civil enforcement efforts including, but not limited to, those brought pursuant to Article 1 (§ 3.2-4200 et seq.) and Article 3 (§ 3.2-4204 et seq.) of Chapter 42 of Title 3.2 of the Code of Virginia. The Department of Law is also authorized to deposit to the fund any attorneys' fees which from time to time may be obtained. Any deposit to, and interest earnings on, the fund shall be retained in the fund, provided, however, that any amounts contained in the fund that exceed \$750,000 on the final day of the fiscal year shall be deposited to the credit of the general fund. In addition to the uses of the fund permitted by Item 48 of Chapter 966 of the Acts of Assembly of 1994, the fund may be used to pay costs associated with enforcement efforts pursuant to Article 1 (§ 3.2-4200 et seq.) and Article 3 (§ 3.2-4204 et seq.) of Chapter 42 of Title 3.2 of the Code of Virginia, costs associated with litigation initiated by the Office of the Attorney General, and costs associated with civil commitment procedures pursuant to Chapter 9 of Title 37.2 of the Code of Virginia.

62.	Not set out.				
63.	Not set out.				
	Total for Attorney General and Department of Law			<b>\$48,328,403</b>	<b>\$47,830,276</b>
	General Fund Positions.....	218.00	218.00		
	Nongeneral Fund Positions.....	194.00	194.00		
	Position Level.....	412.00	412.00		
	Fund Sources: General.....	\$22,827,749	\$22,828,509		
	Special.....	\$14,903,358	\$14,404,471		

ITEM 63.		Item Details(\$)		Appropriations(\$)	
		First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
	Federal Trust.....	\$10,597,296	\$10,597,296		
64.	Not set out.				
	Grand Total for Attorney General and Department of Law.....			<b>\$50,840,965</b>	<b>\$50,342,838</b>
	General Fund Positions.....	218.00	218.00		
	Nongeneral Fund Positions.....	220.00	220.00		
	Position Level.....	438.00	438.00		
	Fund Sources: General.....	\$22,827,749	\$22,828,509		
	Special.....	\$17,415,920	\$16,917,033		
	Federal Trust.....	\$10,597,296	\$10,597,296		
65.	Not set out.				
66.	Not set out.				
67.	Not set out.				
	TOTAL FOR EXECUTIVE OFFICES.....			<b>\$65,594,202</b>	<b>\$65,010,576</b>
	General Fund Positions.....	304.67	304.67		
	Nongeneral Fund Positions.....	237.33	237.33		
	Position Level.....	542.00	542.00		
	Fund Sources: General.....	\$35,206,202	\$35,121,463		
	Special.....	\$17,698,310	\$17,199,423		
	Commonwealth Transportation.....	\$2,003,511	\$2,003,511		
	Dedicated Special Revenue.....	\$88,883	\$88,883		
	Federal Trust.....	\$10,597,296	\$10,597,296		

ITEM 68.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

**OFFICE OF ADMINISTRATION**

68. Not set out.

**§ 1-4. COMPENSATION BOARD (157)**

69.	Financial Assistance for Sheriffs' Offices and Regional Jails (30700).....			\$454,667,560	\$461,578,851 \$460,431,984
	Financial Assistance for Regional Jail Operations (30710).....	\$147,429,386	\$147,486,762 \$146,301,937		
	Financial Assistance for Local Law Enforcement (30712).....	\$91,529,820	\$92,907,980 \$92,950,277		
	Financial Assistance for Local Court Services (30713).....	\$54,132,394	\$56,024,027 \$56,079,085		
	Financial Assistance to Sheriffs (30716).....	\$12,267,597	\$13,064,356		
	Financial Assistance for Local Jail Operations (30718).....	\$149,308,363	\$152,095,726 \$152,036,329		
	Fund Sources: General.....	\$446,667,560	\$453,578,851 \$452,431,984		
	Dedicated Special Revenue.....	\$8,000,000	\$8,000,000		

Authority: Title 15.2, Chapter 16, Articles 3 and 6.1; and §§ 53.1-83.1 and 53.1-85, Code of Virginia.

A.1. The annual salaries of the sheriffs of the counties and cities of the Commonwealth shall be as hereinafter prescribed, according to the population of the city or county served and whether the sheriff is charged with civil processing and courtroom security responsibilities only, or the added responsibilities of law enforcement or operation of a jail, or both. Execution of arrest warrants shall not, in and of itself, constitute law enforcement responsibilities for the purpose of determining the salary for which a sheriff is eligible.

2. Whenever a sheriff is such for a county and city together, or for two or more cities, the aggregate population of such political subdivisions shall be the population for the purpose of arriving at the salary of such sheriff under the provisions of this item and such sheriff shall receive as additional compensation the sum of one thousand dollars.

	July 1, 2016 to June 30, 2017	July 1, 2017 to November 30, 2017	December 1, 2017 to June 30, 2018
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**Law Enforcement and Jail Responsibility**

Less than 10,000	\$68,077	\$68,077	\$68,077
10,000 to 19,999	\$78,248	\$78,248	\$78,248
20,000 to 39,999	\$85,988	\$85,988	\$85,988
40,000 to 69,999	\$93,466	\$93,466	\$93,466
70,000 to 99,999	\$103,850	\$103,850	\$103,850
100,000 to 174,999	\$115,391	\$115,391	\$115,391
175,000 to 249,999	\$121,463	\$121,463	\$121,463
250,000 and above	\$134,958	\$134,958	\$134,958

**Law Enforcement or Jail**

Less than 10,000	\$66,714	\$66,714	\$66,714
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ITEM 69.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
10,000 to 19,999	\$76,683	\$76,683	\$76,683	\$76,683
20,000 to 39,999	\$84,267	\$84,267	\$84,267	\$84,267
40,000 to 69,999	\$91,596	\$91,596	\$91,596	\$91,596
70,000 to 99,999	\$101,774	\$101,774	\$101,774	\$101,774
100,000 to 174,999	\$113,081	\$113,081	\$113,081	\$113,081
175,000 to 249,999	\$119,034	\$119,034	\$119,034	\$119,034
250,000 and above	\$132,934	\$132,934	\$132,934	\$132,934

**No Law Enforcement or Jail Responsibility**

Less than 10,000	\$62,686	\$62,686	\$62,686
10,000 to 19,999	\$69,651	\$69,651	\$69,651
20,000 to 39,999	\$77,388	\$77,388	\$77,388
40,000 to 69,999	\$85,988	\$85,988	\$85,988
70,000 to 99,999	\$95,543	\$95,543	\$95,543
100,000 to 174,999	\$106,158	\$106,158	\$106,158
175,000 to 249,999	\$111,743	\$111,743	\$111,743
250,000 and above	\$125,511	\$125,511	\$125,511

B. Out of the amounts provided for in this Item, no expenditures shall be made to provide security devices such as magnetometers in standard use in major metropolitan airports. Personnel expenditures for operation of such equipment incidental to the duties of courtroom and courthouse security deputies may be authorized, provided that no additional expenditures for personnel shall be approved for the principal purpose of operating these devices.

C. Notwithstanding the provisions of § 53.1-120, or any other section of the Code of Virginia, unless a judge provides the sheriff with a written order stating that a substantial security risk exists in a particular case, no courtroom security deputies may be ordered for civil cases, not more than one deputy may be ordered for criminal cases in a district court, and not more than two deputies may be ordered for criminal cases in a circuit court. In complying with such orders for additional security, the sheriff may consider other deputies present in the courtroom as part of his security force.

D. Should the scheduled opening date of any facility be delayed for which funds are available in this Item, the Director, Department of Planning and Budget, may allot such funds as the Compensation Board may request to allow the employment of staff for training purposes not more than 45 days prior to the rescheduled opening date for the facility.

E. Consistent with the provisions of paragraph B of Item 76, the board shall allocate the additional jail deputies provided in this appropriation using a ratio of one jail deputy for every 3.0 beds of operational capacity. Operational capacity shall be determined by the Department of Corrections. No additional deputy sheriffs shall be provided from this appropriation to a local jail in which the present staffing exceeds this ratio unless the jail is overcrowded. Overcrowding for these purposes shall be defined as when the average annual daily population exceeds the operational capacity. In those jails experiencing overcrowding, the board may allocate one additional jail deputy for every five average annual daily prisoners above operational capacity. Should overcrowding be reduced or eliminated in any jail, the Compensation Board shall reallocate positions previously assigned due to overcrowding to other jails in the Commonwealth that are experiencing overcrowding.

F. Two-thirds of the salaries set by the Compensation Board of medical, treatment, and inmate classification positions approved by the Compensation Board for local correctional facilities shall be paid out of this appropriation.

G.1. Subject to appropriations by the General Assembly for this purpose, the Compensation Board shall provide for a master deputy pay grade to those sheriffs' offices which had certified, on or before January 1, 1997, having a career development plan for deputy sheriffs that meet the minimum criteria set forth by the Compensation Board for such plans. The Compensation Board shall allow for additional grade 9 positions, at a level not to exceed one grade 9 master deputy per every five Compensation Board grade 7 and 8 deputy positions in each sheriff's office.

ITEM 69.	Item Details(\$)		Appropriations(\$)	
	First Year	Second Year	First Year	Second Year
	FY2017	FY2018	FY2017	FY2018
2.	Each sheriff who desires to participate in the Master Deputy Program who had not certified a career development plan on or before January 1, 1997, may elect to participate by certifying to the Compensation Board that the career development plan in effect in his office meets the minimum criteria for such plans as set by the Compensation Board. Such election shall be made by July 1 for an effective date of participation the following July 1.			
3.	Subject to appropriations by the General Assembly for this purpose, funding shall be provided by the Compensation Board for participation in the Master Deputy Program to sheriffs' offices electing participation after January 1, 1997, according to the date of receipt by the Compensation Board of the election by the sheriff.			
H.	The Compensation Board shall estimate biannually the number of additional law enforcement deputies which will be needed in accordance with § 15.2-1609.1, Code of Virginia. Such estimate of the number of positions and related costs shall be included in the board's biennial budget request submission to the Governor and General Assembly. The allocation of such positions, established by the Governor and General Assembly in Item 76 of this act, shall be determined by the Compensation Board on an annual basis. The annual allocation of these positions to local sheriffs' offices shall be based upon the most recent final population estimate for the locality that is available to the Compensation Board at the time when the agency's annual budget request is completed. The source of such population estimates shall be the Weldon Cooper Center for Public Service of the University of Virginia or the United States Bureau of the Census. For the first year of the biennium, the Compensation Board shall allocate positions based upon the most recent provisional population estimates available at the time the agency's annual budget is completed.			
I.	Any amount in the program Financial Assistance for Sheriffs' Offices and Regional Jails may be transferred between Items 69 and 70, as needed, to cover any deficits incurred in the programs Financial Assistance for Confinement of Inmates in Local and Regional Facilities, and Financial Assistance for Sheriffs' Offices and Regional Jails.			
J.1.	Subject to appropriations by the General Assembly for this purpose, the Compensation Board shall provide for a Sheriffs' Career Development Program.			
2.	Following receipt of a sheriff's certification that the minimum requirements of the Sheriffs' Career Development Program have been met, and provided that such certification is submitted by sheriffs as part of their annual budget request to the Compensation Board on or before February 1 of each year, the Compensation Board shall increase the annual salary shown in paragraph A of this Item by the percentage shown herein for a twelve-month period effective the following July 1.			
a.	9.3 percent increase for all sheriffs who certify their compliance with the established minimum criteria for the Sheriffs' Career Development Program where such criteria includes that a sheriff has achieved certification in a program agreed upon by the Compensation Board and the Virginia Sheriffs' Institute by Virginia Commonwealth University, or, where such criteria include that a sheriff's office seeking accreditation has been assessed and will be considered for accreditation by the accrediting body no later than March 1, and have achieved accreditation by March 1 from the Virginia Law Enforcement Professional Standards Commission, or the Commission on Accreditation of Law Enforcement agencies, or the American Correctional Association.			
b.	For sheriffs that have not achieved one of the above accreditations:			
1.	3.1 percent for all sheriffs who certify their compliance with the established minimum criteria for the Sheriffs' Career Development Program; and			
2.	3.1 percent additional increase for sheriffs who certify their compliance with the established minimum criteria for the Sheriffs' Career Development Program and operate a jail; and			
3.	3.1 percent additional increase for all sheriffs who certify their compliance with the established minimum criteria for the Sheriffs' Career Development Program and provide primary law enforcement services in the county.			

ITEM 69.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
	<p>4. The provisions of subparagraphs 2.b.1. through 2.b.3. of this paragraph shall apply only to sheriffs certifying their compliance with the established minimum criteria for the Sheriffs' Career Development Program prior to July 1, 2016, and shall expire on June 30, 2018.</p>			
	<p>5. Other constitutional officers' associations may request the General Assembly to include certification in a program agreed upon by the Compensation Board and the officers' associations by the Weldon Cooper Center for Public Service to the requirements for participation in their respective career development programs.</p>			
	<p>K. Notwithstanding the provisions of Article 7, Chapter 15, Title 56, Code of Virginia, \$8,000,000 the first year and \$8,000,000 the second year from the Wireless E-911 Fund is included in this appropriation for local law enforcement dispatchers to offset dispatch center operations and related costs.</p>			
	<p>L. Notwithstanding the provisions of §§ 53.1-131 through 53.1-131.3, Code of Virginia, local and regional jails may charge inmates participating in inmate work programs a reasonable daily amount, not to exceed the actual daily cost, to operate the program.</p>			
	<p>M. Included in this appropriation is \$1,064,770 the first year and \$1,064,770 the second year from the general fund for the Compensation Board to contract for services to be provided by the Virginia Center for Policing Innovation to implement and maintain the interface between all local and regional jails in the Commonwealth and the Statewide Automated Victim Notification (SAVIN) system, to provide for SAVIN program coordination, and to maintain the interface between SAVIN and the Virginia Sex Offender Registry. All law enforcement agencies receiving general funds pursuant to this item shall provide the data requirements necessary to participate in the SAVIN system.</p>			
	<p>N. Included in this appropriation is \$23,793 in the second year from the general fund to provide for increased participation ,effective August 1, 2017, in the Sheriffs' Career Development Program.</p>			
	<p>O. Included in this appropriation is \$1,862,058 in the second year from the general fund to provide for increased participation ,effective August 1, 2017, in the Sheriff's Master Deputy Career Development Program.</p>			
	<p>P. Included in this appropriation is \$1,824,731 in the first year and \$1,992,042 in the second year from the general fund to support staffing costs associated with the expansion project at Central Virginia Regional Jail.</p>			
	<p>Q. Included in this appropriation is \$171,693 in the first year and \$179,474 in the second year from the general fund to support staffing costs associated with the expansion project at Pamunkey Regional Jail.</p>			
	<p>R. Included in this appropriation is \$7,266,074 in the second year from the general fund to implement a salary compression plan for sheriffs' offices and regional jails ,effective August 1, 2017. The base salary of each sworn officer with three or more years of continuous service shall be increased by an amount equal to \$80 for each full year of service, up to a maximum of thirty years. The base salary of each non-sworn officer with three or more years of continuous service shall be increased by an amount equal to \$65 for each full year of service, up to a maximum of thirty years.</p>			
70.	Not set out.			
71.	Not set out.			
72.	Not set out.			
73.	Not set out.			
74.	Not set out.			
75.	Not set out.			

ITEM 76.		Item Details(\$)		Appropriations(\$)	
		First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
76.	Not set out.				
	Total for Compensation Board.....			\$683,910,435	\$692,931,824 \$691,784,957
	General Fund Positions.....	20.00	20.00		
	Nongeneral Fund Positions.....	1.00	1.00		
	Position Level.....	21.00	21.00		
	Fund Sources: General.....	\$667,509,723	\$676,531,112 \$675,384,245		
	Trust and Agency.....	\$8,000,712	\$8,000,712		
	Dedicated Special Revenue.....	\$8,400,000	\$8,400,000		
77.	Not set out.				
78.	Not set out.				
79.	Not set out.				
80.	Not set out.				
81.	Not set out.				
82.	Not set out.				
83.	Not set out.				

**§ 1-5. DEPARTMENT OF HUMAN RESOURCE MANAGEMENT (129)**

84.	Personnel Management Services (70400).....			\$17,929,317	\$18,097,180 \$17,267,180
	Agency Human Resource Services (70401).....	\$2,998,734	\$1,013,879		
	Human Resource Service Center (70402).....	\$1,254,584	\$1,254,584		
	Equal Employment Services (70403).....	\$819,418	\$819,418		
	Health Benefits Services (70406).....	\$6,803,269	\$7,405,908 \$6,405,908		
	Personnel Development Services (70409).....	\$1,036,577	\$659,577		
	Personnel Management Information System (70410).....	\$0	\$1,827,972		
	Employee Dispute Resolution Services (70416).....	\$949,598	\$949,598		
	State Employee Program Services (70417).....	\$1,815,577	\$2,009,346 \$2,179,346		
	State Employee Workers' Compensation Services (70418).....	\$1,367,467	\$1,367,467		
	Administrative and Support Services (70419).....	\$884,093	\$789,431		
	Fund Sources: General.....	\$6,860,977	\$4,790,839		
	Special.....	\$9,700,873	\$1,235,048 \$1,405,048		
	Enterprise.....	\$0	\$2,901,717 \$2,401,717		
	Internal Service.....	\$0	\$7,609,204 \$7,109,204		
	Trust and Agency.....	\$1,367,467	\$1,560,372		

Authority: Title 2.2, Chapters 12 and 28 through 32, Code of Virginia.

A. The Department of Human Resource Management shall report any proposed changes in premiums, benefits, carriers, or provider networks to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees at least sixty days prior to implementation.

ITEM 84.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
<p>B.1. The Department of Human Resource Management shall operate a human resource service center to support the human resource needs of those agencies identified by the Secretary of Administration in consultation with the Department of Planning and Budget. The agencies identified shall cooperate with the Department of Human Resource Management by transferring such records and functions as may be required.</p>				
<p>2. Out of this appropriation, \$590,353 the first year and \$590,353 the second year from the general fund shall be used to support the human resource service center.</p>				
<p>3. Nothing in this paragraph shall prohibit additional agencies from using the services of the center; however, these additional agencies' use of the human resource service center shall be subject to approval by the affected cabinet secretary and the Secretary of Administration.</p>				
<p>4. a. Agencies that are partially or fully funded with nongeneral funds that receive approval by the affected cabinet secretary and the Secretary of Administration to join the human resource service center, on or after July 1, 2014, shall pay the Department of Human Resource Management the costs to support the human resource service center. The agency's share of the costs to support the human resource service center shall be based on the agency's applicable nongeneral fund expenditures as set out in § 4-5.03 of this act.</p>				
<p>b. The rates required to recover the costs of the human resource service center shall be provided by the Department of Human Resource Management to the Department of Planning and Budget by September 1 each year for review and approval of the subsequent fiscal year's rate in accordance with § 4-5.03 of this act.</p>				
<p>c. The rates for the human resource service center shall be \$995.00 per full-time equivalent and \$398.00 per wage employee the first year and \$995.00 per full-time equivalent and \$398.00 per wage employee the second year.</p>				
<p>C. The institutions of higher education shall be exempt from the centralized advertising requirements identified in Executive Order 73 (01).</p>				
<p>D.1. To ensure fair and equitable performance reviews, the Department of Human Resource Management, within available resources, is directed to provide performance management training to agencies and institutions of higher education with classified employees.</p>				
<p>2. Agency heads in the Executive Department are directed to require appropriate performance management training for all agency supervisors and managers.</p>				
<p>E. The Department of Human Resource Management shall take into account the claims experience of each agency and institution when setting premiums for the workers' compensation program.</p>				
<p>F.1. The Department of Human Resource Management shall report to the Governor and Chairmen of the House Appropriations and Senate Finance Committees by October 1 of each year, on its recommended workers' compensation premiums for state agencies for the following biennium. This report shall also include the basis for the department's recommendations, the number and amount of workers' compensation settlements concluded in the previous fiscal year, and the impact of those settlements on the workers' compensation program's reserves.</p>				
<p>2. Beginning July 1, 2015, the Department of Human Resource Management shall conduct an annual review of each state agency's loss control history, to include the severity of workers' compensation claims, experience modification factor, and frequency normalized by payroll. Based on the annual review, state agencies deemed by the Department of Human Resource Management as having higher than normal loss history shall be required to participate in a loss control program. All executive, judicial, legislative, and independent agencies required to participate in the loss control program shall fully cooperate with the Department of Human Resource Management's review. The Department of Human Resource Management shall provide a report to the Governor, Director, Department of Planning and Budget, and Chairmen of the House Appropriations and Senate Finance Committees on the status and recommendations of the loss control program no later than October 30 of each year.</p>				
<p>3. a. A working capital advance of up to \$20,000,000 shall be provided to the Department of Human Resource Management to identify and potentially settle certain workers' compensation</p>				





ITEM 84.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
compensation and evaluation of peer employers.				
Total for Department of Human Resource Management.....			\$17,929,317	\$18,097,180 <del>\$17,267,180</del>
General Fund Positions.....	60.46	53.46		
Nongeneral Fund Positions.....	54.54	67.54		
Position Level.....	115.00	121.00		
Fund Sources: General.....	\$6,860,977	\$4,790,839		
Special.....	\$9,700,873	\$1,235,048 <del>\$1,405,048</del>		
Enterprise.....	\$0	\$2,901,717 <del>\$2,401,717</del>		
Internal Service.....	\$0	\$7,609,204 <del>\$7,109,204</del>		
Trust and Agency.....	\$1,367,467	\$1,560,372		

**Administration of Health Insurance (149)**

85.	Personnel Management Services (70400).....			\$1,944,464,330	\$2,087,219,541 <del>\$1,952,449,823</del>
	Health Benefits Services (70406).....	\$1,515,195,823	\$1,619,195,823 <del>\$1,419,195,823</del>		
	Local Health Benefit Services (70407).....	\$429,268,507	\$459,268,507 <del>\$504,504,000</del>		
	Health Insurance Benefit Payment Under the Line of Duty Act (70408).....	\$0	\$8,755,211 <del>\$28,750,000</del>		
	Fund Sources: Enterprise.....	\$429,268,507	\$459,268,507 <del>\$504,504,000</del>		
	Internal Service.....	\$1,515,195,823	\$1,619,195,823 <del>\$1,419,195,823</del>		
	Trust and Agency.....	\$0	\$8,755,211 <del>\$28,750,000</del>		

Authority: § 2.2-2818, § 2.2-1204, and Title 9.1, Chapter 4, Code of Virginia.

A. The appropriation for Health Benefits Services is sum sufficient and amounts shown are estimates from an internal service fund which shall be paid from revenues paid by state agencies to the Department of Human Resource Management.

B. The amounts for Local Health Benefits Services include estimated revenues received from localities for the local choice health benefits program.

C.1. In the event that the total of all eligible claims exceeds the balance in the state employee medical reimbursement account, there is hereby appropriated a sum sufficient from the general fund of the state treasury to enable the payment of such eligible claims.

2. The term "employee medical reimbursement account" means the account administered by the Department of Human Resource Management pursuant to § 125 of the Internal Revenue Code in connection with the health insurance program for state employees (§ 2.2-2818, Code of Virginia).

D. Any balances remaining in the reserved component of the Employee Health Insurance Fund shall be considered part of the overall Health Insurance Fund. It is the intent of the General Assembly that future premiums for the state employee health insurance program shall be set in a manner so that the balance in the Health Insurance Fund will be sufficient to meet the estimated Incurred But Not Paid liability for the Fund and maintain a contingency reserve at a level recommended by the Department of Human Resource Management for a self-insured plan subject to the approval of the General Assembly.

E. The Department of Human Resource Management shall implement a Medication Therapy Management pilot program for state employees with certain disease states including Type II

ITEM 85.	Item Details(\$)		Appropriations(\$)	
	First Year	Second Year	First Year	Second Year
	FY2017	FY2018	FY2017	FY2018

diabetes. The department shall continue to consult with all provider stakeholders in order to establish program parameters.

F. Concurrent with the date the Governor introduces the budget bill, the Directors of the Departments of Planning and Budget and Human Resource Management shall provide to the Chairmen of the House Appropriations and Senate Finance Committees a report detailing the assumptions included in the Governor's introduced budget for the state employee health insurance plan. The report shall include the proposed premium schedule that would be effective for the upcoming fiscal year and any proposed changes to the benefit structure.

G. Of money appropriated for the state employee health insurance fund, \$500,000 the first year and \$650,000 the second year shall be held separate and apart from the fund to pay for any required fees due to the Patient-Centered Outcomes Research Institute.

H. The Director of the Department of Human Resource Management shall analyze pharmacy claims data from the past biennium in order to assess the value of payments made to the state employee health program's contracted third party administrators, and the value of payments made by the contracted third party administrators to their contracted prescription benefit managers (PBMs). The Director shall identify and report any difference in value in payments made to the contracted PBMs and payments made to the state employee health program's contracted third party administrators and shall make recommendations to the Chairmen of the House Appropriations Committee and Senate Finance Committees by October 1, 2016.

I. In addition to such other payments as may be available, the full cost of group health insurance, net of any deductions and credits, for the surviving spouses and dependents of certain public safety officers killed in the line of duty and for certain public safety officers disabled in the line of duty, and the spouses and dependents of such disabled officers, are payable from this Item pursuant to Title 9.1, Chapter 4, Code of Virginia, effective July 1, 2017.

J. The Department of Human Resource Management shall identify the requirements, costs, and benefits of implementing a shared-savings incentive program for state-employed, public sector or retired enrollees who elect to shop and receive health care services at a lower cost than the average price paid by their carrier for a comparable health care service. Under such a program, the Department shall develop a plan to reimburse the insured for using a lower cost site of service. The cash payment incentive could be calculated as a percentage or as a flat dollar amount, or by some reasonable methodology determined by the Department. The Department shall determine whether to administer the program itself or through a third-party, or to require carriers to offer access to such a program for health care services eligible for shared incentives and estimate the projected fiscal impact of the program. No later than November 1, 2017 the Department shall report to the Chairmen of the House Appropriations and Senate Finance Committees.

Total for Administration of Health Insurance.....			<b>\$1,944,464,330</b>	<b>\$2,087,219,541</b> <b>\$1,952,449,823</b>
Fund Sources: Enterprise.....	\$429,268,507	<del>\$459,268,507</del> \$504,504,000		
Internal Service.....	\$1,515,195,823	<del>\$1,619,195,823</del> \$1,419,195,823		
Trust and Agency.....	\$0	<del>\$8,755,211</del> \$28,750,000		
Grand Total for Department of Human Resource Management.....			<b>\$1,962,393,647</b>	<b>\$2,105,316,721</b> <b>\$1,969,717,003</b>
General Fund Positions.....	60.46	53.46		
Nongeneral Fund Positions.....	54.54	67.54		
Position Level.....	115.00	121.00		
Fund Sources: General.....	\$6,860,977	\$4,790,839		
Special.....	\$9,700,873	<del>\$1,235,048</del> \$1,405,048		

ITEM 85.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
Enterprise.....	\$429,268,507	<del>\$462,170,224</del> <i>\$506,905,717</i>		
Internal Service.....	\$1,515,195,823	<del>\$1,626,805,027</del> <i>\$1,426,305,027</i>		
Trust and Agency.....	\$1,367,467	<del>\$10,315,583</del> <i>\$30,310,372</i>		
86. Not set out.				
87. Not set out.				
TOTAL FOR OFFICE OF ADMINISTRATION.....			<b>\$2,901,762,108</b>	<b>\$3,057,044,003</b> <i>\$2,920,297,418</i>
General Fund Positions.....	373.46	354.96		
Nongeneral Fund Positions.....	471.04	492.04		
Position Level.....	844.50	847.00		
Fund Sources: General.....	\$704,704,005	<del>\$715,442,707</del> <i>\$714,295,840</i>		
Special.....	\$17,781,223	<del>\$9,375,504</del> <i>\$9,545,504</i>		
Enterprise.....	\$461,721,840	<del>\$494,721,930</del> <i>\$539,457,423</i>		
Internal Service.....	\$1,686,058,753	<del>\$1,797,274,701</del> <i>\$1,596,774,701</i>		
Trust and Agency.....	\$16,612,329	<del>\$25,432,809</del> <i>\$45,427,598</i>		
Dedicated Special Revenue.....	\$8,400,000	\$8,400,000		
Federal Trust.....	\$6,483,958	\$6,396,352		

ITEM 88.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

**OFFICE OF AGRICULTURE AND FORESTRY**

88. Not set out.

**§ 1-6. DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES (301)**

89. Not set out.

90. Not set out.

91. Agricultural Industry Marketing, Development, Promotion, and Improvement (53200).....			\$20,805,272	<del>\$20,505,272</del> \$20,761,470
Grading and Certification of Virginia Products (53201).....	\$7,214,196	\$7,214,196		
Milk Marketing Regulation (53204).....	\$802,494	\$802,494		
Marketing Research (53205).....	\$272,806	\$272,806		
Market Virginia Agricultural and Forestry Products Nationally and Internationally (53206).....	\$4,826,995	\$4,701,995		
Agricultural Commodity Boards (53208).....	\$5,969,906	<del>\$6,544,906</del> \$6,801,104		
Agribusiness Development Services and Farmland Preservation (53209).....	\$1,718,875	\$968,875		
Fund Sources: General.....	\$8,180,975	<del>\$7,830,975</del> \$8,087,173		
Special.....	\$108,125	\$158,125		
Trust and Agency.....	\$6,704,556	\$6,704,556		
Dedicated Special Revenue.....	\$5,090,718	\$5,090,718		
Federal Trust.....	\$720,898	\$720,898		

Authority: Title 3.2, Chapters 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 30, 32, 34, 36.2; Title 28.2, Chapter 2; and Title 61.1, Chapter 4, Code of Virginia.

A. Agricultural Commodity Boards shall be paid from the special fund taxes levied in the following estimated amounts:

1. To the Tobacco Board, \$143,000 the first year and \$143,000 the second year.
2. To the Corn Board, \$390,000 the first year and \$390,000 the second year.
3. To the Egg Board, \$210,000 the first year and \$210,000 the second year.
4. To the Soybean Board, \$980,000 the first year and \$980,000 the second year.
5. To the Peanut Board, \$320,000 the first year and \$320,000 the second year.
6. To the Cattle Industry Board, \$425,000 the first year and \$425,000 the second year.
7. To the Virginia Small Grains Board, \$750,000 the first year and \$750,000 the second year.
8. To the Virginia Horse Industry Board, \$320,000 the first year and \$320,000 the second year.
9. To the Virginia Sheep Industry Board, \$35,000 the first year and \$35,000 the second year.
10. To the Virginia Potato Board, \$25,000 the first year and \$25,000 the second year.
11. To the Virginia Cotton Board, \$180,000 the first year and \$180,000 the second year.
12. To the State Apple Board, \$257,650 the first year and \$257,650 the second year.

ITEM 91.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
B.				
Each commodity board is authorized to expend funds in accordance with its authority as stated in the Code of Virginia. Such expenditures will be limited to available revenue levels.				
C.				
Each commodity board specified in this Item shall provide an annual notification to its excise tax paying producers which summarizes the purpose of the board and the excise tax, current tax rate, amount of excise taxes collected in the previous tax year, the previous fiscal year expenditures and the board's past year activities. The manner of notification shall be determined by each board.				
D.				
The Commissioner shall take all necessary actions to ensure that the fees collected are adequate to cover the nongeneral fund portion of the Grain Inspection Program expenses, including those related to product inspections that are requested by parties financially interested in any agricultural products pursuant to § 3.2-3400, Code of Virginia.				
E.				
Out of the amounts in this Item shall be paid from certain special fund license taxes, license fees, and permit fees levied or imposed under Title 28.2, Chapters 2, 3, 4, 5, 6 and 7, Code of Virginia, to the Virginia Marine Products Board, \$402,543 and two positions the first year and \$402,543 and two positions the second year.				
F.				
Out of the amounts in this Item, \$2,017,494 the first year and <del>\$2,017,494</del> \$2,273,692 the second year from the general fund shall be deposited to the Virginia Wine Promotion Fund as established in § 3.2-3005, Code of Virginia.				
G.				
Out of the amounts in this Item, \$500,000 the first year and \$250,000 the second year from the general fund shall be deposited to the Virginia Farmland Preservation Fund established in § 3.2-201, Code of Virginia. This appropriation shall be deemed sufficient to meet the provisions of § 2.2-1509.4, Code of Virginia.				
H.				
Out of the amounts in this Item, the Commissioner is authorized to expend from the general fund amounts not to exceed \$25,000 the first year and \$25,000 the second year for entertainment expenses commonly borne by businesses. Further, such expenses shall be recorded separately by the agency.				
I.				
Out of the amounts in this Item, the Commissioner is authorized to expend \$1,120,226 the first year and \$1,120,226 the second year from the general fund for the promotion of Virginia's agricultural products overseas. Such efforts shall be conducted in concert with the international offices opened by the Virginia Economic Development Partnership.				
J.				
Out of the amounts in this Item, \$25,000 the first year and \$25,000 the second year from the general fund shall be provided to support 4-H and Future Farmers of America youth participation educational costs at the State Fair of Virginia. These funds shall not be used for administrative costs by the State Fair.				
K.				
1. Out of the amounts in this Item, \$75,000 the first year from the general fund shall be used for research, development and the applied commercialization of specialty crops. For the purpose of these funds, specialty crops shall be defined as those crops not currently under widespread commercial production in Virginia, (not listed in the top 20 commodities in Virginia as reported annually by the National Agricultural Statistics Service) but which are commercially produced in other regions of the United States or other regions of the world.				
2. Projects supported with these funds will encompass a crop, or crops, which have a unique potential for successful commercialization due to an existing commercial end market for the crop, or crops, having been identified within the Commonwealth. In selecting projects, priority shall be given to crops for which a commercial processor(s) or packer(s), operates within Virginia, and due to the specialty crop not currently being commercially grown in Virginia, this crop is currently imported into Virginia. The goal of the project is to improve the productivity and competitiveness of existing commercial food and agribusiness processors in Virginia through accelerated crop development of selected specialty crops that can be used as inputs and substitutes for an imported commodity.				
L.				
Out of the amounts in this item, \$113,580 the first year and \$113,580 the second year from the general fund and one full-time equivalent position shall be used to establish the Virginia Farm Business Development Program. This program shall provide farmers and small agribusinesses that qualify under guidelines as established by the Department with grants not to exceed \$5,000 to assist with business planning, market research, and other related activities				

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<p>including in-depth research, website design, social media strategy, food innovation, packaging design, modernization of facilities and business certification. The authorized position shall be used for management of the grant program and to conduct regional workshops on marketing and business development. Not later than November 15, 2016, the Department shall report to the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance on the efforts undertaken by the Department to establish the program, the grant guidelines, and the number of grants awarded.</p> <p>M. Out of the amounts in this item, \$50,000 the first year from the general fund shall be provided for the renovation of the Appomattox 4-H Center.</p> <p>N. The department is directed to survey local farmer's markets across the Commonwealth to determine if any local regulations governing the operations of such markets discourage the sale of Virginia products by the use of a locally-grown perimeter rule that gives preference to out-of-state products over products grown in Virginia. If the department finds any such impediments exist, it shall encourage local farmer's markets to revise their guidelines to ensure that Virginia products are given first preference, regardless of the distance from the particular market. In instances where a local Virginia grown product already is selling at a particular market, competitors from across the state should be allowed to sell their Virginia grown products provided there are no objections submitted by competing Virginia sellers.</p>				
92.	Not set out.			
93.	Not set out.			
94.	Not set out.			
95.	Not set out.			
96.	Not set out.			
97.	Not set out.			
98.	Not set out.			
99.	Not set out.			
100.	Not set out.			
	Total for Department of Agriculture and Consumer Services.....		<b>\$69,793,118</b>	<b><del>\$69,682,200</del> \$69,938,398</b>
	General Fund Positions.....	331.00	328.00	
	Nongeneral Fund Positions.....	206.00	214.00	
	Position Level.....	537.00	542.00	
	Fund Sources: General.....	\$36,498,563	<del>\$35,109,950</del> \$35,366,148	
	Special.....	\$5,776,982	\$6,030,277	
	Trust and Agency.....	\$6,863,290	\$6,863,290	
	Dedicated Special Revenue.....	\$9,619,377	\$9,619,377	
	Federal Trust.....	\$11,034,906	\$12,059,306	
101.	Not set out.			
102.	Not set out.			
103.	Not set out.			

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104.	Not set out.				
	TOTAL FOR OFFICE OF AGRICULTURE AND FORESTRY .....			<b>\$105,441,728</b>	<b><del>\$107,220,192</del> \$107,476,390</b>
	General Fund Positions.....	504.59	496.59		
	Nongeneral Fund Positions.....	329.41	337.41		
	Position Level.....	834.00	834.00		
	Fund Sources: General.....	\$54,740,051	<del>\$53,875,454</del> \$54,131,652		
	Special.....	\$17,721,998	\$19,326,205		
	Trust and Agency.....	\$6,969,828	\$6,969,828		
	Dedicated Special Revenue.....	\$10,199,246	\$10,199,246		
	Federal Trust.....	\$15,810,605	\$16,849,459		



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**OFFICE OF COMMERCE AND TRADE**

**§ 1-7. SECRETARY OF COMMERCE AND TRADE (192)**

105. Not set out.

**Economic Development Incentive Payments (312)**

106.	Economic Development Services (53400).....		\$52,541,610	\$64,681,679 \$62,536,679
	Financial Assistance for Economic Development (53410).....	\$52,541,610		<del>\$64,681,679</del> \$62,536,679
	Fund Sources: General.....	\$52,391,610		<del>\$46,505,799</del> \$44,360,799
	Special.....	\$0		\$12,662,000
	Dedicated Special Revenue.....	\$150,000		\$5,513,880

Authority: Discretionary Inclusion.

A.1. Out of the amounts in this Item, \$20,750,000 the first year and \$19,750,000 the second year from the general fund shall be deposited to the Commonwealth's Development Opportunity Fund, as established in § 2.2-115, Code of Virginia. Such funds shall be used at the discretion of the Governor, subject to prior consultation with the Chairmen of the House Appropriations and Senate Finance Committees, to attract economic development prospects to locate or expand in Virginia. If the Governor, pursuant to the provisions of § 2.2-115, E.1., Code of Virginia, determines that a project is of regional or statewide interest and elects to waive the requirement for a local matching contribution, such action shall be included in the report on expenditures from the Commonwealth's Development Opportunity Fund required by § 2.2-115, F., Code of Virginia. Such report shall include an explanation on the jobs anticipated to be created, the capital investment made for the project, and why the waiver was provided.

2. The Governor may allocate these funds as grants or loans to political subdivisions. Loans shall be approved by the Governor and made in accordance with procedures established by the Virginia Economic Development Partnership and approved by the State Comptroller. Loans shall be interest-free unless otherwise determined by the Governor and shall be repaid to the general fund of the state treasury. The Governor may establish the interest rate to be charged, otherwise, any interest charged shall be at market rates as determined by the State Treasurer and shall be indicative of the duration of the loan. The Virginia Economic Development Partnership shall be responsible for monitoring repayment of such loans and reporting the receivables to the State Comptroller as required.

3. Funds may be used for public and private utility extension or capacity development on and off site; road, rail, or other transportation access costs beyond the funding capability of existing programs; site acquisition; grading, drainage, paving, and other activity required to prepare a site for construction; construction or build-out of publicly-owned buildings; grants or loans to an industrial development authority, housing and redevelopment authority, or other political subdivision pursuant to their duties or powers; training; or anything else permitted by law.

4. Consideration should be given to economic development projects that 1) are in areas of high unemployment; 2) link commercial development along existing transportation/transit corridors within regions; and 3) are located near existing public infrastructure.

5. It is the intent of the General Assembly that the Virginia Economic Development Partnership shall work with localities awarded grants from the Commonwealth's Development Opportunity Fund to recover such moneys when the economic development projects fail to meet minimal agreed-upon capital investment and job creation targets. All such recoveries shall be deposited and credited to the Commonwealth's Development

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Opportunity Fund.				
6. Up to \$5,000,000 of previously awarded funds and funds repaid by political subdivisions or business beneficiaries and deposited to the Commonwealth's Development Opportunity Fund may be used to assist Prince George County with site improvements related to the location of a major aerospace engine manufacturer to the Commonwealth.				
B.1. Out of the appropriation for this Item, \$2,722,310 the first year and <del>\$2,220,330</del> \$2,075,330 the second year from the general fund shall be deposited to the Investment Performance Grant subfund of the Virginia Investment Partnership Grant Fund to be used to pay investment performance grants in accordance with § 2.2-5101, Code of Virginia. In the second year, \$1,763,880 from the Investment Performance Grant subfund of the Virginia Investment Partnership Grant Fund is hereby appropriated and shall be used to pay investment performance grants in accordance with § 2.2-5101, Code of Virginia.				
2. Consideration should be given to economic development projects that 1) are in areas of high unemployment; 2) link commercial development along existing transportation/transit corridors within regions; and 3) are located near existing public infrastructure.				
C.1. Out of the appropriation for this Item, \$1,800,000 the first year and \$1,800,000 the second year from the general fund shall be deposited to the Major Eligible Employer Grant subfund of the Virginia Investment Partnership Grant Fund to be used to pay investment performance grants in accordance with § 2.2-5102, Code of Virginia.				
2. Consideration should be given to economic development projects that 1) are in areas of high unemployment; 2) link commercial development along existing transportation/transit corridors within regions; and 3) are located near existing public infrastructure.				
D. Out of the appropriation for this Item, \$6,000,000 the first year and \$3,000,000 the second year from the general fund and an amount estimated at \$150,000 the first year and \$150,000 the second year from nongeneral funds shall be deposited to the Governor's Motion Picture Opportunity Fund, as established in § 2.2-2320, Code of Virginia. These nongeneral fund revenues shall be deposited to the fund from revenues generated by the digital media fee established pursuant to § 58.1-1731, et seq., Code of Virginia. Such funds shall be used at the discretion of the Governor to attract film industry production activity to the Commonwealth.				
E. Out of the appropriation for this Item, \$378,000 the first year from the general fund shall be deposited to the Aerospace Engine Manufacturer Workforce Training Grant Fund in support of the location of an aerospace engine facility in Prince George County. In the second year, \$11,000,000 from the Aerospace Manufacturing Performance Grant Fund and \$1,662,000 from the Aerospace Manufacturer Workforce Training Grant Fund is hereby appropriated. These funds shall be used for grants in accordance with §§ 59.1-284.20 and 59.1-284.22, Code of Virginia. The Director, Department of Planning and Budget shall transfer these funds to the impacted state agencies upon request to the Director, Department of Planning and Budget by the respective state agency.				
F.1. Out of the appropriation for this Item, \$4,200,000 the first year and \$1,600,000 the second year from the general fund shall be deposited to the Virginia Economic Development Incentive Grant subfund of the Virginia Investment Partnership Grant Fund to be used to pay investment performance grants in accordance with § 2.2-5102.1, Code of Virginia. In the second year, \$3,600,000 from the Virginia Economic Development Incentive Grant subfund of the Virginia Investment Partnership Grant Fund is hereby appropriated and shall be used to pay investment performance grants in accordance with § 2.2-5102.1, Code of Virginia.				
2. Consideration should be given to economic development projects that 1) are in areas of high unemployment; 2) link commercial development along existing transportation/transit corridors within regions; and 3) are located near existing public infrastructure.				
3. Notwithstanding § 2.2-5102.1.E. or any other provision of law, and subject to appropriation by the General Assembly, up to \$4,000,000 in economic development incentive grants is authorized for eligible projects to be awarded on or after July 1, 2017, but before June 30, 2018. Any eligible project awarded such grants shall be subject to the conditions set forth in § 2.2-5102.1.				
G. Out of the appropriation for this Item, \$7,155,840 the first year from the general fund shall				

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	be deposited to the Advanced Shipbuilding Training Facility Fund to be used to pay grants in accordance with § 59.1-284.23, F., Code of Virginia.			
	H. <del>Out of the appropriation for this Item, \$2,000,000 the second year from the general fund shall be deposited to the Pulp, Paper, and Fertilizer Advanced Manufacturing Performance Grant Program Fund to be used for performance grants in accordance with § 59.1-284.28, Code of Virginia.</del>			
	I.1. Out of the appropriation for this Item, \$2,500,000 the first year and \$3,750,000 the second year from the general fund shall be provided for the Virginia Biosciences Health Research Corporation (VBHRC), a non-stock corporation research consortium initially comprised of the University of Virginia, Virginia Commonwealth University, Virginia Polytechnic Institute and State University, George Mason University and the Eastern Virginia Medical School. The consortium will contract with private entities, foundations and other governmental sources to capture and perform research in the biosciences, as well as promote the development of bioscience infrastructure tools which can be used to facilitate additional research activities. The Director, Department of Planning and Budget, is authorized to provide these funds to the non-stock corporation research consortium referenced in this paragraph upon request filed with the Director, Department of Planning and Budget by VBHRC.			
	2. Of the amounts provided in J.1. for the research consortium, up to \$2,500,000 the first year and \$3,750,000 the second year may be used to develop or maintain investments in research infrastructure tools to facilitate bioscience research.			
	3. The remaining funding shall be used to capture and perform research in the biosciences and must be matched at least dollar-for-dollar by funding provided by such private entities, foundations and other governmental sources. No research will be funded by the consortium unless at least two of the participating institutions, including the five founding institutions and any other institutions choosing to join, are actively and significantly involved in collaborating on the research. No research will be funded by the consortium unless the research topic has been vetted by a scientific advisory board and holds potential for high impact near-term success in generating other sponsored research, creating spin-off companies or otherwise creating new jobs. The consortium will set guidelines to disburse research funds based on advisory board findings. The consortium will have near-term sustainability as a goal, along with corporate-sponsored research gains, new Virginia company start-ups, and job creation milestones.			
	4. Other publicly-supported institutions of higher education in the Commonwealth may choose to join the consortium as participating institutions. Participation in the consortium by the five founding institutions and by other participating institutions choosing to join will require a cash contribution from each institution in each year of participation of at least \$50,000.			
	5. Of these funds, up to \$500,000 the first year and \$500,000 the second year may be used to pay the administrative, promotional and legal costs of establishing and administering the consortium, including the creation of intellectual property protocols, and the publication of research results.			
	6. The Virginia Economic Development Partnership, in consultation with the publicly-supported institutions of higher education in the Commonwealth participating in the consortium, shall provide to the Governor, and the Chairmen of the Senate Finance and House Appropriations committees, by November 1 of each year a written report summarizing the activities of the consortium, including, but not limited to, a summary of how any funds disbursed to the consortium during the previous fiscal year were spent, and the consortium's progress during the fiscal year in expanding upon existing research opportunities and stimulating new research opportunities in the Commonwealth.			
	7. The accounts and records of the consortium shall be made available for review and audit by the Auditor of Public Accounts upon request.			
	8. Up to \$2,500,000 of the funds managed by the Commonwealth Health Research Board (CHRB), created pursuant to § 32.1-162.23, Code of Virginia, shall be directed toward collaborative research projects, approved by the boards of the VBHRC and CHRB, to			

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support Virginia's core bioscience strengths, improve human health, and demonstrate commercial viability and a high likelihood of creating new companies and jobs in Virginia.				
J.1. Out of this appropriation, \$209,859 the first year and \$209,868 the second year from the general fund shall be provided to the Virginia-Israel Advisory Board.				
2. The Virginia-Israel Advisory Board shall seek prior approval of all travel and related expenditures from the Secretary of Commerce and Trade.				
3. The Virginia-Israel Advisory Board shall report by January 15 of each year to the Chairmen of the Senate Finance and House Appropriations Committees on the board's activities and expenditure of state funds.				
K. Out of this appropriation, \$5,669,833 the first year and \$5,669,833 the second year from the general fund shall be available for eligible businesses under the Virginia Jobs Investment Program. Pursuant to § 2.2-1611, Code of Virginia, the appropriation provided for the Virginia Jobs Investment Program for eligible businesses shall be deposited to the Virginia Jobs Investment Program Fund.				
L. Out of this appropriation \$500,000 the first year from the general fund is provided for the purpose of attracting new tourism and hospitality projects and expanding existing tourism and hospitality projects in the Commonwealth. Funds shall be disbursed through the Virginia Tourism Authority as grants or loans to political subdivisions or business entities authorized to transact business in the Commonwealth based on criteria as approved by the Governor. The Governor shall transmit his specific criteria for awarding and distributing these funds to the Chairmen of the House Committee on Appropriations and the Senate Finance Committee prior to any expenditure of this appropriation.				
M. Out of this appropriation, \$500,000 the first year and \$500,000 the second year from the general fund may be provided to the Virginia Economic Development Partnership to facilitate additional domestic and international marketing and trade missions approved by the Governor. The Director, Department of Planning and Budget, is authorized to provide these funds to the Virginia Economic Development Partnership upon written approval of the Governor.				
N. Out of the appropriation in this Item, \$6,000,000 the second year from the general fund shall be deposited to the Advanced Shipbuilding Production Facility Grant Fund for a grant to be paid in accordance with § 59.1-284.29 E., Code of Virginia.				
Total for Economic Development Incentive Payments.....			<b>\$52,541,610</b>	<b>\$64,681,679</b> <b>\$62,536,679</b>
Fund Sources: General.....	\$52,391,610	<del>\$46,505,799</del> \$44,360,799		
Special.....	\$0	\$12,662,000		
Dedicated Special Revenue.....	\$150,000	\$5,513,880		
Grand Total for Secretary of Commerce and Trade....			<b>\$53,245,242</b>	<b>\$65,385,458</b> <b>\$63,240,458</b>
General Fund Positions.....	7.00	7.00		
Position Level.....	7.00	7.00		
Fund Sources: General.....	\$53,095,242	<del>\$47,209,578</del> \$45,064,578		
Special.....	\$0	\$12,662,000		
Dedicated Special Revenue.....	\$150,000	\$5,513,880		
107.	Not set out.			
108.	Not set out.			
109.	Not set out.			

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	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
110.	Not set out.			
111.	Not set out.			
112.	Not set out.			
113.	Not set out.			
114.	Not set out.			
115.	Not set out.			
116.	Not set out.			
117.	Not set out.			
118.	Not set out.			
119.	Not set out.			
120.	Not set out.			
121.	Not set out.			
122.	Not set out.			
123.	Not set out.			
124.	Not set out.			
125.	Not set out.			
125.10	Omitted.			
126.	Not set out.			
127.	Not set out.			
128.	Not set out.			
129.	Not set out.			
TOTAL FOR OFFICE OF COMMERCE AND TRADE.....			<b>\$916,635,941</b>	<b>\$967,021,343</b>
General Fund Positions.....			369.34	368.34
Nongeneral Fund Positions.....			1,307.66	1,307.66
Position Level.....			1,677.00	1,676.00
Fund Sources: General.....			\$188,247,010	\$205,630,466
Special.....			\$20,685,087	\$33,848,815
Commonwealth Transportation.....			\$1,535,130	\$1,535,238
Trust and Agency.....			\$606,000,616	\$606,000,616
Dedicated Special Revenue.....			\$25,257,117	\$30,125,908
Federal Trust.....			\$74,910,981	\$89,880,300

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**OFFICE OF EDUCATION**

130. Not set out.

**§ 1-8. DEPARTMENT OF EDUCATION, CENTRAL OFFICE OPERATIONS (201)**

131. Not set out.

132. Not set out.

133. Not set out.

134. Not set out.

135. Not set out.

136. Not set out.

137. Not set out.

**Direct Aid to Public Education (197)**

138.	Financial Assistance for Educational, Cultural, Community, and Artistic Affairs (14300).....			\$26,895,095	\$28,253,945 \$27,716,445
	Financial Assistance for Supplemental Education (14304).....	\$26,895,095	\$28,253,945 \$27,716,445		
	Fund Sources: General.....	\$26,895,095	\$28,253,945 \$27,716,445		

Authority: Discretionary Inclusion.

**Appropriation Detail of Educational, Cultural, Community, and Artistic Affairs (14300)**

<b>Supplemental Education Assistance Programs (14304)</b>	<b>FY 2017</b>	<b>FY 2018</b>
Achievable Dream	\$500,000	\$500,000
Career and Technical Education Resource Center	\$298,021	\$298,021
Career Council at Northern Neck Career & Technical Center	\$60,300	\$60,300
Charter School Supplement	\$100,000	\$100,000
College Partnership Laboratory School	\$0	\$50,000
Communities in Schools (CIS)	\$1,244,400	\$1,244,400
Computer Science Training For Teachers	\$550,000	\$550,000
Great Aspirations Scholarship Program (GRASP)	\$400,000	\$400,000
High School Program Innovation	\$500,000	\$500,000
Jobs for Virginia Graduates (JVG)	\$573,776	\$573,776
National Board Certification Program	\$5,015,000	\$5,100,000 \$4,642,500
Newport News Aviation Academy - STEM Program	\$100,000	\$100,000
Petersburg Executive Leadership Recruitment Incentives	\$350,000	\$350,000

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Positive Behavioral Interventions & Support (PBIS)	\$1,098,000			\$1,098,000
Project Discovery	\$425,000			\$662,500
Small School Division Assistance	\$145,896			\$145,896
Southside Virginia Regional Technology Consortium	\$108,905			\$108,905
Southwest Virginia Public Education Consortium	\$124,011			\$124,011
STEM Program / Research Study (VA Air & Space Center)	\$870,625			\$681,975
STEM Competition Team Grants	\$100,000			<del>\$200,000</del> \$170,000
Targeted Extended School Year Grants	\$7,763,312			<del>\$7,763,312</del> \$7,716,312
Teach for America	\$500,000			\$500,000
Teacher Improvement Funding Initiative	\$15,000			\$15,000
Teacher Recruitment & Retention Grant Programs	\$1,931,000			\$1,931,000
Teacher Residency Program	\$500,000			\$1,000,000
Van Gogh Outreach Program	\$71,849			\$71,849
Virginia Early Childhood Foundation (VECF)	\$2,350,000			\$2,750,000
Virginia Reading Corps Pilot	\$300,000			\$300,000
Virginia Student Training and Refurbishment (VA STAR) Program	\$300,000			\$300,000
Vocational Lab Pilot	\$0			\$175,000
Wolf Trap Model STEM Program	\$600,000			\$600,000
<b>Total</b>	<b>\$26,895,095</b>			<del><b>\$28,253,945</b></del> <b>\$27,716,445</b>

A. Out of this appropriation, the Department of Education shall provide \$573,776 the first year and \$573,776 the second year from the general fund for the Jobs for Virginia Graduates initiative.

B. Out of this appropriation, the Department of Education shall provide \$124,011 the first year and \$124,011 the second year from the general fund for the Southwest Virginia Public Education Consortium at the University of Virginia's College at Wise. An additional \$71,849 the first year and \$71,849 the second year from the general fund is provided to the Consortium to continue the Van Gogh Outreach program with Lee and Wise County Public Schools and expand the program to the twelve school divisions in Southwest Virginia.

C. This appropriation includes \$108,905 the first year and \$108,905 the second year from the general fund for the Southside Virginia Regional Technology Consortium to expand the research and development phase of a technology linkage.

D. An additional state payment of \$145,896 the first year and \$145,896 the second year from the general fund is provided as a Small School Division Assistance grant for the City of Norton. To receive these funds, the local school board shall certify to the Superintendent of Public Instruction that its division has entered into one or more educational, administrative or support service cost-sharing arrangements with another local school division.

E. Out of this appropriation, \$298,021 the first year and \$298,021 the second year from the general fund shall be allocated for the Career and Technical Education Resource Center to provide vocational curriculum and resource instructional materials free of charge to all school divisions.

F. It is the intent of the General Assembly that the Department of Education provide

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<p>bonuses from state funds to classroom teachers in Virginia's public schools who hold certification from the National Board of Professional Teaching Standards. Such bonuses shall be \$5,000 the first year of the certificate and \$2,500 annually thereafter for the life of the certificate. This appropriation includes an amount estimated at \$5,015,000 the first year and <del>\$5,100,000</del> \$4,642,500 the second year from the general fund for the purpose of paying these bonuses. By October 15 of each year, school divisions shall notify the Department of Education of the number of classroom teachers under contract for that school year that hold such certification.</p> <p>G. This appropriation includes \$1,931,000 the first year and \$1,931,000 the second year from the general fund for grants, scholarships, and incentive payments to attract, recruit, and retain high-quality teachers and fill critical teacher shortage disciplines in Virginia's public schools.</p> <p>1. Out of this appropriation, \$708,000 the first year and \$708,000 the second year from the general fund is provided for teaching scholarship loans. These scholarships shall be for undergraduate students in college with a cumulative high school grade point average of at least 2.7, who were in the top 10 percent of their high school class or alternative measure of achievement as selected by the institution, who are nominated by their college and students at the graduate level, and who meet the criteria and qualifications, pursuant to § 22.1-290.01, Code of Virginia. Awards shall be made to students who are enrolled full-time or part-time in approved undergraduate or graduate teacher education programs for (i) critical teacher shortage disciplines, such as special education, chemistry, physics, earth and space science, foreign languages, or technology education or (ii) as students meeting the qualifications in § 22.1-290.01, Code of Virginia, who have been identified by a local school board to teach in any discipline or at any grade level in which the school board has determined that a shortage of teachers exists; however, such persons shall meet the qualifications for awards granted pursuant to this Item; or (iii) those students seeking degrees in Career and Technical education. Minority students may be enrolled in any content area for teacher preparation and male students may be enrolled in any approved elementary or middle school teacher preparation program; therefore, this provision shall satisfy the requirements for the Diversity in Teaching Initiative and Fund, pursuant to Chapters 570, 597, 623, 645, and 719 of the Acts of Assembly of 2000. Scholarship recipients may fulfill the teaching obligation by accepting a teaching position (i) in one of the critical teacher shortage disciplines; or (ii) regardless of teaching discipline, in a school with a high concentration of students eligible for free or reduced price lunch; or (iii) in any discipline or at grade levels with a shortage of teachers; or (iv) in a rural or urban region of the state with a teacher shortage. For the purposes of this Item, "critical teacher shortage area and discipline" means subject areas and grade levels identified by the Board of Education in which the demand for classroom teachers exceeds the supply of teachers, as defined in the Board of Education's Regulations Governing the Determination of Critical Teacher Shortage Areas. Scholarship amounts are based on \$10,000 per year for full-time students, and shall be prorated for part-time students based on the number of credit hours. The Department of Education shall report annually on the critical shortage teaching areas in Virginia.</p> <p>a. The Department of Education shall make payments on behalf of the scholarship recipients directly to the Virginia institution of higher education where the scholarship recipient is enrolled full-time or part-time in an approved undergraduate or graduate teacher education program.</p> <p>b. The Department of Education is authorized to recover total funds awarded as scholarships, or the appropriate portion thereof, in the event that scholarship recipients fail to honor the stipulated teaching obligation.</p> <p>c. Within the fiscal year, any funds not awarded from this program may be applied toward the other teacher preparation, recruitment, and retention programs under paragraph G.</p> <p>2. Out of this appropriation, \$808,000 the first year and \$808,000 the second year from the general fund is provided to attract, recruit, and retain high-quality diverse individuals to teach science, technology, engineering, or mathematics (STEM) subjects in Virginia's middle and high schools. A teacher with up to three years of teaching experience employed full-time in a Virginia school division who has been issued a five-year Virginia teaching license with an endorsement in Middle Education 6-8: Mathematic, Mathematics-Algebra-I, mathematics, Middle Education 6-8: Science, Biology, Chemistry, Earth and Space Science, physics, or</p>				



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technology education and assigned to a teaching position in a corresponding STEM subject area is eligible to receive a \$5,000 initial incentive award after the completion of the first, second, or third year of teaching with a satisfactory performance evaluation and a signed contract in the same school division for the following school year. A teacher, holding one or more of the aforementioned endorsements and assigned to a teaching position in a corresponding STEM subject area and regardless of teaching experience, who is reassigned from a fully accredited school in a Virginia school division to a hard-to-staff school or a school that is not fully accredited and receives a satisfactory performance evaluation and a signed contract in the same school division for the following year is also eligible to receive an initial incentive award of \$5,000. An additional \$1,000 incentive award may be granted for each year the eligible teacher receives a satisfactory evaluation and teaches a qualifying STEM subject in which the teacher has an endorsement for up to three years in a Virginia school division following the year in which the teacher receives the initial incentive award. The maximum incentive award for each eligible teacher is \$8,000. Funding will be awarded on a first-come, first-served basis with preference to teachers assigned to teach in hard-to-staff schools or low-performing schools not fully accredited. Within the fiscal year, any funds not awarded from this program may be applied toward the other teacher preparation, recruitment, and retention programs under paragraph G.

4. Out of this appropriation, \$415,000 the first year and \$415,000 the second year from the general fund is provided to help school divisions recruit and retain qualified middle-school mathematics teachers. Within the fiscal year, any funds not awarded from this program may be applied toward the other teacher preparation, recruitment, and retention programs under paragraph G.

H. Out of this appropriation, \$400,000 the first year and \$400,000 the second year from the general fund shall be distributed to the Great Aspirations Scholarship Program (GRASP) to provide students and families in need access to financial aid, scholarships, and counseling to maximize educational opportunities for students.

I. Out of this appropriation, the Department of Education shall provide \$1,244,400 the first year and \$1,244,400 the second year from the general fund to Communities in Schools. These funds will be used to continue existing Communities in Schools programming in Petersburg and Richmond City, expand programming to all Petersburg schools, and expand the Pathways to Parents as Partners program to two additional Richmond City elementary schools.

J. This appropriation includes \$100,000 the first year and \$100,000 the second year from the general fund for the Superintendent of Public Education to award supplemental grants to charter schools.

K. 1. Out of this appropriation, the Department of Education shall provide \$425,000 the first year and \$662,500 the second year from the general fund for Project Discovery. These funds are towards the cost of the program in Abingdon, Accomack/Northampton, Alexandria, Amherst, Appomattox, Arlington, Bedford, Bland, Campbell, Charlottesville, Cumberland, Danville/Pittsylvania, Fairfax, Franklin/Patrick, Goochland/Powhatan, Lynchburg, Newport News, Norfolk, Richmond City, Roanoke City, Smyth, Surry/Sussex, Tazewell, Williamsburg/James City, and Wythe and the salary of a fiscal officer for Project Discovery. The Department of Education shall administer the Project Discovery funding distributions to each community action agency. Distributions to each community action agency shall be based on performance measures established by the Board of Directors of Project Discovery. The contract with Project Discovery should specify the allocations to each local program and require the submission of a financial and budget report and program evaluation performance measures.

2. Each participating community action agency shall submit annual performance metrics for services provided through the Project Discovery program that provide measurable evaluations and outcomes of participating students. Such performance metrics shall include evidenced-based data that effectively measure academic improvement outcomes. In addition, the performance metrics shall also include evidenced-based data to evaluate the specific effectiveness of the program for participating students on a longitudinal basis. Further, the performance metrics shall include the coordination and collaboration efforts



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	shall provide an annual progress report to the Department of Education that evaluates end of year success of the extended year or year-round model implemented as compared to the prior school year performance as measured by an appropriate evaluation matrix no later than August 1 each year.			
	b) The Department of Education shall develop such evaluation matrix that would be appropriate for a comprehensive evaluation for such models implemented. Further, the Department of Education is directed to submit the annual progress reports from the participating school divisions and an executive summary of the program's overall status and levels of measured success to the Chairmen of House Appropriations and Senate Finance Committees no later than October 1 each year.			
	7. Any funds remaining in this paragraph following grant awards may be disbursed by the Department of Education as grants to school divisions to support innovative approaches to instructional delivery or school governance models.			
	O. Out of this appropriation, \$500,000 the first year and \$500,000 the second year from the general fund is provided through grants or contracts for the cost of fees and financial incentives associated with hiring teachers in challenged schools. These funds may be used for grants or contracts awarded and expenses associated with supporting the Teach for America program. School divisions or their partners may apply for those funds through applications submitted to the Department of Education. Applications must be submitted to the Department of Education by September 1 each year. Within the fiscal year, any unobligated balance may be used for the Teacher Residency program.			
	P. Out of this appropriation, \$600,000 the first year and \$600,000 the second year from the general fund is provided for the Accomack, Arlington, Chesterfield, Fairfax, Loudoun, Norfolk, Petersburg, Richmond City, and Wythe Public Schools to support expansion of a STEM model program for kindergarten and preschool students. Each developed model will focus on enhancing children's learning experiences through the arts.			
	Q. Out of this appropriation, \$500,000 the first year and \$500,000 the second year from the general fund is provided for the Achievable Dream partnership with Newport News School Division. This funding is in lieu of a like amount from the Neighborhood Assistance Program Tax Credits for An Achievable Dream Middle and High School, Inc.			
	R. Out of this appropriation, \$500,000 the first year and \$1,000,000 the second year from the general fund is provided for grants for teacher residency partnerships between university teacher preparation programs and the Petersburg, Norfolk, and Richmond City school divisions to help improve new teacher training and retention for hard-to-staff schools. The grants will support a site-specific residency model program for preparation, planning, development and implementation, including possible stipends in the program to attract qualified candidates and mentors. Applications must be submitted to the Department of Education by August 1 each year.			
	S. Out of this appropriation, \$60,300 the first year and \$60,300 the second year from the general fund is provided to the Northern Neck Regional Technical Center to expand the workforce readiness education and industry based skills and certification development efforts supporting that region in the state. These funds support the Center's programs that serve high school students from the surrounding counties of Essex, Lancaster, Northumberland, Rappahannock, Westmoreland and Colonial Beach.			
	T. Out of this appropriation, \$2,350,000 the first year and \$2,750,000 the second year from the general fund is provided to the Virginia Early Childhood Foundation.			
	1. Of this amount, \$250,000 the first year and \$250,000 the second year is provided for general operations of the Foundation's grant program to strengthen the capacity of local communities to promote school readiness for young children through innovative regional partnerships.			
	2. Of this amount, \$600,000 the first year and \$1,000,000 the second year is provided to operate a scholarship program to increase the skills of Virginia's early education workforce.			
	3. Of this amount, \$1,500,000 the first year and \$1,500,000 the second year is provided to			



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for grants to school divisions of up to \$5,000 each to explore alternative teacher compensation approaches that move away from tenure-based step increases toward compensation systems based on teacher performance and student progress. Priority will be given to school divisions that have not previously explored alternative compensation approaches and have schools not achieving full accreditation, or that have high numbers of at-risk students needing qualified teachers in hard-to-staff subjects.

Y. Out of this appropriation, \$100,000 the first year and ~~\$200,000~~ \$170,000 the second year from the general fund is provided for STEM Competition Team Grants. Notwithstanding § 22.1-362, Code of Virginia, Paragraph B, grants may not exceed \$5,000 each.

Z. Out of this appropriation, \$870,625 the first year and \$681,975 the second year from the general fund is provided to support a multi-platform STEM education engagement program and research study, via the Virginia Air & Space Center.

AA. Out of this appropriation, \$350,000 the first year and \$350,000 the second year from the general fund is provided for executive leadership incentives in the Petersburg City Public Schools to strengthen the impact of division and school level executive leadership on student achievement in the school division. Such incentives may include, but not be limited to, supplements to locally funded salaries, deferred salary compensation, bonuses, housing and commuting supplements, and professional development supplements. The Department of Education shall provide such executive management incentive payments directly to the Petersburg City Public Schools accounts pursuant to a Memorandum of Understanding entered into between the Board of Education and the Petersburg City School Board. Such Agreement shall be approved by both parties by July 1, 2016, shall cover no less than both years of the biennium, and may be amended with the consent of both parties. Such Agreement shall include operational and student achievement metrics and include provisions for the achievement of such metrics as a condition of payment of the incentive funds by the Department of Education. The Department of Education shall provide updates on implementation of the Agreement to the Chairmen of the Senate Finance and House Appropriations Committees.

BB. Out of this amount, \$300,000 the first year and \$300,000 the second year from the general fund shall be reserved for school divisions to partner with the Virginia Reading Corps program. The Virginia Reading Corps shall report annually to the school divisions and Department of Education on the outcomes of this program.

CC. Out of this appropriation, \$50,000 in the second year from the general fund is provided for Chesterfield County Public Schools to partner and plan with Virginia State University for the continued development of a College Partnership Laboratory School in support of Ettrick Elementary School.

DD. Out of this appropriation, \$175,000 is provided the second year from the general fund to establish a Career and Technical Education Vocational Laboratory pilot that will be located within the Virginia Aviation Academy located in the Newport News school division. This vocational-based lab will be developed and focused on advanced, augmented and virtual reality related education.

139.	State Education Assistance Programs (17800).....			\$6,459,942,658	\$6,733,290,559 \$6,728,466,142
	Standards of Quality for Public Education (SOQ) (17801).....	\$5,761,863,096	<del>\$5,962,735,008</del> \$5,960,310,629		
	Financial Incentive Programs for Public Education (17802).....	\$31,306,863	<del>\$164,957,065</del> \$101,666,720		
	Financial Assistance for Categorical Programs (17803).....	\$58,191,555	<del>\$59,102,697</del> \$58,010,050		
	Distribution of Lottery Funds (17805).....	\$608,581,144	<del>\$546,495,789</del> \$608,478,743		
	Fund Sources: General.....	\$5,648,408,991	<del>\$6,001,765,200</del> \$5,935,242,829		

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Special.....	\$895,000	\$895,000		
Commonwealth Transportation.....	\$2,310,000	<del>\$2,385,000</del> \$2,100,000		
Trust and Agency.....	\$808,328,667	<del>\$728,245,359</del> \$790,228,313		

Authority: Standards of Quality for Public Education (SOQ) (17801): Article VIII, Section 2, Constitution of Virginia; Chapter 667, Acts of Assembly, 1980; §§ 22.1-176 through 22.1-198, 22.1-199.1, 22.1-199.2, 22.1-213 through 22.1-221, 22.1-227 through 22.1-237, 22.1-253.13:1 through 22.1-253.13:8, 22.1-254.01, Code of Virginia; Title 51.1, Chapters 1, 5, 6.2, 7, and 14, Code of Virginia; P.L. 91-230, as amended; P.L. 93-380, as amended; P.L. 94-142, as amended; P.L. 98-524, as amended, Federal Code.

Financial Incentive Programs for Public Education (17802): §§ 22.1-24, 22.1-289.1 through 22.1-318, Code of Virginia; P.L. 79-396, as amended; P.L. 89-10, as amended; P.L. 89-642, as amended; P.L. 108-265, as amended; Title II P.L. 99-159, as amended, Federal Code.

Financial Assistance for Categorical Programs (17803): Discretionary Inclusion; Treaty of 1677 between Virginia and the Indians; §§ 22.1-3.4, 22.1-108, 22.1-199 through 22.1-212.2:2, 22.1-213 through 22.1-221, 22.1-223 through 22.1-237, 22.1-254, Code of Virginia; P.L. 89-10, as amended; P.L. 91-230, as amended; P.L. 93-380, as amended; P.L. 94-142, as amended; P.L. 94-588; P.L. 95-561, as amended; P.L. 98-211, as amended; P.L. 98-524, as amended; P.L. 99-570; P.L. 100-297, as amended; P.L. 102-73, as amended; P.L. 105-220, as amended, Federal Code.

Distribution of Lottery Funds (17805): §§ 58.1-4022 and 58.1-4022.1, Code of Virginia

#### Appropriation Detail of Education Assistance Programs (17800)

Standards of Quality (17801)	FY 2017	FY 2018
Basic Aid	\$3,186,089,992	\$3,187,633,305 \$3,183,987,395
Sales Tax	\$1,347,400,000	\$1,377,942,000 \$1,379,600,000
Textbooks (spilt funded)	\$12,159,059	\$76,599,186 \$76,553,532
Vocational Education	\$52,314,746	\$52,236,389 \$52,171,294
Gifted Education	\$34,319,375	\$34,425,282 \$34,402,263
Special Education	\$382,103,771	\$382,857,839 \$382,617,870
Prevention, Intervention, and Remediation	\$113,782,747	\$113,821,446 \$113,569,762
English as a Second Language (split funded)	\$0	\$55,594,856 \$57,167,836
VRS Retirement (includes RHCC)	\$401,170,449	\$447,555,445 \$447,217,922
Social Security	\$194,571,030	\$195,042,985 \$194,895,531
Group Life	\$13,264,538	\$13,240,433 \$13,230,308
Remedial Summer School	\$24,687,389	\$25,785,842 \$23,836,129
<b>Total</b>	<b>\$5,761,863,096</b>	<b>\$5,962,735,008</b> <b>\$5,959,249,842</b>

#### Incentive Programs (17802)

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Compensation Supplement		\$0	<del>\$31,846,184</del>	\$31,728,026
Governor's School	\$17,906,049		<del>\$18,420,000</del>	\$18,308,731
Governor's School Planning Grant - Career and Technical Education	\$100,000			\$0
At-Risk Add-On (split funded)		\$0	<del>\$76,080,851</del>	\$45,699,972
Clinical Faculty	\$318,750			\$318,750
Career Switcher Mentoring Grants	\$279,983			\$279,983
Special Education Endorsement Program	\$550,000			\$437,186
Special Education – Vocational Education	\$200,089			\$200,089
Special Education - Regional Tuition (split funded)		\$0	<del>\$32,680,039</del>	\$0
Virginia Workplace Readiness Skills Assessment	\$308,655			\$308,655
Math/Reading Instructional Specialists Initiative	\$1,834,538			\$1,834,538
Early Reading Specialists Initiative	\$1,476,790			\$1,476,790
Breakfast After the Bell Incentive	\$1,074,000			\$1,074,000
Small School Division Enrollment Loss Fund	\$7,258,009			\$0
<b>Total</b>	<b>\$31,306,863</b>		<b>\$164,957,065</b>	<b>\$101,666,720</b>
<b>Categorical Programs (17803)</b>				
Adult Education	\$1,051,800			\$1,051,800
Adult Literacy	\$2,480,000			\$2,480,000
Virtual Virginia	\$5,355,808			\$5,425,808
American Indian Treaty Commitment	\$38,282		<del>\$37,691</del>	\$36,250
School Lunch Program	\$5,801,932			\$5,801,932
Special Education - Homebound	\$5,138,187		<del>\$5,240,952</del>	\$5,031,473
Special Education - Jails	\$3,420,695			\$3,476,490
Special Education - State Operated Programs	\$34,904,851		<del>\$35,588,024</del>	\$34,706,297
<b>Total</b>	<b>\$58,191,555</b>		<b>\$59,102,697</b>	<b>\$58,010,050</b>
<b>Lottery (17805)</b>				
Foster Care	\$9,198,359		<del>\$9,595,565</del>	\$10,129,022
At-Risk Add-On (split funded)	\$98,013,725		<del>\$22,010,800</del>	\$52,046,893
Virginia Preschool Initiative	\$69,351,713		<del>\$70,950,500</del>	\$69,097,338
Early Reading Intervention	\$20,057,840		<del>\$20,098,089</del>	\$22,635,044
Mentor Teacher	\$1,000,000			\$1,000,000
K-3 Primary Class Size Reduction	\$123,321,155		<del>\$128,583,847</del>	\$121,711,474

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School Breakfast Program	\$4,887,179		<del>\$5,492,229</del>	\$5,722,214
SOL Algebra Readiness	\$12,968,589		<del>\$12,775,341</del>	\$12,828,757
Supplemental Lottery Per Pupil Allocation	\$36,581,531		<del>\$191,267,718</del>	\$191,272,274
Regional Alternative Education	\$8,528,727		<del>\$8,639,782</del>	\$8,838,911
Individualized Student Alternative Education Program (ISAEP)	\$2,247,581			\$2,247,581
Special Education – Regional Tuition (split funded)	\$84,678,643		<del>\$54,898,940</del>	\$92,162,325
Career and Technical Education – Categorical	\$12,400,829			\$12,400,829
Project Graduation	\$2,774,478		<del>\$1,387,240</del>	\$1,387,387
Race to GED (NCLB/EFAL)	\$2,410,988			\$2,410,988
Path to Industry Certification (NCLB/EFAL)	\$1,831,464			\$1,831,464
Supplemental Basic Aid	\$810,169		<del>\$904,877</del>	\$756,242
Textbooks (split funded)	\$64,250,653			\$0
English as a Second Language (split funded)	\$53,267,521			\$0
<b>Total</b>	<b>\$608,581,144</b>		<b>\$546,495,789</b>	<b>\$608,478,743</b>
Technology – VPSA	\$67,138,400		<del>\$69,169,200</del>	\$58,735,300
Security Equipment - VPSA	\$6,000,000			\$6,000,000

Payments out of the above amounts shall be subject to the following conditions:

**A. Definitions**

1. "March 31 Average Daily Membership," or "March 31 ADM" - The responsible school division's average daily membership for grades K-12 including (1) handicapped students ages 5-21 and (2) students for whom English is a second language who entered school for the first time after reaching their twelfth birthday, and who have not reached twenty-two years of age on or before August 1 of the school year, for the first seven (7) months (or equivalent period) of the school year through March 31 in which state funds are distributed from this appropriation. Preschool and postgraduate students shall not be included in March 31 ADM.

a. School divisions shall take a count of September 30 fall membership and report this information to the Department of Education no later than October 15 of each year.

b. Except as otherwise provided herein, by statute, or by precedent, all appropriations to the Department of Education shall be calculated using March 31 ADM unadjusted for half-day kindergarten programs, estimated at 1,243,100.49 the first year and ~~1,248,935.53~~ 1,247,836.85 the second year. March 31 ADM for half-day kindergarten shall be adjusted at 85 percent.

c. Students who are either (i) enrolled in a nonpublic school or (ii) receiving home instruction pursuant to § 22.1-254.1 and who are enrolled in a public school on less than a full-time basis in any mathematics, science, English, history, social science, vocational education, health education or physical education, fine arts or foreign language course, or receiving special education services required by a student's individualized education plan, shall be counted in the funded fall membership and March 31 ADM of the responsible school division. Each course shall be counted as 0.25, up to a cap of 0.5 of a student.



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d. Students enrolled in an Individualized Student Alternative Education Program (ISAEP) pursuant to § 22.1-254 E shall be counted in the March 31 Average Daily Membership of the responsible school division. School divisions shall report these students separately in their March 31 reports of Average Daily Membership.				
2. "Standards of Quality" - Operations standards for grades kindergarten through 12 as prescribed by the Board of Education subject to revision by the General Assembly.				
3.a. "Basic Operation Cost" - The cost per pupil, including provision for the number of instructional personnel required by the Standards of Quality for each school division with a minimum ratio of 51 professional personnel for each 1,000 pupils or proportionate number thereof, in March 31 ADM for the same fiscal year for which the costs are computed, and including provision for driver, gifted, occupational-vocational, and special education, library materials and other teaching materials, teacher sick leave, general administration, division superintendents' salaries, free textbooks (including those for free and reduced price lunch pupils), school nurses, operation and maintenance of school plant, transportation of pupils, instructional television, professional and staff improvement, remedial work, fixed charges and other costs in programs not funded by other state and/or federal aid.				
b. The state and local shares of funding resulting from the support cost calculation for school nurses shall be specifically identified as such and reported to school divisions annually. School divisions may spend these funds for licensed school nurse positions employed by the school division or for licensed nurses contracted by the local school division to provide school health services.				
4.a. "Composite Index of Local Ability-to-Pay" - An index figure computed for each locality. The composite index is the sum of 2/3 of the index of wealth per pupil in unadjusted March 31 ADM reported for the first seven (7) months of the 2013-2014 school year and 1/3 of the index of wealth per capita (population estimates for 2013 as determined by the Weldon Cooper Center for Public Service of the University of Virginia) multiplied by the local nominal share of the costs of the Standards of Quality of 0.45 in each year. The indices of wealth are determined by combining the following constituent index elements with the indicated weighting: (1) true values of real estate and public service corporations as reported by the State Department of Taxation for the calendar year 2013 - 50 percent; (2) adjusted gross income for the calendar year 2013 as reported by the State Department of Taxation - 40 percent; (3) the sales for the calendar year 2013 which are subject to the state general sales and use tax, as reported by the State Department of Taxation - 10 percent. Each constituent index element for a locality is its sum per March 31 ADM, or per capita, expressed as a percentage of the state average per March 31 ADM, or per capita, for the same element. A locality whose composite index exceeds 0.8000 shall be considered as having an index of 0.8000 for purposes of distributing all payments based on the composite index of local ability-to-pay. Each constituent index element for a locality used to determine the composite index of local ability-to-pay for the current biennium shall be the latest available data for the specified official base year provided to the Department of Education by the responsible source agencies no later than November 15, 2015.				
b. For any locality whose total calendar year 2013 Virginia Adjusted Gross Income is comprised of at least 3 percent or more by nonresidents of Virginia, such nonresident income shall be excluded in computing the composite index of ability-to-pay. The Department of Education shall compute the composite index for such localities by using adjusted gross income data which exclude nonresident income, but shall not adjust the composite index of any other localities. The Department of Taxation shall furnish to the Department of Education such data as are necessary to implement this provision.				
c.1) Notwithstanding the funding provisions in § 22.1-25 D, Code of Virginia, additional state funding for future consolidations shall be as set forth in future Appropriation Acts.				
2) In the case of the consolidation of Clifton Forge and Alleghany County school divisions, the fifteen year period for the application of a new composite index shall apply beginning with the fiscal year that starts on July 1, 2004. The composite index established by the Board of Education shall equal the lowest composite index that was in effect prior				



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10. In the event that the general fund appropriations in this Item are not sufficient to meet the entitlements payable to school divisions pursuant to the provisions of this Item, the Department of Education is authorized to transfer any available general fund funds between these Items to address such insufficiencies. If the total general fund appropriations after such transfers remain insufficient to meet the entitlements of any program funded with general fund dollars, the Department of Education is authorized to prorate such shortfall proportionately across all of the school divisions participating in any program where such shortfall occurred. In addition, the Department of Education is authorized each year to temporarily suspend textbook payments made to school divisions from Lottery funds to ensure that any shortfall in Lottery revenue can be accounted for in the remaining textbook payments to be made for the year.				
11. The Department of Education is directed to apply a cap on inflation rates in the same manner prescribed in § 51.1-166.B, Code of Virginia, when updating funding to school divisions during the biennial rebenchmarking process.				
12. Notwithstanding any other provision in statute or in this Item, the Department of Education is directed to combine the end-of-year Average Daily Membership (ADM) for those school divisions who have partnered together as a fiscal agent division and a contractual division for the purposes of calculating prevailing costs included in the Standards of Quality (SOQ).				
13. Notwithstanding any other provision in statute or in this Item, the Department of Education is directed to include zeroes in the linear weighted average calculation of support non-personal costs for the purpose of calculating prevailing costs included in the Standards of Quality (SOQ).				
14. Notwithstanding any other provision in statute or in this Item, the Department of Education is directed to eliminate the corresponding and appropriate object code(s) related to reported travel expenditures included the linear weighted average non-personal cost calculations for the purpose of calculating prevailing costs included in the Standards of Quality (SOQ).				
15. Notwithstanding any other provision in statute or in this Item, the Department of Education is directed to eliminate the corresponding and appropriate object code(s) related to reported leases and rental and facility expenditures included the linear weighted average non-personal cost calculations for the purpose of calculating prevailing costs included in the Standards of Quality (SOQ).				
16. Notwithstanding any other provision in statute or in this Item, the Department of Education is directed to fund transportation costs using a 15 year replacement schedule, which is the national standard guideline, for school bus replacement schedule for the purpose of calculating funded transportation costs included in the Standards of Quality (SOQ).				
17. To provide temporary flexibility, notwithstanding any other provision in statute or in this Item, school divisions may elect to increase the teacher to pupil staffing ratios in kindergarten through grade 7 and English classes for grades 6 through twelve by one additional student; the teacher to pupil staffing ratio requirements for Elementary Resource teachers, Prevention, Intervention and Remediation, English as a Second Language, Gifted and Talented, Career and Technical funded programs (other than on Career and Technical courses where school divisions will have to maintain a maximum class size based on federal Occupational Safety & Health Administration safety requirements) are waived; and the instructional and support technology positions, librarians and guidance counselors staffing ratios for new hires are waived.				
18. To provide additional flexibility, notwithstanding the provisions of § 22.1-79.1, Code of Virginia, any school division that was granted a waiver regarding the opening date of the school year for the 2011-12 school year under the good cause requirements shall continue to be granted a waiver for the 2016-17 school year and the 2017-2018 school year.				

**B. General Conditions**

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1. The Standards of Quality cost in this Item related to fringe benefits shall be limited for instructional staff members to the employer's cost for a number not exceeding the number of instructional positions required by the Standards of Quality for each school division and for their salaries at the statewide prevailing salary levels as printed below.

Instructional Position	First Year Salary	Second Year Salary
Elementary Teachers	\$47,185	\$47,185
Elementary Assistant Principals	\$67,119	\$67,119
Elementary Principals	\$82,846	\$82,846
Secondary Teachers	\$49,744	\$49,744
Secondary Assistant Principals	\$72,057	\$72,057
Secondary Principals	\$92,041	\$92,041
Instructional Aides	\$17,108	\$17,108

a.1) Payment by the state to a local school division shall be based on the state share of fringe benefit costs of 55 percent of the employer's cost distributed on the basis of the composite index.

2) A locality whose composite index exceeds 0.8000 shall be considered as having an index of 0.8000 for purposes of distributing fringe benefit funds under this provision.

3) The state payment to each school division for retirement, social security, and group life insurance costs for non-instructional personnel is included in and distributed through Basic Aid.

b. Payments to school divisions from this Item shall be calculated using March 31 Average Daily Membership adjusted for half-day kindergarten programs.

c. Payments for health insurance fringe benefits are included in and distributed through Basic Aid.

2. Each locality shall offer a school program for all its eligible pupils which is acceptable to the Department of Education as conforming to the Standards of Quality program requirements.

3. In the event the statewide number of pupils in March 31 ADM results in a state share of cost exceeding the general fund appropriation in this Item, the locality's state share of Basic Aid shall be reduced proportionately so that this general fund appropriation will not be exceeded. In addition, the required local share of Basic Aid shall also be reduced proportionately to the reduction in the state's share.

4. The Department of Education shall make equitable adjustments in the computation of indices of wealth and in other state-funded accounts for localities affected by annexation, unless a court of competent jurisdiction makes such adjustments. However, only the indices of wealth and other state-funded accounts of localities party to the annexation will be adjusted.

5. In the event that the actual revenues from the state sales and use tax dedicated to public education and those sales tax revenues transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund and appropriated in this Item (both of which are returned on the basis of the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service) for sales in the fiscal year in which the school year begins are different from the number estimated as the basis for this appropriation, the estimated state sales and use tax revenues shall not be adjusted.

6. This appropriation shall be apportioned to the public schools with guidelines established by the Department of Education consistent with legislative intent as expressed in this act.

7.a. Appropriations of state funds in this Item include the number of positions required by the Standards of Quality. This Item includes a minimum of 51 professional instructional positions and aide positions (C 5); Education of the Gifted, 1.0 professional instructional position (C 6); Occupational-Vocational Education Payments and Special Education Payments; a minimum of 6.0 professional instructional positions and aide positions (C 7 and C 8) for each 1,000 pupils in March 31 ADM each year in support of the current Standards of Quality. Funding in

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	support of one hour of additional instruction per day based on the percent of students eligible for the federal free lunch program with a pupil-teacher ratio range of 18:1 to 10:1, depending upon a school division's combined failure rate on the English and Math Standards of Learning, is included in Remedial Education Payments (C 9).			
	b. No actions provided in this section signify any intent of the General Assembly to mandate an increase in the number of instructional personnel per 1,000 students above the numbers explicitly stated in the preceding paragraph.			
	c. Appropriations in this Item include programs supported in part by transfers to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund pursuant to Part 3 of this Act. These transfers combined together with other appropriations from the general fund in this Item funds the state's share of the following revisions to the Standards of Quality pursuant to Chapters 939 & 955 of the Acts of Assembly of 2004: five elementary resource teachers per 1,000 students; one support technology position per 1,000 students; one instructional technology position per 1,000 students; and a full daily planning period for teachers at the middle and high school levels in order to relieve the financial pressure these education programs place on local real estate taxes.			
	d. To provide flexibility, school divisions may use the state and local funds for instructional technology resource teachers required by the Standards of Quality to employ a data coordinator position, an instructional technology resource teacher position, or a data coordinator/instructional resource teacher blended position. The data coordinator position is intended to serve as a resource to principals and classroom teachers in the area of data analysis and interpretation for instructional and school improvement purposes, as well as for overall data management and administration of state assessments. School divisions using these SOQ funds in this manner shall only employ instructional personnel licensed by the Board of Education.			
	e. To provide flexibility in the provision of reading intervention services, school divisions may use the state Early Reading Intervention initiative funding provided from the Lottery Proceeds Fund and the required local matching funds to employ reading specialists to provide the required reading intervention services. School divisions using the Early Reading Intervention Initiative funds in this manner shall only employ instructional personnel licensed by the Board of Education.			
	f. To provide flexibility in the provision of mathematics intervention services, school divisions may use the state Standards of Learning Algebra Readiness initiative funding provided from the Lottery Proceeds Fund and the required local matching funds to employ mathematics teacher specialists to provide the required mathematics intervention services. School divisions using the Standards of Learning Algebra Readiness initiative funding in this manner shall only employ instructional personnel licensed by the Board of Education.			
	8.a.1) Pursuant to § 22.1-97, Code of Virginia, the Department of Education is required to make calculations at the start of the school year to ensure that school divisions have appropriated adequate funds to support their estimated required local expenditure for the corresponding state fiscal year. In an effort to reduce the administrative burden on school divisions resulting from state data collections, such as the one needed to make the aforementioned calculations, the requirements of § 22.1-97, Code of Virginia, pertaining to the adequacy of estimated required local expenditures, shall be satisfied by signed certification by each division superintendent at the beginning of each school year that sufficient local funds have been budgeted to meet all state required local effort and required local match amounts. This provision shall only apply to calculations required of the Department of Education related to estimated required local expenditures and shall not pertain to the calculations associated with actual required local expenditures after the close of the school year.			
	2) The Department of Education shall also make calculations after the close of the school year to verify that the required local effort level, based on actual March 31 Average Daily Membership, was met. Pursuant to § 22.1-97, Code of Virginia, the Department of Education shall report annually, no later than the first day of the General Assembly session, to the House Committees on Education and Appropriations and the Senate Committees on Finance and Education and Health, the results of such calculations made			

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<p>after the close of the school year and the degree to which each school division has met, failed to meet, or surpassed its required local expenditure. The Department of Education shall specify the calculations to determine if a school division has expended its required local expenditure for the Standards of Quality. This calculation may include but is not limited to the following calculations:</p>				
<p>b. The total expenditures for operation, defined as total expenditures less all capital outlays, expenditures for debt service, facilities, non-regular day school programs (such as adult education, preschool, and non-local education programs), and any transfers to regional programs will be calculated.</p>				
<p>c. The following state funds will be deducted from the amount calculated in paragraph a. above: revenues from the state sales and use tax (returned on the basis of the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service, as specified in this Item) for sales in the fiscal year in which the school year begins; total receipts from state funds (except state funds for non-regular day school programs and state funds used for capital or debt service purposes); and the state share of any balances carried forward from the previous fiscal year. Any qualifying state funds that remain unspent at the end of the fiscal year will be added to the amount calculated in paragraph a. above.</p>				
<p>d. Federal funds, and any federal funds carried forward from the previous fiscal year, will also be deducted from the amount calculated in paragraph a. above. Any federal funds that remain unspent at the end of the fiscal year and any capital expenditures paid from federal funds will be added to the amount calculated in paragraph a. above.</p>				
<p>e. Tuition receipts, receipts from payments from other cities or counties, and fund transfers will also be deducted from the amount calculated in paragraph a, then</p>				
<p>f. The final amount calculated as described above must be equal to or greater than the required local expenditure defined in paragraph A. 5.</p>				
<p>g. The Department of Education shall collect the data necessary to perform the calculations of required local expenditure as required by this section.</p>				
<p>h. A locality whose expenditure in fact exceeds the required amount from local funds may not reduce its expenditures unless it first complies with all of the Standards of Quality.</p>				
<p>9.a. Any required local matching funds which a locality, as of the end of a school year, has not expended, pursuant to this Item, for the Standards of Quality shall be paid by the locality into the general fund of the state treasury. Such payments shall be made not later than the end of the school year following that in which the under expenditure occurs.</p>				
<p>b. Whenever the Department of Education has recovered funds as defined in the preceding paragraph a., the Secretary of Education is authorized to repay to the locality affected by that action, seventy-five percent (75%) of those funds upon his determination that:</p>				
<p>1) The local school board agrees to include the funds in its June 30 ending balance for the year following that in which the under expenditure occurs;</p>				
<p>2) The local governing body agrees to reappropriate the funds as a supplemental appropriation to the approved budget for the second year following that in which the under expenditure occurs, in an appropriate category as requested by the local school board, for the direct benefit of the students;</p>				
<p>3) The local school board agrees to expend these funds, over and above the funds required to meet the required local expenditure for the second year following that in which the under expenditure occurs, for a special project, the details of which must be furnished to the Department of Education for review and approval;</p>				
<p>4) The local school board agrees to submit quarterly reports to the Department of Education on the use of funds provided through this project award; and</p>				
<p>5) The local governing body and the local school board agree that the project award will be cancelled and the funds withdrawn if the above conditions have not been met as of June 30 of the second year following that in which the under expenditure occurs.</p>				

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c. There is hereby appropriated, for the purposes of the foregoing repayment, a sum sufficient, not to exceed 75 percent of the funds deposited in the general fund pursuant to the preceding paragraph a.				
10. The Department of Education shall specify the manner for collecting the required information and the method for determining if a school division has expended the local funds required to support the actual local match based on all Lottery and Incentive programs in which the school division has elected to participate. Unless specifically stated otherwise in this Item, school divisions electing to participate in any Lottery or Incentive program that requires a local funding match in order to receive state funding, shall certify to the Department of Education its intent to participate in each program by July 1 each fiscal year in a manner prescribed by the Department of Education. As part of this certification process, each division superintendent must also certify that adequate local funds have been appropriated, above the required local effort for the Standards of Quality, to support the projected required local match based on the Lottery and Incentive programs in which the school division has elected to participate. State funding for such program(s) shall not be made until such time that the school division can certify that sufficient local funding has been appropriated to meet required local match. The Department of Education shall make calculations after the close of the fiscal year to verify that the required local match was met based on the state funds that were received.				
11. Any sum of local matching funds for Lottery and Incentive program which a locality has not expended as of the end of a fiscal year in support of the required local match pursuant to this Item shall be paid by the locality into the general fund of the state treasury unless the carryover of those unspent funds is specifically permitted by other provisions of this act. Such payments shall be made no later than the end of the school year following that in which the under expenditure occurred.				
12. The Superintendent of Public Instruction shall provide a report annually, no later than the first day of the General Assembly session, on the status of teacher salaries, by local school division, to the Governor and the Chairmen of the Senate Finance and House Appropriations Committees. In addition to information on average salaries by school division and statewide comparisons with other states, the report shall also include information on starting salaries by school division and average teacher salaries by school.				
13. All state and local matching funds required by the programs in this Item shall be appropriated to the budget of the local school board.				
14. By November 15 of each year, the Department of Planning and Budget, in cooperation with the Department of Education, shall prepare and submit a preliminary forecast of Standards of Quality expenditures, based upon the most current data available, to the Chairmen of the House Appropriations and Senate Finance Committees. In odd-numbered years, the forecast for the current and subsequent two fiscal years shall be provided. In even-numbered years, the forecast for the current and subsequent fiscal year shall be provided. The forecast shall detail the projected March 31 Average Daily Membership and the resulting impact on the education budget.				
15. School divisions may choose to use state payments provided for Standards of Quality Prevention, Intervention, and Remediation in both years as a block grant for remediation purposes, without restrictions or reporting requirements, other than reporting necessary as a basis for determining funding for the program.				
16. Except as otherwise provided in this act, the Superintendent of Public Instruction shall provide guidelines for the distribution and expenditure of general fund appropriations and such additional federal, private and other funds as may be made available to aid in the establishment and maintenance of the public schools.				
17. At the Department of Education's option, fees for audio-visual services may be deducted from state Basic Aid payments for individual local school divisions.				
18. For distributions not otherwise specified, the Department of Education, at its option, may use prior year data to calculate actual disbursements to individual localities.				
19. Payments for accounts related to the Standards of Quality made to localities for public				

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	education from the general fund, as provided herein, shall be payable in twenty-four semi-monthly installments at the middle and end of each month.			
	20. Notwithstanding § 58.1-638 D., Code of Virginia, and other language in this Item, the Department of Education shall, for purposes of calculating the state and local shares of the Standards of Quality, apportion state sales and use tax dedicated to public education and those sales tax revenues transferred to the general fund from the Public Education Standards of Quality/ Local Real Estate Property Tax Relief Fund in the first year based on the July 1, 2014, estimate of school age population provided by the Weldon Cooper Center for Public Service and, in the second year, based on the July 1, 2015, estimate of school age population provided by the Weldon Cooper Center for Public Service.			
	Notwithstanding § 58.1-638 D., Code of Virginia, and other language in this Item, the State Comptroller shall distribute the state sales and use tax revenues dedicated to public education and those sales tax revenues transferred to the general fund from the Public Education Standards of Quality/ Local Real Estate Property Tax Relief Fund in the first year based on the July 1, 2014, estimate of school age population provided by the Weldon Cooper Center for Public Service and, in the second year, based on the July 1, 2015, estimate of school age population provided by the Weldon Cooper Center for Public Service.			
	21. The school divisions within the Tobacco Region, as defined by the Tobacco Indemnification and Community Revitalization Commission, shall jointly explore ways to maximize their collective expenditure reimbursement totals for all eligible E-Rate funding.			
	22. This Item includes appropriations totaling an estimated \$608,581,144 the first year and <del>\$546,495,789</del> \$608,478,743 the second year from the revenues deposited to the Lottery Proceeds Fund. These amounts are appropriated for distribution to counties, cities, and towns to support public education programs pursuant to Article X, Section 7-A Constitution of Virginia. Any county, city, or town which accepts a distribution from this fund shall provide its portion of the cost of maintaining an educational program meeting the Standards of Quality pursuant to Section 2 of Article VIII of the Constitution without the use of distributions from the fund.			
	23. For reporting purposes, the Department of Education shall include Lottery Proceeds Funds as state funds.			
	24.a. Any locality that has met its required local effort for the Standards of Quality accounts for FY 2017 and that has met its required local match for incentive or Lottery-funded programs in which the locality elected to participate in FY 2017 may carry over into FY 2018 any remaining state Direct Aid to Public Education fund balances available to help minimize any FY 2018 revenue adjustments that may occur in state funding to that locality. Localities electing to carry forward such unspent state funds must appropriate the funds to the school division for expenditure in FY 2018.			
	b. Any locality that has met its required local effort for the Standards of Quality accounts for FY 2018 and that has met its required local match for incentive or Lottery-funded programs in which the locality elected to participate in FY 2018 may carry over into FY 2019 any remaining state Direct Aid to Public Education fund balances available to help minimize any FY 2019 revenue adjustments that may occur in state funding to that locality. Localities electing to carry forward such unspent state funds must appropriate the funds to the school division for expenditure in FY 2019.			
	25. Localities are encouraged to allow school boards to carry over any unspent local allocations into the next fiscal year. Localities are also encouraged to provide increased flexibility to school boards by appropriating state and local funds for public education in a lump sum.			
	26. The Department of Education shall include in the annual School Performance Report Card for school divisions the percentage of each division's annual operating budget allocated to instructional costs. For this report, the Department of Education shall establish a methodology for allocating each school division's expenditures to instructional and non-instructional costs in a manner that is consistent with the funding of the Standards of Quality as approved by the General Assembly.			



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27. It is the intent of the General Assembly that all school divisions annually provide their employees, upon request, with a user-friendly statement of total compensation, including contract duration if less than 12 months.				
28. The Department of Education, in collaboration with the Virginia Community College System, will ensure that the same policies regarding the cost for dual enrollment courses held at a community college, are consistently applied to public school students and home-schooled students alike. These policies will clearly address the school division contributions and any student charges for dual enrollment courses, and will ensure that public school students and home-school students are treated in the same manner.				
<b>C. Apportionment</b>				
1. Subject to the conditions stated in this paragraph and in paragraph B of this Item, each locality shall receive sums as listed above within this program for the basic operation cost and payments in addition to that cost. The apportionment herein directed shall be inclusive of, and without further payment by reason of, state funds for library and other teaching materials.				
2. School Employee Retirement Contributions				
a. This Item provides funds to each local school board for the state share of the employer's retirement cost incurred by it, on behalf of instructional personnel, for subsequent transfer to the retirement allowance account as provided by Title 51.1, Chapter 1, Code of Virginia.				
b. Notwithstanding § 51.1-1401, Code of Virginia, the Commonwealth shall provide payments for only the state share of the Standards of Quality fringe benefit cost of the retiree health care credit. This Item includes payments in both years based on the state share of fringe benefit costs of 55 percent of the employer's cost on funded Standards of Quality instructional positions, distributed based on the composite index of the local ability-to-pay.				
3. School Employee Social Security Contributions				
a. This Item provides funds to each local school board for the state share of the employer's Social Security cost incurred by it, on behalf of the instructional personnel for subsequent transfer to the Contribution Fund pursuant to Title 51.1, Chapter 7, Code of Virginia.				
b. Appropriations for contributions in paragraphs 2 and 3 above include payments from funds derived from the principal of the Literary Fund in accordance with Article VIII, Section 8, of the Constitution of Virginia. The amounts set aside from the Literary Fund for these purposes shall not exceed \$199,347,523 the first year and \$181,349,570 the second year.				
4. School Employee Insurance Contributions				
This Item provides funds to each local school board for the state share of the employer's Group Life Insurance cost incurred by it on behalf of instructional personnel who participate in group insurance under the provisions of Title 51.1, Chapter 5, Code of Virginia.				
5. Basic Aid Payments				
a.1) A state share of the Basic Operation Cost, which cost per pupil in March 31 ADM is established individually for each local school division based on the number of instructional personnel required by the Standards of Quality and the statewide prevailing salary levels (adjusted in Planning District Eight for the cost of competing) as well as recognized support costs calculated on a prevailing basis for an estimated March 31 ADM.				
2) This appropriation includes funding to recognize the common labor market in the Washington-Baltimore-Northern Virginia, DC-MD-VA-WV Combined Statistical Area. Standards of Quality salary payments for instructional and support positions in school divisions of the localities set out below have been adjusted for the equivalent portion of the Cost of Competing Adjustment (COCA) rates that are paid to local school divisions in				

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<p>Planning District Eight. For the counties of Stafford, Fauquier, Spotsylvania, Clarke, Warren, Frederick, and Culpeper and the Cities of Fredericksburg and Winchester, the SOQ payments for instructional and support positions have been increased by 25 percent each year of the COCA rates paid to school divisions in Planning District Eight.</p>				
<p>The support COCA rate is 10.6 percent.</p>				
<p>b. The state share for a locality shall be equal to the Basic Operation Cost for that locality less the locality's estimated revenues from the state sales and use tax (returned on the basis of the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service, as specified in this Item), in the fiscal year in which the school year begins and less the required local expenditure.</p>				
<p>c. For the purpose of this paragraph, the Department of Taxation's fiscal year sales and use tax estimates are as cited in this Item.</p>				
<p>d. 1) In accordance with the provisions of § 37.2-713, Code of Virginia, the Department of Education shall deduct the locality's share for the education of handicapped pupils residing in institutions within the Department of Behavioral Health and Developmental Services from the locality's Basic Aid payments.</p>				
<p>2) The amounts deducted from Basic Aid for the education of intellectually disabled persons shall be transferred to the Department of Behavioral Health and Developmental Services in support of the cost of educating such persons; the amount deducted from Basic Aid for the education of emotionally disturbed persons shall be used to cover extraordinary expenses incurred in the education of such persons. The Department of Education shall establish guidelines to implement these provisions and shall provide for the periodic transfer of sums due from each local school division to the Department of Behavioral Health and Developmental Services and for Special Education categorical payments. The amount of the actual transfers will be based on data accumulated during the prior school year.</p>				
<p>e. 1) The apportionment to localities of all driver education revenues received during the school year shall be made as an undesignated component of the state share of Basic Aid in accordance with the provisions of this Item. Only school divisions complying with the standardized program established by the Board of Education shall be entitled to participate in the distribution of state funds appropriated for driver education. The Department of Education will deduct a designated amount per pupil from a school division's Basic Aid payment when the school division is not in compliance with § 22.1-205 C, Code of Virginia. Such amount will be computed by dividing the current appropriation for the Driver Education Fund by actual March 31 ADM.</p>				
<p>2) Local school boards may charge a per pupil fee for behind-the-wheel driver education provided, however, that the fee charged plus the per pupil basic aid reimbursement for driver education shall not exceed the actual average per pupil cost. Such fees shall not be cause for a pro rata reduction in Basic Aid payments to school divisions.</p>				
<p>f. Textbooks</p>				
<p>1) The appropriation in this Item includes \$12,159,059 the first year and <del>\$76,599,186</del> \$76,553,532 the second year from the general fund and \$64,250,653 the first year from the Lottery Proceeds Fund as the state's share of the cost of textbooks based on a per pupil amount of \$109.78 the first year and \$109.78 the second year. A school division shall appropriate these funds for textbooks or any other public education instructional expenditure by the school division. The state's distributions for textbooks shall be based on adjusted March 31 ADM. These funds shall be matched by the local government, based on the composite index of local ability-to-pay.</p>				
<p>2) School divisions shall provide free textbooks to all students.</p>				
<p>3) School divisions may use a portion of this funding to purchase Standards of Learning instructional materials. School divisions may also use these funds to purchase electronic textbooks or other electronic media resources integral to the curriculum and classroom instruction and the technical equipment required to read and access the electronic textbooks and electronic curriculum materials.</p>				

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4) Any funds provided to school divisions for textbook costs that are unexpended as of June 30, 2017, or June 30, 2018, shall be carried on the books of the locality to be appropriated to the school division the following year to be used for same purpose. School divisions are permitted to carry forward any remaining balance of textbook funds until the funds are expensed for a qualifying purpose.				
g. The one-cent state sales and use tax earmarked for education and the sales tax revenues transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund and appropriated in this Item which are distributed to localities on the basis of the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service as specified in this Item shall be reflected in each locality's annual budget for educational purposes as a separate revenue source for the current fiscal year.				
h. The appropriation for the Standards of Quality for Public Education (SOQ) includes amounts estimated at \$365,400,000 the first year and <del>\$374,280,780</del> \$379,100,000 the second year from the amounts transferred to the general fund from the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund pursuant to Part 3 of this act which are derived from the 0.375 cent increase in the state sales and use tax levied pursuant to § 58.1-638, Code of Virginia. These additional funds are provided to local school divisions and local governments in order to relieve the financial pressure education programs place on local real estate taxes.				
i. From the total amounts in paragraph h. above, an amount estimated at \$243,600,000 the first year and <del>\$249,487,190</del> \$252,700,000 the second year (approximately 1/4 cent of sales and use tax) is appropriated to support a portion of the cost of the state's share of the following revisions to the Standards of Quality pursuant to Chapters 939 & 955 of the Acts of Assembly of 2004: five elementary resource teachers per 1,000 students; one support and one instructional technology position per 1,000 students; a full daily planning period for teachers at the middle and high school levels in order to relieve the pressure on local real estate taxes and shall be taken into account by the governing body of the county, city, or town in setting real estate tax rates.				
j. From the total amounts in paragraph h. above, an amount estimated at \$121,800,000 the first year and <del>\$124,793,590</del> \$126,400,000 the second year (approximately 1/8 cent of sales and use tax) is appropriated in this Item to distribute the remainder of the revenues collected and deposited into the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund on the basis of the latest yearly estimate of school age population provided by the Weldon Cooper Center for Public Service as specified in this Item.				
k. For the purposes of funding certain support positions in Basic Aid, a funding ratio methodology is used based upon the prevailing ratio of actual support positions, consistent with those recognized for SOQ funding, to actual instructional positions, consistent with those recognized for SOQ funding, as established in Chapter 781, 2009 Acts of Assembly. For the purposes of making the required spending adjustments, the appropriation and distribution of Basic Aid shall reflect this methodology. Local school divisions shall have the discretion as to where the adjustment may be made, consistent with the Standards of Quality funded in this Act.				
6. Education of the Gifted Payments				
a. An additional payment shall be disbursed by the Department of Education to local school divisions to support the state share of one full-time equivalent instructional position per 1,000 students in adjusted March 31 ADM.				
b. Local school divisions are required to spend, as part of the required local expenditure for the Standards of Quality the established per pupil cost for gifted education (state and local share) on approved programs for the gifted.				
7. Occupational-Vocational Education Payments				
a. An additional payment shall be disbursed by the Department of Education to the local school divisions to support the state share of the number of Vocational Education				

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	instructors required by the Standards of Quality. These funds shall be disbursed on the same basis as the payment is calculated.			
	b. An amount estimated at \$110,555,414 the first year and <del>\$110,801,754</del> \$110,798,639 the second year from the general fund included in Basic Aid Payments relates to vocational education programs in support of the Standards of Quality.			
	8. Special Education Payments			
	a. An additional payment shall be disbursed by the Department of Education to the local school divisions to support the state share of the number of Special Education instructors required by the Standards of Quality. These funds shall be disbursed on the same basis as the payment is calculated.			
	b. Out of the amounts for special education payments, general fund support is provided to fund the caseload standards for speech pathologists at 68 students for each year of the biennium.			
	9. Remedial Education Payments			
	a. An additional payment estimated at \$113,782,747 the first year and <del>\$113,821,446</del> \$113,569,762 the second year from the general fund shall be disbursed by the Department of Education to support the Board of Education's Standards of Quality Prevention, Intervention, and Remediation program adopted in June 2003.			
	b. The payment shall be calculated based on one hour of additional instruction per day for identified students, using the three year average percent of students eligible for the federal Free Lunch program as a proxy for students needing such services. Fall membership shall be multiplied by the three year average division-level Free Lunch eligibility percentage to determine the estimated number of students eligible for services. Pupil-teacher ratios shall be applied to the estimated number of eligible students to determine the number of instructional positions needed for each school division. The pupil-teacher ratio applied for each school division shall range from 10:1 for those divisions with the most severe combined three year average failure rates for English and math Standards of Learning test scores to 18:1 for those divisions with the lowest combined three year average failure rates for English and math Standards of Learning test scores.			
	c. Funding shall be matched by the local government based on the composite index of local ability-to-pay.			
	d. To provide flexibility in the instruction of English Language Learners who have limited English proficiency and who are at risk of not meeting state accountability standards, school divisions may use state and local funds from the SOQ Prevention, Intervention, and Remediation account to employ additional English Language Learner teachers to provide instruction to identified limited English proficiency students. Using these funds in this manner is intended to supplement the instructional services provided through the SOQ staffing standard of 17 instructional positions per 1,000 limited English proficiency students. School divisions using the SOQ Prevention, Intervention, and Remediation funds in this manner shall only employ instructional personnel licensed by the Board of Education.			
	e. An additional state payment estimated at <del>\$76,080,851</del> \$45,699,972 the second year from the general fund and \$98,013,725 the first year and <del>\$22,010,800</del> \$52,046,893 the second year from the Lottery Proceeds Fund shall be disbursed based on the estimated number of federal Free Lunch participants, in support of programs for students who are educationally at risk. The additional payment shall be based on the state share of:			
	1) A minimum 1.0 percent add-on, as a percent of the per pupil basic aid cost, for each child who qualifies for the federal Free Lunch Program; and			
	2) An addition to the add-on, based on the concentration of children qualifying for the federal Free Lunch Program. Based on its percentage of Free Lunch participants, each school division will receive between 1.0 and 13.0 percent in additional basic aid per Free Lunch participant. These funds shall be matched by the local government, based on the composite index of local ability-to-pay.			

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3a) Local school divisions are required to spend the established at-risk payment (state and local share) on approved programs for students who are educationally at risk.

b) To receive these funds, each school division shall certify to the Department of Education that the state and local share of the at-risk payment will be used to support approved programs for students who are educationally at risk. These programs may include: Dropout Prevention, community and school-based truancy officer programs, Advancement Via Individual Determination (AVID), Project Discovery, Reading Recovery, programs for students who speak English as a second language, or programs related to increasing the success of disadvantaged students in completing a high school degree and providing opportunities to encourage further education and training. Further, each school division shall report to the Department, in the manner prescribed and date set by the Department, the uses of (i) increased funds in fiscal year 2017 above the levels in fiscal year 2016, as well as (ii) the uses of the base level of these funds. The Department shall compile the responses and provide them to the Chairmen of Senate Finance and House Appropriations Committees no later than the first day of the 2017 Session.

4) If the Board of Education has required a local school board to submit a corrective action plan pursuant to § 22.1-253.13:3, Code of Virginia, either for the school division pursuant to a division level review, or for any schools within its division that have been designated as not meeting the standards as approved by the Board of Education, the Superintendent of Public Instruction shall determine and report to the Board of Education whether each such local school board has met its obligation to develop and submit such corrective action plan(s) and is making adequate and timely progress in implementing the plan(s). Additionally, if an academic review process undertaken pursuant to § 22.1-253.13:3, Code of Virginia, has identified actions for a local school board to implement, the Superintendent of Public Instruction shall determine and report to the Board of Education whether the local school board has implemented required actions. If the Superintendent certifies that a local school board has failed or refused to meet any of those obligations, the Board of Education shall withhold payment of some or all At-Risk Add-On funds otherwise allocated to the affected division pursuant to this allocation for the pending fiscal year. In determining the amount of At-Risk Add-On funds to be withheld, the Board of Education shall take into consideration the extent to which such funds have already been expended or contractually obligated. The local school board shall be given an opportunity to correct its failure and, if successful in a timely manner, may have some or all of its At-Risk Add-On funds restored at the Board of Education's discretion.

f. Regional Alternative Education Programs

1) An additional state payment of \$8,528,727 the first year and ~~\$8,639,782~~\$8,838,911 the second year from the Lottery Proceeds Fund shall be disbursed for Regional Alternative Education programs. Such programs shall be for the purpose of educating certain expelled students and, as appropriate, students who have received suspensions from public schools and students returned to the community from the Department of Juvenile Justice.

2) Each regional program shall have a small student/staff ratio. Such staff shall include, but not be limited to education, mental health, health, and law enforcement professionals, who will collaborate to provide for the academic, psychological, and social needs of the students. Each program shall be designed to ensure that students make the transition back into the "mainstream" within their local school division.

3) a) Regional alternative education programs are funded through this Item based on the state's share of the incremental per pupil cost for providing such programs. This incremental per pupil payment shall be adjusted for the composite index of local ability-to-pay of the school division that counts such students attending such program in its March 31 Average Daily Membership. It is the intent of the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil funding provided to the affected school division for such students. Therefore, local school divisions are encouraged to provide the appropriate portion of the basic aid per pupil funding to the regional programs for students attending these programs, adjusted for costs incurred by the school division for transportation, administration, and any portion of the school day or school year that the student does not attend such program.

b) In the event a school division does not use all of the student slots it is allocated under

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this program, the unused slots may be reallocated or transferred to another school division.

1. A school division must request from the Department of Education the availability and possible use of any unused student slots. If any unused slots are available and if the requesting school division chooses to utilize any of the unused slots, the requesting school division shall only receive the state's share of tuition for the unused slot that was allocated in this Item for the originally designated school division.

2. However, no requesting school division shall receive more tuition funding from the state for any requested unused slot than what would have been the calculated amount for the requesting school division had the unused slot been allocated to the requesting school division in the original budget. Furthermore, the requesting school division shall pay for any remaining tuition payment necessary for using a previously unused slot.

3. The Department of Education shall provide assistance for the state share of the incremental cost of Regional Alternative Education program operations based on the composite index of local ability-to-pay.

g. Remedial Summer School

1) This appropriation includes \$24,687,389 the first year and ~~\$25,785,842~~ \$23,836,129 the second year from the general fund for the state's share of Remedial Summer School Programs. These funds are available to school divisions for the operation of programs designed to remediate students who are required to attend such programs during a summer school session or during an intersession in the case of year-round schools. These funds may be used in conjunction with other sources of state funding for remediation or intervention. School divisions shall have maximum flexibility with respect to the use of these funds and the types of remediation programs offered; however, in exercising this flexibility, students attending these programs shall not be charged tuition and no high school credit may be awarded to students who participate in this program.

2) For school divisions charging students tuition for summer high school credit courses, consideration shall be given to students from households with extenuating financial circumstances who are repeating a class in order to graduate.

3) From the amounts provided for Remedial Summer School, there is hereby appropriated \$300,000 the second year from the general fund to support pilot public-private partnerships between local school divisions and the Greater Richmond and Central Virginia affiliates of the Virginia Alliance of YMCAs to expand student participation opportunities in existing summer Power Scholars Academies in such partnered school divisions. The Virginia Alliance of YMCAs shall prepare and submit an evaluation report for such pilot partnerships between the school divisions and the Greater Richmond and Central Virginia YMCA affiliates to the Chairman of House Appropriations and Senate Finance Committees no later than October 31, 2018.

10. K-3 Primary Class Size Reduction Payments

a. An additional payment estimated at \$123,321,155 the first year and ~~\$128,583,847~~ \$121,711,474 the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education as an incentive for reducing class sizes in the primary grades.

b. The Department of Education shall calculate the payment based on the incremental cost of providing the lower class sizes based on the lower of the division average per pupil cost of all divisions or the actual division per pupil cost.

c. Localities are required to provide a match for these funds based on the composite index of local ability-to-pay.

d. By October 15 of each year school divisions must provide data to the Department of Education that each participating school has a September 30 pupil/teacher ratio in grades K through 3 that meet the following criteria:

Qualifying School Percentage of Students Approved Eligible for Free Lunch, Three-Year Average	Grades K-3 School Ratio	Maximum Individual K-3 Class Size
30% but less than 45%	19 to 1	24

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45% but less than 55%	18 to 1		23	
55% but less than 65%	17 to 1		22	
65% but less than 70%	16 to 1		21	
70% but less than 75%	15 to 1		20	
75% or more	14 to 1		19	

e. School divisions may elect to have eligible schools participate at a higher ratio, or only in a portion of grades kindergarten through three, with a commensurate reduction of state and required local funds, if local conditions do not permit participation at the established ratio and/or maximum individual class size. In the event that a school division requires additional actions to ensure participation at the established ratio and/or maximum individual class size, such actions must be completed by December 1 of the impacted school year. Special education teachers and instructional aides shall not be counted towards meeting these required pupil/teacher ratios in grades kindergarten through three.

f. The Superintendent of Public Instruction may grant waivers to school divisions for the class size requirement in eligible schools that have only one class in an affected grade level in the school.

11. Literary Fund Subsidy Program Payments

a. The Department of Education and the Virginia Public School Authority (VPSA) shall provide a program of funding for school construction and renovation through the Literary Fund and through VPSA bond sales. The program shall be used to provide funds, through Literary Fund loans and subsidies, and through VPSA bond sales, to fund a portion of the projects on the First or Second Literary Fund Waiting List, or other critical projects which may receive priority placement on the First or Second Literary Fund Waiting List by the Department of Education. Interest rate subsidies will provide school divisions with the present value difference in debt service between a Literary Fund loan and a borrowing through the VPSA. To qualify for an interest rate subsidy, the school division's project must be eligible for a Literary Fund loan and shall be subject to the same restrictions. The VPSA shall work with the Department of Education in selecting those projects to be funded through the interest rate subsidy/bond financing program, so as to ensure the maximum leverage of Literary Fund moneys and a minimum impact on the VPSA Bond Pool.

b. The Department of Education may offer Literary Fund loans from the uncommitted balances of the Literary Fund after meeting the obligations of the interest rate subsidy sales and the amounts set aside from the Literary Fund for Debt Service Payments for Education Technology in this Item.

c. 1) In the event that on any scheduled payment date of bonds of the Virginia Public School Authority (VPSA) authorized under the provisions of a bond resolution adopted subsequent to June 30, 1997, issued subsequent to June 30, 1997, and not benefiting from the provisions of either § 22.1-168 (iii), (iv), and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the sum of (i) the payments on general obligation school bonds of cities, counties, and towns (localities) paid to the VPSA and (ii) the proceeds derived from the application of the provisions of § 15.2-2659, Code of Virginia, to such bonds of localities, is less than the debt service due on such bonds of the VPSA on such date, there is hereby appropriated to the VPSA, first, from available moneys of the Literary Fund and, second, from the general fund a sum equal to such deficiency.

2) The Commonwealth shall be subrogated to the VPSA to the extent of any such appropriation paid to the VPSA and shall be entitled to enforce the VPSA's remedies with respect to the defaulting locality and to full recovery of the amount of such deficiency, together with interest at the rate of the defaulting locality's bonds.

d. The chairman of the Board of Commissioners of the VPSA shall, on or before November 1 of each year, make and deliver to the Governor and the Secretary of Finance a certificate setting forth his estimate of total debt service during each fiscal year of the biennium on bonds of the VPSA issued and projected to be issued during such biennium pursuant to the bond resolution referred to in paragraph a above. The Governor's budget

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submission each year shall include provisions for the payment of debt service pursuant to paragraph 1) above.				
12. Educational Technology Payments				
a. Any unobligated amounts transferred to the educational technology fund shall be disbursed on a pro rata basis to localities. The additional funds shall be used for technology needs identified in the division's technology plan approved by the Department of Education.				
b. The Department of Education shall authorize amounts estimated at \$11,618,250 the first year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2012.				
c. The Department of Education shall authorize amounts estimated at \$12,127,750 the first year and \$12,132,750 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2013.				
d. 1) The Department of Education shall authorize amounts estimated at \$13,248,500 the first year and \$13,246,250 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2014.				
2) It is the intent of the General Assembly to authorize sufficient Literary Fund revenues to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2018-2020 biennial budget for public education, the Department of Education shall include a recommendation to the Governor to authorize sufficient Literary Fund revenues to make debt service payments for this program in fiscal year 2019.				
e. 1) The Department of Education shall authorize amounts estimated at \$13,808,000 the first year and \$13,805,000 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2015.				
2) It is the intent of the General Assembly to authorize sufficient Literary Fund revenues to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2018-2020 biennial budget for public education, the Department of Education shall include a recommendation to the Governor to authorize sufficient Literary Fund revenues to make debt service payments for this program in fiscal years 2019 and 2020.				
f. 1) The Department of Education shall authorize amounts estimated at \$13,753,517 the first year and \$13,753,750 the second year from the Literary Fund to provide debt service payments for the education technology grant program conducted through the Virginia Public School Authority in 2016.				
2) It is the intent of the General Assembly to authorize sufficient Literary Fund revenues to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2018-2020 and 2020-2022 biennial budget for public education, the Department of Education shall include a recommendation to the Governor to authorize sufficient Literary Fund revenues to make debt service payments for this program in fiscal years 2019, 2020, and 2021.				
g. 1) An education technology grant program shall be conducted through the Virginia Public School Authority, through the issuance of equipment notes in an amount estimated at \$67,138,400 in fiscal year 2017 and <del>\$69,169,200</del> \$58,735,300 in fiscal year 2018. Proceeds of the notes will be used to establish a computer-based instructional and testing system for the Standards of Learning (SOL) and to develop the capability for high speed Internet connectivity at high schools followed by middle schools followed by elementary schools. School divisions shall use these funds first to develop and maintain the capability to support the administration of online SOL testing for all students with the exception of students with a documented need for a paper SOL test.				
2) The Department of Education shall authorize amounts estimated at <del>\$14,351,594</del>				





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requirement.				
b) School divisions that administer 100 percent of SOL tests online in all elementary, middle, and high schools may use up to 75 percent of their required local match to purchase targeted technology-based interventions. Such interventions may include the necessary technology and software to support online learning, technology-based content systems, content management systems, technology equipment systems, information and data management systems, and other appropriate technologies that support the individual needs of learners. School divisions that receive supplemental grants pursuant to paragraph g.5) above shall use the funds in qualifying schools to purchase laptops and tablets for ninth grade students reported in fall membership and content creation packages for teachers.				
7) The goal of the education technology grant program is to improve the instructional, remedial, and testing capabilities of the Standards of Learning for local school divisions and to increase the number of schools achieving full accreditation.				
8) Funds shall be used in the following manner:				
a) Each division shall use funds to reach a goal, in each high school, of: (1) a 5-to-1 student to computer ratio; (2) an Internet-ready local area network (LAN) capability; and (3) high speed access to the Internet. School connectivity (computers, LANs and network access) shall include sufficient download/upload capability to ensure that each student will have adequate access to Internet-based instructional, remedial and assessment programs.				
b) When each high school in a division meets the goals established in paragraph a) above, the remaining funds shall be used to develop similar capability in first the middle schools and then the elementary schools.				
c) For purposes of establishing or enhancing a computer-based instructional program supporting the Standards of Learning pursuant to paragraph g. 1) above, these grant funds may be used to purchase handheld multifunctional computing devices that support a broad range of applications and that are controlled by operating systems providing full multimedia support and mobile Internet connectivity. School divisions that elect to use these grant funds to purchase such qualifying handheld devices must continue to meet the on-line testing requirements stated in paragraph g. 1) above.				
d) School divisions shall be eligible to receive supplemental grants pursuant to paragraph g.5) above. These supplemental grants shall be used in qualifying schools for the purchase of laptops and tablets for ninth grade students reported in fall membership and content creation packages for teachers. Participating school divisions will be required to select a core set of electronic textbooks, applications and online services for productivity, learning management, collaboration, practice, and assessment to be included on all devices. In addition, participating school divisions will assume recurring costs for electronic textbook purchases and maintenance.				
e) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions became one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be provided funding through this program on the basis of having the same number of school divisions as existed prior to September 30, 2000.				
9) Local school divisions shall maximize the use of available federal funds, including E-Rate Funds, and to the extent possible, use such funds to supplement the program and meet the goals of this program.				
h. The Department of Education shall maintain criteria to determine if high schools, middle schools, or elementary schools have the capacity to meet the goals of this initiative. The Department of Education shall be responsible for the project management of this program.				
i. 1) In the event that, on any scheduled payment date of bonds or notes of the Virginia Public School Authority (VPSA) issued for the purpose described in § 22.1-166.2, Code of Virginia, and not benefiting from the provisions of either § 22.1-168 (iii), (iv) and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the available moneys in the Literary Fund are less than the amounts authorized for debt service due on such bonds or notes of the VPSA on such date, there is hereby appropriated to the VPSA from the general fund a sum equal to such				

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deficiency.

2) The Chairman of the Board of Commissioners of the VPSA shall, on or before November 1 of each year, make and deliver to the Governor and the Secretary of Finance a certificate setting forth his estimate of total debt service during each fiscal year of the biennium on bonds and notes of the VPSA issued and projected to be issued during such biennium pursuant to the resolution referred to in paragraph 1) above. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1) above.

j. Unobligated proceeds of the notes, including investment income derived from the proceeds of the notes may be used to pay interest on, or to decrease principal of the notes or to fund a portion of such other educational technology grants as authorized by the General Assembly.

k. 1) For the purposes of § 56-232, Code of Virginia, "Contracts of Telephone Companies with State Government" and for the purposes of § 56-234 "Contracts for Service Rendered by a Telephone Company for the State Government" shall be deemed to include communications lines into public schools which are used for educational technology. The rate structure for such lines shall be negotiated by the Superintendent of Public Instruction and the Chief Information Officer of the Virginia Information Technologies Agency. Further, the Superintendent and Director are authorized to encourage the development of "by-pass" infrastructure in localities where it fails to obtain competitive prices or prices consistent with the best rates obtained in other parts of the state.

2) The State Corporation Commission, in its consideration of the discount for services provided to elementary schools, secondary schools, and libraries and the universal service funding mechanisms as provided under § 254 of the Telecommunications Act of 1996, is hereby encouraged to make the discounts for intrastate services provided to elementary schools, secondary schools, and libraries for educational purposes as large as is prudently possible and to fund such discounts through the universal fund as provided in § 254 of the Telecommunications Act of 1996. The commission shall proceed as expeditiously as possible in implementing these discounts and the funding mechanism for intrastate services, consistent with the rules of the Federal Communications Commission aimed at the preservation and advancement of universal service.

13. Security Equipment Payments

1) A security equipment grant program shall be conducted through the Virginia Public School Authority, through the issuance of equipment notes in an amount estimated at up to \$6,000,000 in fiscal year 2017 and \$6,000,000 in fiscal year 2018 in conjunction with the Virginia Public School Authority technology notes program authorized in C.12. of this Item. Proceeds of the notes will be used to help offset the related costs associated with the purchase of appropriate security equipment that will improve and help ensure the safety of students attending public schools in Virginia.

2) The Department of Education shall authorize amounts estimated at \$4,924,392 the first year and ~~\$6,203,522~~ \$6,163,368 the second year from the Literary Fund to provide debt service payments for the security equipment grant programs conducted through the Virginia Public School Authority in fiscal years 2013, 2014, 2015, 2016, and 2017.

3) It is the intent of the General Assembly to authorize sufficient Literary Fund revenues to pay debt service on the Virginia Public School Authority bonds or notes authorized for this program. In developing the proposed 2018-2020, and 2020-2022, and 2022-2024 biennial budgets for public education, the Department of Education shall include a recommendation to the Governor to authorize sufficient Literary Fund revenues to make debt service payments for these programs in fiscal years 2019, 2020, 2021, 2022, and 2023.

4) In the event that, on any scheduled payment date of bonds or notes of the Virginia Public School Authority issued for the purpose described in § 22.1-166.2, Code of Virginia, and not benefiting from the provisions of either § 22.1-168 (iii), (iv) and (v), Code of Virginia, or § 22.1-168.1, Code of Virginia, the available moneys in the Literary Fund are less than the amounts authorized for debt service due on such bonds or notes on

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such date, there is hereby appropriated to the Virginia Public School Authority from the general fund a sum equal to such deficiency.

5) The Chairman of the Board of Commissioners of the Virginia Public School Authority shall, on or before November 1 of each year, deliver to the Governor and the Secretary of Finance a certificate setting forth his estimate of total debt service during each fiscal year of the biennium on bonds and notes issued and projected to be issued during such biennium. The Governor's budget submission each year shall include provisions for the payment of debt service pursuant to paragraph 1) above.

6) Grant award funds from the issuance of up to \$6,000,000 in fiscal year 2017 and \$6,000,000 in fiscal year 2018 in equipment notes shall be distributed to eligible school divisions. The grant awards will be based on a competitive grant basis of up to \$100,000 per school division. School divisions will be permitted to apply annually for grant funding. For purposes of this program, eligible schools shall include schools that are subject to state accreditation and reporting membership in grades K through 12 as of September 30, 2016, for the fiscal year 2017 issuance, and September 30, 2017, for the fiscal year 2018 issuance, as well as regional vocational centers, special education centers, alternative education centers, regular school year Governor's Schools, and the Virginia School for the Deaf and the Blind.

7) School divisions would submit their application to Department of Education by August 1 of each year based on the criteria developed by the Department of Education in collaboration with the Department of Criminal Justice Services who will provide requested technical support. Furthermore, the Department of Education will have the authority to make such grant awards to such school divisions.

8) It is also the intent of the General Assembly that the total amount of the grant awards shall not exceed \$30,000,000 over any ongoing revolving five year period.

9) Required local match:

a) Localities are required to provide a match for these funds equal to 25 percent of the grant amount. The Superintendent of Public Instruction is authorized to reduce the required local match for school divisions with a composite index of local ability-to-pay below 0.2000. The Virginia School for the Deaf and the Blind is exempt from the match requirement.

b) Pursuant to § 15.2-1302, Code of Virginia, and in the event that two or more school divisions became one school division, whether by consolidation of only the school divisions or by consolidation of the local governments, such resulting division shall be provided funding through this program on the basis of having the same number of school divisions as existed prior to September 30, 2000.

c) Local school divisions shall maximize the use of available federal funds, including E-Rate Funds, and to the extent possible, use such funds to supplement the program and meet the goals of this program.

#### 14. Virginia Preschool Initiative Payments

a.1) It is the intent of the General Assembly that a payment estimated at \$69,351,713 the first year and ~~\$70,950,500~~ \$69,097,338 the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education to schools and community-based organizations to provide quality preschool programs for at-risk four-year-olds who are residents of Virginia and unserved by Head Start program funding. In no event shall distributions from the Lottery Proceeds Fund be made directly to community-based or private providers.

2) These state funds and required local matching funds shall be used to provide programs for at-risk four-year-old children, which include quality preschool education, health services, social services, parental involvement and transportation. It shall be the policy of the Commonwealth that state funds and required local matching funds for the Virginia Preschool Initiative not be used for capital outlay. Programs must provide full-day or half-day and, at least, school-year services.

3) The Department of Education, in cooperation with the Council on Child Day Care and Early Childhood Programs, shall establish academic standards that are in accordance with appropriate preparation for students to be ready to successfully enter kindergarten. These

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standards shall be established in such a manner as to be measurable for student achievement and success. Students shall be required to be evaluated in the fall and in the spring by each participating school division and the school divisions must certify that the Virginia Preschool Initiative program follows the established standards in order to receive the funding for quality preschool education and criteria for the service components. Such guidelines shall be consistent with the findings of the November 1993 study by the Board of Education, the Department of Education, and the Council on Child Day Care and Early Childhood Programs.

4) a) Grants shall be distributed based on an allocation formula providing the state share of a \$6,125 grant for 100 percent of the unserved at-risk four-year-olds in each locality for a full-day program. The number of unserved at-risk four-year-olds in each locality shall be based on the projected number of kindergarten students, updated once each biennium for the Governor's introduced biennial budget. Half-day programs shall operate for a minimum of three hours of classroom instructional time per day, excluding breaks for lunch or recess, and grants to half-day programs shall be funded based on the state share of \$3,062 per unserved at-risk four-year-old in each locality. Full-day programs shall operate for a minimum of five and one-half instructional hours, excluding breaks for meals and recess. No additional state funding is provided for programs operating greater than three hours per day but less than five and one-half hours per day. In determining the state and local shares of funding, the composite index of local ability-to-pay is capped at 0.5000.

b) For new programs in the first year of implementation only, programs operating less than a full school year shall receive state funds on a fractional basis determined by the pro-rata portion of a school year program provided. In determining the prorated state funds to be received, a school year shall be 180 days.

b.1) Any locality which desires to participate in this grant program must submit a proposal through its chief administrator (county administrator or city manager) by May 15 of each year. The chief administrator, in conjunction with the school superintendent, shall identify a lead agency for this program within the locality. The lead agency shall be responsible for developing a local plan for the delivery of quality preschool services to at-risk children which demonstrates the coordination of resources and the combination of funding streams in an effort to serve the greatest number of at-risk four-year-old children.

2) The proposal must demonstrate coordination with all parties necessary for the successful delivery of comprehensive services, including the schools, child care providers, local social services agency, Head Start, local health department, and other groups identified by the lead agency.

3) A local match, based on the composite index of local ability-to-pay, shall be required. For purposes of meeting the local match, localities may use local expenditures for existing qualifying programs, however, at least seventy-five percent of the local match will be cash and no more than twenty-five percent will be in-kind. In-kind contributions are defined as cash outlays that are made by the locality that benefit the program but are not directly charged to the program. The value of fixed assets cannot be considered as an in-kind contribution. Localities shall also continue to pursue and coordinate other funding sources, including child care subsidies. Funds received through this program must be used to supplement, not supplant, any funds currently provided for programs within the locality. However, in the event a locality is prohibited from continuing the previous level of support to programs for at-risk four-year-olds from Title I of the federal Elementary and Secondary Education Act (ESEA), the state and local funds provided in this grants program may be used to continue services to these Title I students. Such prohibition may occur due to amendments to the allocation formula in the reauthorization of ESEA as the No Child Left Behind Act of 2001 or due to a percentage reduction in a locality's Title I allocation in 2016-2017 or 2017-2018. Any locality so affected shall provide written evidence to the Superintendent of Public Instruction and request his approval to continue the services to Title I students.

c. Local plans must provide clear methods of service coordination for the purpose of reducing the per child cost for the service, increasing the number of at-risk children served and/or extending services for the entire year. Examples of these include:

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1) "Wraparound Services" -- methods for combining funds such as child care subsidy dollars administered by local social service agencies with dollars for quality preschool education programs.				
2) "Wrap-out Services" - methods for using grant funds to purchase quality preschool services to at-risk four-year-old children through an existing child care setting by purchasing comprehensive services within a setting which currently provides quality preschool education.				
3) "Expansion of Service" - methods for using grant funds to purchase slots within existing programs, such as Head Start, which provide comprehensive services to at-risk four-year-old children.				
d.1) Local plans must indicate the number of at-risk four-year-old children to be served, and the eligibility criteria for participation in this program shall be consistent with the economic and educational risk factors stated in the 2015-2016 programs guidelines that are specific to: (i) family income at or below 200 percent of poverty, (ii) homelessness, (iii) student's parents or guardians are school dropouts, or (iv) family income is less than 350 percent of federal poverty guidelines in the case of students with special needs or disabilities. Up to 15 percent of a division's slots may be filled based on locally established eligibility criteria so as to meet the unique needs of at-risk children in the community.				
2) The Department of Education is directed to compile from each school division the aggregated information as to the number of enrolled students whose families are (i) at or below 130 percent of poverty, and (ii) above 130 percent but below 200 percent of poverty. The Department shall report this information annually, after the application and fall participation reports are submitted to the Department from the school divisions, to the Chairmen of House Appropriations and Senate Finance Committees. In addition, the Department will post and maintain the summary information by division on the Department's website in keeping with current student privacy policies.				
e.1) The Department of Education and the Council on Child Day Care and Early Childhood Programs shall provide technical assistance for the administration of this grant program to provide assistance to localities in developing a comprehensive, coordinated, quality preschool program for serving at-risk four-year-old children.				
2) A pre-application session shall be provided by the Department and the Council on Child Day Care and Early Childhood Programs prior to the proposal deadline. The Department shall provide interested localities with information on models for service delivery, methods of coordinating funding streams, such as funds to match federal IV-A child care dollars, to maximize funding without supplanting existing sources of funding for the provision of services to at-risk four-year-old children. A priority for technical assistance in the design of programs shall be given to localities where the majority of the at-risk four-year-old population is currently unserved.				
f. The Department of Education shall include in the program's application package specific information regarding the potential availability of funding for supplemental grants that may be used for one-time expenses, other than capital, related to start-up or expansion of programs, with priority given to proposals for expanding the use of partnerships with either nonprofit or for-profit providers. Furthermore, the Department is mandated to communicate to all eligible school divisions the remaining available balances in the program's adopted budget, after the fall participation reports have been submitted and finalized for such grants.				
15. Early Reading Intervention Payments				
a. An additional payment of \$20,057,840 the first year and <del>\$20,098,089</del> \$22,635,044 the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education to local school divisions for the purposes of providing early reading intervention services to students in grades kindergarten through 3 who demonstrate deficiencies based on their individual performance on diagnostic tests which have been approved by the Department of Education. The Department of Education shall review the tests of any local school board which requests authority to use a test other than the state-provided test to ensure that such local test uses criteria for the early diagnosis of reading deficiencies which are similar to those criteria used in the state-provided test. The Department of Education shall make the state-provided diagnostic test used in this program available to local school divisions. School				

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divisions shall report the results of the diagnostic tests to the Department of Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.

b. These payments shall be based on the state's share of the cost of providing two and one-half hours of additional instruction each week for an estimated number of students in each school division at a student to teacher ratio of five to one. The estimated number of students in each school division in each year shall be determined by multiplying the projected number of students reported in each school division's fall membership in grades kindergarten, 1, 2, and 3 by the percent of students who are determined to need services based on diagnostic tests administered in the previous year in that school division and adjusted in the following manner:

	<b>Year 1</b>	<b>Year 2</b>
Kindergarten	100%	100%
Grade 1	100%	100%
Grade 2	100%	100%
Grade 3	100%	100%

c. These payments are available to any school division that certifies to the Department of Education that an intervention program will be offered to such students and that each student who receives an intervention will be assessed again at the end of that school year. At the beginning of the school year, local school divisions shall partner with the parents of those third grade students in the division who demonstrate reading deficiencies, discussing with them a developed plan for remediation and retesting. Such intervention programs, at the discretion of the local school division, may include, but not be limited to, the use of: special reading teachers; trained aides; full-time early literacy tutors; volunteer tutors under the supervision of a certified teacher; computer-based reading tutorial programs; aides to instruct in-class groups while the teacher provides direct instruction to the students who need extra assistance; or extended instructional time in the school day or year for these students. Localities receiving these payments are required to match these funds based on the composite index of local ability-to-pay.

d. In the event that a school division does not use the diagnostic test provided by the Department of Education in the year that serves as the basis for updating the funding formula for this program but has used it in past years, the Department of Education shall use the most recent data available for the division for the state-provided diagnostic test.

e. The results of all reading diagnostic tests and reading remediation shall be discussed with the student and the student's parent prior to the student being promoted to grade four.

f. Funds appropriated for Standards of Quality Prevention, Intervention, and Remediation, Remedial Summer School, or At-Risk Add-On may also be used to meet the requirements of this program.

**16. Standards of Learning Algebra Readiness Payments**

a. An additional payment of \$12,968,589 the first year and ~~\$12,775,341~~ \$12,828,757 the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education to local school divisions for the purposes of providing math intervention services to students in grades 6, 7, 8 and 9 who are at-risk of failing the Algebra I end-of-course test, as demonstrated by their individual performance on diagnostic tests which have been approved by the Department of Education. In the second year, this reflects \$199,992 apportioned to each school division to account for the cost of the diagnostic test. The Department of Education shall review the tests to ensure that such local test uses state-provided criteria for diagnosis of math deficiencies which are similar to those criteria used in the state-provided test. The Department of Education shall make the state-provided diagnostic test used in this program available to local school divisions. School divisions shall report the results of the diagnostic tests to the Department of Education on an annual basis at a time to be determined by the Superintendent of Public Instruction.

b. These payments shall be based on the state's share of the cost of providing two and one-half hours of additional instruction each week for an estimated number of students in each school division at a student to teacher ratio of ten to one. The estimate number of students

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in each school division shall be determined by multiplying the projected number of students reported in each school division's fall membership by the percent of students that qualify for the federal Free Lunch Program.

c. These payments are available to any school division that certifies to the Department of Education that an intervention program will be offered to such students and that each student who receives an intervention will be assessed again at the end of that school year. Localities receiving these payments are required to match these funds based on the composite index of local ability-to-pay.

#### 17. School Construction Grants Program Escrow

Notwithstanding the requirements of § 22.1-175.5, Code of Virginia, school divisions are permitted to withdraw funds from local escrow accounts established pursuant to § 22.1-175.5 to pay for recurring operational expenses incurred by the school division. Localities are not required to provide a local match of the withdrawn funds.

#### 18. English as a Second Language Payments

A payment of \$53,267,521 the first year from the Lottery Proceeds Fund and ~~\$55,594,856~~ \$57,167,836 the second year from the general fund shall be disbursed by the Department of Education to local school divisions to support the state share of 17 professional instructional positions per 1,000 students for whom English is a second language. Local school divisions shall provide a local match based on the composite index of local ability-to-pay.

#### 19. Special Education Instruction Payments

a. The Department of Education shall establish rates for all elements of Special Education Instruction Payments.

b. Out of the appropriations in this Item, the Department of Education shall make available, subject to implementation by the Superintendent of Public Instruction, an amount estimated at \$84,678,643 the first year ~~and \$32,680,039~~ from the general fund and ~~\$54,898,940~~ \$92,162,325 from the Lottery Proceeds Fund the second year for the purpose of the state's share of the tuition rates for approved public school regional programs. Notwithstanding any contrary provision of law, the state's share of the tuition rates shall be based on the composite index of local ability-to-pay.

c. Out of the amounts for Financial Assistance for Categorical Programs, \$34,904,851 the first year and ~~\$35,588,024~~ \$34,706,297 the second year from the general fund is appropriated to permit the Department of Education to enter into agreements with selected local school boards for the provision of educational services to children residing in certain hospitals, clinics, and detention homes by employees of the local school boards. The portion of these funds provided for educational services to children residing in local or regional detention homes shall only be determined on the basis of children detained in such facilities through a court order issued by a court of the Commonwealth. The selection and employment of instructional and administrative personnel under such agreements will be the responsibility of the local school board in accordance with procedures as prescribed by the local school board. State payments for the first year to the local school boards operating these programs will be based on certified expenditures from the fourth quarter of FY 2016 and the first three quarters of FY 2017. State payments for the second year to the local school boards operating these programs will be based on certified expenditures from the fourth quarter of FY 2017 and the first three quarters of FY 2018.

#### 20. Vocational Education Instruction Payments

a. It is the intention of the General Assembly that the Department of Education explore initiatives that will encourage greater cooperation between jurisdictions and the Virginia Community College System in meeting the needs of public school systems.

b. This appropriation includes \$1,800,000 the first year from the Lottery Proceeds Fund and \$1,800,000 the second year from the Lottery Proceeds Fund for secondary vocational-technical equipment. A base allocation of \$2,000 each year shall be available for all divisions, with the remainder of the funding distributed on the basis of student enrollment in secondary vocational-technical courses. State funds received for secondary vocational-technical



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equipment must be used to supplement, not supplant, any funds currently provided for secondary vocational-technical equipment within the locality. Local school divisions are not required to provide a local match in order to receive these state funds.

c.1) This appropriation includes an additional \$2,000,000 the first year and \$2,000,000 the second year from the Lottery Proceeds Fund to update vocational-technical equipment to industry standards providing students with classroom experience that translates to the workforce.

2) Of this amount, \$1,400,000 the first year and \$1,400,000 the second year is provided for vocational-technical equipment in high-demand, high-skill, and fast-growth industry sectors as identified by the Virginia Board of Workforce Development and based on data from the Bureau of Labor Statistics and the Virginia Employment Commission.

3) Of this amount, \$600,000 the first year and \$600,000 the second year will be awarded based on competitive innovative program grants for high-demand and fast-growth industry sectors with priority given to state-identified challenged schools, the Governor's Science Technology, Engineering, and Mathematics (STEM) academies, and the Governor's Health Science Academies.

d. This appropriation includes \$500,000 the first year and \$500,000 the second year from the Lottery Proceeds Fund to support credentialing testing materials for students and professional development for instructors in science, technology, engineering, and mathematics-health sciences (STEM-H) career and technical education programs.

#### 21. Adult Education Payments

State funds shall be used to reimburse general adult education programs on a fixed cost per pupil or cost per class basis. No state funds shall be used to support vocational noncredit courses.

#### 22. General Education Payments

a. This appropriation includes \$2,410,988 the first year and \$2,410,988 the second year from the Lottery Proceeds Fund to support Race to GED. Out of this appropriation, \$465,375 the first year and \$465,375 the second year shall be used for PluggedIn VA.

b. This appropriation includes \$2,774,478 the first year and ~~\$1,387,240~~ \$1,387,387 the second year from the Lottery Proceeds Fund to support Project Graduation and any associated administrative and contractual service expenditures related to this initiative.

#### 23. Virtual Virginia Payments

a. From appropriations in this Item, the Department of Education shall provide assistance for the Virtual Virginia program.

b. This appropriation includes \$498,000 the first year and \$498,000 the second year from the general fund to expand the Virtual Virginia full-time pilot program to 200 students in grades nine through 12.

c. This appropriation includes \$260,000 the first year and \$330,000 the second year from the general fund to expand the virtual mathematics outreach pilot program to offer additional mathematics courses.

d. The local share of costs associated with the operation of the Virtual Virginia program shall be computed using the composite index of local ability-to-pay.

#### 24. Individual Student Alternative Education Program (ISAEP) Payments

Out of this appropriation, \$2,247,581 the first year from the Lottery Proceeds Fund and \$2,247,581 in the second year from the Lottery Proceeds Fund shall be provided for the secondary schools' Individual Student Alternative Education Program (ISAEP), pursuant to Chapter 488 and Chapter 552 of the 1999 Session of the General Assembly.

#### 25. Foster Children Education Payments

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a. An additional state payment is provided from the Lottery Proceeds Fund for the prior year's local operations costs, as determined by the Department of Education, for each pupil of school age as defined in § 22.1-1, Code of Virginia, not a resident of the school division providing his education (a) who has been placed in foster care or other custodial care within the geographical boundaries of such school division by a Virginia agency, whether state or local, which is authorized under the laws of this Commonwealth to place children; (b) who has been placed in an orphanage or children's home which exercises legal guardianship rights; or (c) who is a resident of Virginia and has been placed, not solely for school purposes, in a child-caring institution or group home.				
b. This appropriation provides \$9,198,359 the first year and <del>\$9,595,565</del> \$10,129,022 the second year from the Lottery Proceeds Fund to support children attending public school who have been placed in foster care or other such custodial care across jurisdictional lines, as provided by subsections A and B of § 22.1-101.1, Code of Virginia. To the extent these funds are not adequate to cover the full costs specified therein, the Department is authorized to expend unobligated balances in this Item for this support.				
26. Sales Tax Payments				
a. This is a sum-sufficient appropriation for distribution to counties, cities and towns a portion of net revenue from the state sales and use tax, in support of the Standards of Quality (Title 22.1, Chapter 13.2, Code of Virginia) (See the Attorney General's opinion of August 3, 1982).				
b. Certification of payments and distribution of this appropriation shall be made by the State Comptroller.				
c. The distribution of state sales tax funds shall be made in equal bimonthly payments at the middle and end of each month.				
27. Adult Literacy Payments				
a. Appropriations in this Item include \$125,000 the first year and \$125,000 the second year from the general fund for the ongoing literacy programs conducted by Mountain Empire Community College.				
b. Out of this appropriation, the Department of Education shall provide \$100,000 the first year and \$100,000 the second year from the general fund for the Virginia Literacy Foundation grants to support programs for adult literacy including those delivered by community-based organizations and school divisions providing services for adults with 0-9th grade reading skills.				
28. Governor's School Payments				
a. Out of the amounts for Governor's School Payments, the Department of Education shall provide assistance for the state share of the incremental cost of regular school year Governor's Schools based on each participating locality's composite index of local ability-to-pay. Participating school divisions must certify that no tuition is assessed to students for participation in this program.				
b.1) Out of the amounts for Governor's School Payments, the Department of Education shall provide assistance for the state share of the incremental cost of summer residential Governor's Schools and Foreign Language Academies to be based on the greater of the state's share of the composite index of local ability-to-pay or 50 percent. Participating school divisions must certify that no tuition is assessed to students for participation in this program if they are enrolled in a public school.				
2) Out of the amounts for Governor's School Payments, \$93,000 the first year and \$41,000 the second year is provided to support the Hanover Regional Summer Governor's School for Career and Technical Advancement, which was established pursuant to Chapter 425, 2014 Acts of Assembly, and Chapter 665, 2015 Acts of Assembly.				
c. For the Summer Governor's Schools and Foreign Language Academies programs, the Superintendent of Public Instruction is authorized to adjust the tuition rates, types of programs offered, length of programs, and the number of students enrolled in order to maintain costs within the available state and local funds for these programs.				

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d. It shall be the policy of the Commonwealth that state general fund appropriations not be used for capital outlay, structural improvements, renovations, or fixed equipment costs associated with initiation of existing or proposed Governor's schools. State general fund appropriations may be used for the purchase of instructional equipment for such schools, subject to certification by the Superintendent of Public Instruction that at least an equal amount of funds has been committed by participating school divisions to such purchases.

e. The Board of Education shall not take any action that would increase the state's share of costs associated with the Governor's Schools as set forth in this Item. This provision shall not prohibit the Department of Education from submitting requests for the increased costs of existing programs resulting from updates to student enrollment for school divisions currently participating in existing programs or for school divisions that begin participation in existing programs.

f.1) Regular school year Governor's Schools are funded through this Item based on the state's share of the incremental per pupil cost for providing such programs for each student attending a Governor's School up to a cap of 1,800 students per Governor's School in the first year and a cap of 1,800 students per Governor's School in the second year. This incremental per pupil payment shall be adjusted for the composite index of the school division that counts such students attending an academic year Governor's School in their March 31 Average Daily Membership. It is the intent of the General Assembly that this incremental per pupil amount be in addition to the basic aid per pupil funding provided to the affected school division for such students. Therefore, local school divisions are encouraged to provide the appropriate portion of the basic aid per pupil funding to the Governor's Schools for students attending these programs, adjusted for costs incurred by the school division for transportation, administration, and any portion of the day that the student does not attend a Governor's School.

2) Students attending a revolving Academic Year Governor's School program for only one semester shall be counted as 0.50 of a full-time equivalent student and will be funded for only fifty percent of the full-year funded per pupil amount. Funding for students attending a revolving Academic Year program will be adjusted based upon actual September 30th and January 30th enrollment each fiscal year. For purposes of this Item, revolving programs shall mean Academic Year Governor's School programs that admit students on a semester basis.

3) Students attending a continuous, non-revolving Academic Year Governor's School program shall be counted as a full-time equivalent student and will be funded for the full-year funded per pupil amount. Funding for students attending a continuous, non-revolving Academic Year Governor's School program will be adjusted based upon actual September 30th student enrollment each fiscal year. For purposes of this Item, continuous, non-revolving programs shall mean Academic Year Governor's School programs that only admit students at the beginning of the school year. Fairfax County Public Schools shall not reduce local per pupil funding for the Thomas Jefferson Governor's School below the amounts appropriated for the 2003-2004 school year.

4) This appropriation includes an additional \$1,223,796 the first year and ~~\$1,250,538~~ \$1,192,575 the second year from the general fund to provide the state's share of a 2.5 percent increase in the tuition amount, and the state's share of \$50.00 per course per student adjustment added after the 2.5 percent increase. The 2.5 percent increase and the \$50.00 per course adjustment shall only be effective for fiscal year 2017 and fiscal year 2018. The local funding contribution of each school division participating in an Academic Year Governor's Schools program in either year of the biennium shall not be reduced on a per pupil basis below the amount in fiscal year 2016.

5) The Department of Education shall review the distribution methodology used to determine the Governor's School tuition payments by November 4, 2016, and submit the findings of the review to the Chairmen of House Appropriations and Senate Finance Committees. The review shall include, but not be limited to, consideration of the length of the academic program day with the intent to determine and provide an equitable distribution of tuition payments based on the actual length of academic program day, the appropriate state and local shares, and the academic model used by Governor's Schools in the configuration of the funding formula.

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g. All regional Governor's Schools are encouraged to provide full-day grades 9 through 12 programs.

i. Out of this appropriation, \$100,000 the first year from the general fund is available for the Department of Education to develop, in collaboration with the school divisions and community colleges in the Roanoke Valley region, a model proposal that establishes a Regional Career and Technical Governor's School Center.

j. Out of the appropriation included in paragraph 40 of this item, ~~\$135,366~~ \$134,841 the second year from the general fund is included in the Academic Year Governor's School funding allocation to increase the per pupil amount the second year as an add-on for a compensation supplement payment equal to 2.0 percent of base pay on February 15, 2018, for Academic Year Governor's School instructional and support positions.

#### 29. School Nutrition Payments

It is provided that, subject to implementation by the Superintendent of Public Instruction, no disbursement shall be made out of the appropriation for school nutrition to any locality in which the schools permit the sale of competitive foods in food service facilities or areas during the time of service of food funded pursuant to this Item.

#### 30. School Breakfast Payments

a. Out of this appropriation, \$4,887,179 the first year and ~~\$5,492,229~~ \$5,722,214 the second year from the Lottery Proceeds Fund is included to continue a state funded incentive program to maximize federal school nutrition revenues and increase student participation in the school breakfast program. These funds are available to any school division as a reimbursement for breakfast meals served that are in excess of the baseline established by the Department of Education. The per meal reimbursement shall be \$0.22; however, the department is authorized, but not required to reduce this amount proportionately in the event that the actual number of meals to be reimbursed exceeds the number on which this appropriation is based so that this appropriation is not exceeded.

b. In order to receive these funds, school divisions must certify that these funds will be used to supplement existing funds provided by the local governing body and that local funds derived from sources that are not generated by the school nutrition programs have not been reduced or eliminated. The funds shall be used to improve student participation in the school breakfast program. These efforts may include, but are not limited to, reducing the per meal price paid by students, reducing competitive food sales in order to improve the quality of nutritional offerings in schools, increasing access to the school breakfast program, or providing programs to increase parent and student knowledge of good nutritional practices. In no event shall these funds be used to reduce local tax revenues below the level appropriated to school nutrition programs in the prior year. Further, these funds must be provided to the school nutrition programs and may not be used for any other school purpose.

c.1) Out of this appropriation, \$1,074,000 the first year and \$1,074,000 the second year from the general fund is provided to fund an elementary school After-the-Bell Model breakfast pilot program available on a voluntary basis only to elementary schools where student eligibility for free or reduced lunch exceeds 45.0 percent for the participating eligible elementary school, and to provide additional reimbursement for eligible meals served in the current traditional school breakfast program at all grade levels in any participating school. The Department of Education is directed to ensure that only eligible elementary schools receive reimbursement funding for participating in the After-the-Bell school breakfast model. The elementary schools participating in the pilot program shall evaluate the educational impact of the models implemented that provide school breakfasts to students after the first bell of the school day, based on the guidelines developed by the Department of Education and submit the required report to the Department of Education no later June 30, 2017 for the 2016-2017 school year and no later than June 30, 2018 for the 2017-2018 school year.

2) The Department of Education shall communicate, through Superintendent's Memo, to school divisions the types of breakfast serving models and the criteria that will meet the requirements for this State reimbursement, which may include, but are not limited to, breakfast in the classroom, grab and go breakfast, or a breakfast after first period. School divisions may determine the breakfast serving model that best applies to its students, so long

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as it occurs after the instructional day has begun. For the 2016-2017 and 2017-2018 school years, the Department of Education shall monthly transfer to each school division a reimbursement rate of \$0.05 per breakfast meal that meets either of the established criteria.

3) No later than July 1, 2016 for the 2016-2017 school year and no later than July 1, 2017 for the 2017-2018 school year, the Department of Education shall provide for a pilot breakfast program application process for school divisions with eligible elementary schools, including guidelines regarding specified required data to be compiled from the prior school year or years and during the one-year pilot. The number of approved applications shall be based on the estimated number of pilot sites that can be accommodated within the approved funding level. The reporting requirements must include: student attendance and tardy arrivals, office discipline referrals, student achievement measures, teachers' responses to the impact of the pilot program before and after implementation, and the financial impact on the division's school food program. The Department of Education shall collect and compile the results of the pilot breakfast program and shall submit the report to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees no later than August 1 following each school year.

#### 31. Clinical Faculty and Mentor Teacher Program Payments

This appropriation includes \$1,000,000 the first year and \$1,000,000 the second year from the Lottery Proceeds Fund to be paid to local school divisions for statewide Mentor Teacher Programs to assist pre-service teachers and beginning teachers to make a successful transition into full-time teaching. This appropriation also includes \$318,750 the first year and \$318,750 the second year from the general fund for Clinical Faculty programs to assist pre-service teachers and beginning teachers to make a successful transition into full-time teaching. Such programs shall include elements which are consistent with the following:

- a. An application process for localities and school/higher education partnerships that wish to participate in the programs;
- b. For Clinical Faculty programs only, provisions for a local funding or institutional commitment of 50 percent, to match state grants of 50 percent;
- c. Program plans which include a description of the criteria for selection of clinical faculty and mentor teachers, training, support, and compensation for clinical faculty and mentor teachers, collaboration between the school division and institutions of higher education, the clinical faculty and mentor teacher assignment process, and a process for evaluation of the programs;
- d. The Department of Education shall allow flexibility to local school divisions and higher education institutions regarding compensation for clinical faculty and mentor teachers consistent with these elements of the programs; and
- e. It is the intent of the General Assembly that no preference between pre-service or beginning teacher programs be construed by the language in this Item. School divisions operating beginning teacher mentor programs shall receive equal consideration for funding.

#### 32. Career Switcher/Alternative Licensure Payments

Appropriations in this Item include \$279,983 the first year and \$279,983 the second year from the general fund to provide grants to school divisions that employ mentor teachers for new teachers entering the profession through the alternative route to licensure as prescribed by the Board of Education.

#### 33. Virginia Workplace Readiness Skills Assessment

Appropriations in this Item include \$308,655 the first year and \$308,655 the second year from the general fund to provide support grants to school divisions for standard diploma graduates. To provide flexibility, school divisions may use the state grants for the actual assessment or for other industry certification preparation and testing.

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34. Reading Specialists Initiative				
<p>a. An additional payment of \$1,476,790 the first year and \$1,476,790 the second year from the general fund shall be disbursed by the Department of Education to qualifying local school divisions for the purpose of providing a reading specialist for any school with a third grade that has a school-wide pass rate of less than 75 percent on the reading Standards of Learning (SOL) assessments.</p>				
<p>b. These payments shall be based on the state's share of the cost of providing one reading specialist per qualifying school. School divisions with schools participating in this program in fiscal year 2016 shall be eligible to receive funding at 100 percent of the state share the first year and 50 percent of the state share the second year for the same schools and such schools are granted a one-year extension of the two-year waiver referenced in subsection c. for a third year in fiscal year 2018. The Department of Education is authorized to disburse additional payments to divisions from any remaining funds each year to support additional qualifying schools and shall give priority to such schools with the lowest SOL pass rates for reading or the greatest number of years accredited with warning in English. Payments to school divisions in support of such additional qualifying schools each year shall be based on 100 percent of the state share of cost.</p>				
<p>c. These payments are available to any school division with a qualifying school that (1) certifies to the Department of Education that the division has hired a reading specialist to provide direct services to children reading below grade level in the school to improve reading achievement and (2) applies and receives a waiver for up to two years from the Board of Education for the administration of third grade SOL assessments in science or history and social science or both for the purpose of creating additional instructional time for reading specialists to work with students reading below grade level to improve reading achievement.</p>				
<p>d. These payments also are available to any school division with a qualifying school that certifies to the Department of Education that the division is supporting tuition for collegiate programs and instruction for currently employed instructional school personnel to earn the credentials necessary to meet licensure requirements to be endorsed as a reading specialist.</p>				
<p>e. School divisions receiving these payments are required to match these funds based on the composite index of local ability-to-pay.</p>				
35. Math/Reading Instructional Specialist Initiative				
<p>a. Included in this appropriation is \$1,834,538 the first year and \$1,834,538 the second year from the general fund in additional payments for reading or math instructional specialists at underperforming schools. From this amount, the state share of one reading or math specialist shall be provided to local school divisions with schools which have been denied accreditation or were accredited with warning for the third consecutive year based on school accreditation ratings for the 2015-2016 school year. Such schools shall be eligible to receive the state share of funding for both years of the biennium. In addition, following the academic review required by § 22.1-253.13:3, Code of Virginia, the Department of Education shall identify up to 20 additional schools to also receive the state share of a reading or math instructional specialist. The schools eligible for such personnel are those which were accredited with warning for the second consecutive year based on school accreditation ratings for the 2014-2015 and 2015-2016 school years and that have shown no or limited improvement in student achievement in the past year. Such schools shall also be eligible to receive the state share of funding for both years of the biennium. If, following certification from a school division that it will not participate in the program, the Department is authorized to identify additional eligible schools.</p>				
<p>b. These payments are available to any school division with a qualifying school that certifies to the Department of Education that the division has (1) hired a math or reading instructional specialist, or (2) is supporting tuition for collegiate programs and instruction for currently employed instructional school personnel to earn the credentials necessary to meet licensure requirements to be endorsed as a math specialist or a reading specialist. Localities receiving these payments are required to match these funds based on the composite index of local ability-to-pay.</p>				
<p>c. The Department of Education is authorized to utilize available funding appropriated to the</p>				

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Early Reading Specialist Initiative contained in this Item to pay for instructional specialists at additional eligible schools, or to support tuition for collegiate programs and instruction for currently employed instructional school personnel at additional eligible schools to earn the credentials necessary to meet licensure requirements to be endorsed as an instructional specialist.				
37. Broadband Connectivity Capabilities				
By November 1 each year, school divisions shall report to the Department of Education the status of broadband connectivity capability of schools in the division on a form to be provided by the Department. Such report shall include school-level information on the method of Internet service delivery, the level of bandwidth capacity and the degree such capacity is sufficient for delivery of school-wide digital resources and instruction, degree of internet connectivity via Wi-Fi, cost information related to Internet connectivity, data security, and such other pertinent information as determined by the Department of Education. The Department shall provide a summary of the division responses in a report to be made available on its agency Web site.				
38. Supplemental Lottery Per Pupil Allocation Payments				
a. Out of this appropriation, an amount estimated at \$36,581,531 the first year and <del>\$191,267,718</del> \$191,272,274 the second year from the Lottery Proceeds Fund shall be disbursed by the Department of Education to local school divisions to support the state share of an estimated \$52.56 per pupil the first year and <del>\$274.12</del> \$274.29 per pupil the second year in adjusted March 31 average daily membership. These per pupil amounts are subject to change for the purpose of payment to school divisions based on the actual March 31 ADM collected each year. No locality shall be required to maintain a per pupil expenditure each year from local funds which is greater than the per pupil amount expended by the locality for such purposes in the year upon which the 2016-18 biennial Standards of Quality expenditure data were based.				
b. Of the amounts listed above, school divisions are permitted to spend such funds on both recurring and nonrecurring expenses in a manner that best supports the needs of the schools divisions. No local match is required.				
c. Any lottery funds provided to school divisions from this item that are unexpended as of June 30, 2017, and June 30, 2018, shall be carried on the books of the locality to be appropriated to the school division in the following year.				
39. Special Education Endorsement Program				
a. Notwithstanding § 22.1-290.02, Code of Virginia, out of this appropriation, \$550,000 the first year and \$437,186 the second year from the general fund is provided for traineeships and program operation grants that shall be awarded to public Virginia institutions of higher education to prepare persons who are employed in the public schools of Virginia, state operated programs, or regional special education centers as special educators with a provisional license and enrolled either part-time or full-time in programs for the education of children with disabilities. Applicants shall be graduates of a regionally accredited college or university.				
b. The award of such grants shall be made by the Department of Education, and the number of awards during any one year shall depend upon the amounts appropriated by the General Assembly for this purpose. The amount awarded for each traineeship shall be \$600 for a minimum of three semester hours of course work in areas required for the special education endorsement to be taken by the applicant during a single semester or summer session. Only one traineeship shall be awarded to a single applicant in a single semester or summer session.				
40. Compensation Supplement				
a.1) The appropriation in this item includes <del>\$31,981,550</del> \$31,728,026 the second year from the general fund for the state share of a payment equivalent to a 2.0 percent salary incentive increase, effective February 15, 2018, for funded SOQ instructional and support positions. Funded SOQ instructional positions shall include the teacher, guidance counselor, librarian, instructional aide, principal, and assistant principal positions funded				

ITEM 139.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

through the SOQ staffing standards for each school division in the biennium. This amount includes \$135,366 the second year referenced in paragraph 28. h., for the Academic Year Governor's Schools for a 2.0 percent salary incentive increase, effective February 15, 2018, for instructional and support positions.

2) It is the intent that the instructional and support position salaries be increased in school divisions throughout the state by at least an average of 2.0 percent during the 2016-18 biennium. Sufficient funds are appropriated in this act to finance, on a statewide basis, the state share of a 2.0 percent salary increase for funded SOQ instructional and support positions, effective February 15, 2018, to school divisions which certify to the Department of Education, by June 1, 2017, that salary increases of a minimum average of 2.0 percent have been or will have been provided during the 2016-18 biennium, either in the first year or in the second year or through a combination of the two years, to instructional and support personnel. In certifying that the salary increases have been provided, school divisions may not include any salary increases that were provided in the first year solely to offset the cost of required member contributions to the Virginia Retirement System under § 51.1-144, Code of Virginia.

b. This funding is not intended as a mandate to increase salaries.

#### 41. Small School Division Enrollment Loss Fund

Out of this appropriation, \$7,258,009 the first year from the general fund is allocated to eligible school divisions that have realized and reported to the Department of Education a total of a five percent or more decline in average daily membership from March 31, 2011, to March 31, 2016, with a minimum dollar amount for such eligible school divisions of \$75,000. Such eligible school divisions shall receive an apportioned allocation as specified below:

DIVISION NAME	FY 2017
ALLEGHANY	\$388,339
AMHERST	\$207,863
BATH	\$75,000
BEDFORD	\$411,294
BLAND	\$75,000
BOTETOURT	\$153,580
BRUNSWICK	\$251,930
BUCHANAN	\$187,525
BUENA VISTA	\$99,574
CAMPBELL	\$356,831
CARROLL	\$341,486
CHARLES CITY	\$75,000
CHARLOTTE	\$139,455
CRAIG	\$75,000
CUMBERLAND	\$75,000
DICKENSON	\$147,963
ESSEX	\$92,159
FLUVANNA	\$127,920
FRANKLIN CITY	\$77,994
GLOUCESTER	\$263,849
GRAYSON	\$184,921
HALIFAX	\$356,415
HIGHLAND	\$75,000
LANCASTER	\$75,000
LEE	\$231,524
MARTINSVILLE	\$134,728
MATHEWS	\$75,000
MECKLENBURG	\$182,522
NORTHAMPTON	\$75,000



ITEM 139.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
NORTHUMBERLAND				\$75,000
PAGE				\$137,643
PETERSBURG				\$180,650
POQUOSON				\$123,514
PRINCE EDWARD				\$247,748
PULASKI				\$200,103
RAPPAHANNOCK				\$75,000
SMYTH				\$191,886
SURRY				\$75,000
SUSSEX				\$110,255
TAZEWELL				\$322,616
WESTMORELAND				\$89,180
WISE				\$416,542
<b>TOTAL</b>				<b>\$7,258,009</b>
140.	Not set out.			
	Total for Direct Aid to Public Education.....		<b>\$7,373,904,650</b>	<b>\$7,648,611,401</b> <b>\$7,643,249,484</b>
	Fund Sources: General.....	\$5,675,304,086	<del>\$6,030,019,145</del> \$5,962,959,274	
	Special.....	\$895,000	\$895,000	
	Commonwealth Transportation.....	\$2,310,000	<del>\$2,385,000</del> \$2,100,000	
	Trust and Agency.....	\$808,328,667	<del>\$728,245,359</del> \$790,228,313	
	Federal Trust.....	\$887,066,897	\$887,066,897	
	Grand Total for Department of Education, Central Office Operations.....		<b>\$7,478,537,345</b>	<b>\$7,751,425,397</b> <b>\$7,746,063,480</b>
	General Fund Positions.....	150.00	144.00	
	Nongeneral Fund Positions.....	178.50	180.50	
	Position Level.....	328.50	324.50	
	Fund Sources: General.....	\$5,735,624,112	<del>\$6,088,518,538</del> \$6,021,458,667	
	Special.....	\$5,540,648	\$5,542,274	
	Commonwealth Transportation.....	\$2,573,327	<del>\$2,648,327</del> \$2,363,327	
	Trust and Agency.....	\$808,608,226	<del>\$728,524,922</del> \$790,507,876	
	Federal Trust.....	\$926,191,032	\$926,191,336	
141.	Not set out.			
142.	Not set out.			
143.	Not set out.			
144.	Not set out.			
145.	Not set out.			
146.	Not set out.			
147.	Not set out.			

<b>ITEM 148.</b>		<b>Item Details(\$)</b>		<b>Appropriations(\$)</b>	
		<b>First Year FY2017</b>	<b>Second Year FY2018</b>	<b>First Year FY2017</b>	<b>Second Year FY2018</b>
148.	Not set out.				
149.	Not set out.				
150.	Not set out.				
151.	Not set out.				
152.	Not set out.				
153.	Not set out.				
154.	Not set out.				
155.	Not set out.				
156.	Not set out.				
157.	Not set out.				
158.	Not set out.				
159.	Not set out.				
160.	Not set out.				
161.	Not set out.				
162.	Not set out.				
163.	Not set out.				
164.	Not set out.				
165.	Not set out.				
166.	Not set out.				
167.	Not set out.				
168.	Not set out.				
169.	Not set out.				
170.	Not set out.				
171.	Not set out.				
172.	Not set out.				
173.	Not set out.				
174.	Not set out.				
175.	Not set out.				

ITEM 176.		Item Details(\$)		Appropriations(\$)	
		First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
176.	Not set out.				
177.	Not set out.				
178.	Not set out.				
179.	Not set out.				
180.	Not set out.				
181.	Not set out.				
182.	Not set out.				
183.	Not set out.				
184.	Not set out.				
185.	Not set out.				
186.	Not set out.				
187.	Not set out.				
188.	Not set out.				
189.	Not set out.				
190.	Not set out.				
191.	Not set out.				
192.	Not set out.				
193.	Not set out.				
194.	Not set out.				
195.	Not set out.				
196.	Not set out.				
197.	Not set out.				
198.	Not set out.				
199.	Not set out.				
200.	Not set out.				
201.	Not set out.				
202.	Not set out.				
203.	Not set out.				

ITEM 203.		Item Details(\$)		Appropriations(\$)	
		First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
204.	Not set out.				
205.	Not set out.				
206.	Not set out.				
207.	Not set out.				
208.	Not set out.				
209.	Not set out.				
210.	Not set out.				
211.	Not set out.				
212.	Not set out.				
213.	Not set out.				
214.	Not set out.				
215.	Not set out.				
216.	Not set out.				
217.	Not set out.				
218.	Not set out.				
219.	Not set out.				
220.	Not set out.				
221.	Not set out.				
222.	Not set out.				
223.	Not set out.				
224.	Not set out.				
225.	Not set out.				
226.	Not set out.				
227.	Not set out.				
228.	Not set out.				
229.	Not set out.				
230.	Not set out.				

ITEM 231.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
231.	Not set out.			
232.	Not set out.			
233.	Not set out.			
234.	Not set out.			
235.	Not set out.			
236.	Not set out.			
237.	Not set out.			
238.	Not set out.			
239.	Not set out.			
240.	Not set out.			
241.	Not set out.			
242.	Not set out.			
243.	Not set out.			
244.	Not set out.			
245.	Not set out.			
246.	Not set out.			
247.	Not set out.			
248.	Not set out.			
249.	Not set out.			
250.	Not set out.			
251.	Not set out.			
252.	Not set out.			
253.	Not set out.			
254.	Not set out.			
255.	Not set out.			
255.10	Not set out.			
256.	Not set out.			
TOTAL FOR OFFICE OF EDUCATION.....			<b>\$18,426,112,099</b>	<b>\$18,392,678,739</b> <b>\$18,387,316,822</b>

ITEM 256.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
General Fund Positions.....	18,527.65	18,528.65		
Nongeneral Fund Positions.....	40,228.07	40,593.07		
Position Level.....	58,755.72	59,121.72		
Fund Sources: General.....	\$7,775,650,331	\$8,103,714,179		
		\$8,036,654,308		
Special.....	\$41,228,245	\$40,848,744		
Higher Education Operating.....	\$8,511,168,633	\$8,217,476,180		
Commonwealth Transportation.....	\$2,573,327	\$2,648,327		
		\$2,363,327		
Enterprise.....	\$5,479,910	\$5,479,910		
Trust and Agency.....	\$808,798,226	\$728,714,922		
		\$790,697,876		
Debt Service.....	\$329,379,313	\$337,393,916		
Dedicated Special Revenue.....	\$11,914,428	\$16,482,503		
Federal Trust.....	\$939,919,686	\$939,920,058		

ITEM 257.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

**OFFICE OF FINANCE**

257. Not set out.

**§ 1-9. DEPARTMENT OF ACCOUNTS (151)**

258. Not set out.

259. Not set out.

260. Not set out.

261. Not set out.

262. Not set out.

263. Not set out.

264. Not set out.

265. Not set out.

**Department of Accounts Transfer Payments (162)**

266. Financial Assistance to Localities - General (72800)				
a sum sufficient, estimated at.....			\$570,565,000	\$572,065,000 \$571,395,000
Distribution of Rolling Stock Taxes (72806).....	\$7,100,000	<del>\$7,100,000</del> \$6,530,000		
Distribution of Recordation Taxes (72808).....	\$40,000,000	\$40,000,000		
Financial Assistance to Localities - Rental Vehicle Tax (72810).....	\$45,000,000	\$46,500,000		
Distribution of Sales Tax Revenues from Certain Public Facilities (72811).....	\$1,040,000	\$1,040,000		
Distribution of Tennessee Valley Authority Payments in Lieu of Taxes (72812).....	\$1,300,000	<del>\$1,300,000</del> \$1,200,000		
Distribution of the Virginia Communications Sales and Use Tax (72816).....	\$440,000,000	\$440,000,000		
Distribution of Payments to Localities for Enhanced Emergency Communications Services (72817).....	\$36,000,000	\$36,000,000		
Distribution of Sales Tax Revenues from Certain Tourism Projects (72819).....	\$125,000	\$125,000		
Fund Sources: General.....	\$49,565,000	<del>\$49,565,000</del> \$48,895,000		
Trust and Agency.....	\$45,000,000	\$46,500,000		
Dedicated Special Revenue.....	\$476,000,000	\$476,000,000		

Authority: §§ 15.2-5814, 15.2-5914, 33.2-2400, 58.1-608.3, 58.1-662, 58.1-815.1, 58.1-816, 58.1-1736, 58.1-1741, 58.1-2658.1, and 58.1-3406, Code of Virginia.

A. Out of this appropriation, amounts estimated at \$20,000,000 the first year and \$20,000,000 the second year from the general fund shall be deposited into the Northern Virginia Transportation District Fund, as provided in § 33.2-2400, Code of Virginia. Said amount shall consist of recordation taxes attributable to and transferable to the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park and the counties of

ITEM 266.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
	<p>Arlington, Fairfax, Loudoun, and Prince William, pursuant to § 58.1-816, Code of Virginia. This amount shall be transferred to Item 457 of this act and shall be used to support the Northern Virginia Transportation District Program as defined in § 33.2-2401, Code of Virginia. The Commonwealth Transportation Board shall make such allocations and expenditures from the fund as are provided in the Northern Virginia Transportation District, Commonwealth of Virginia Revenue Bond Act of 1993 (Chapter 391, 1993 Acts of Assembly). The Commonwealth Transportation Board also shall make such allocations and expenditures from the fund as are provided in Chapters 470 and 597 of the 1994 Acts of Assembly (amendments to Chapter 391, 1993 Acts of Assembly).</p>			
	<p>B. Pursuant to Chapters 233 and 662, 1994 Acts of Assembly, out of this appropriation, an amount estimated at \$1,000,000 the first year and \$1,000,000 the second year from the general fund shall be deposited into the set-aside fund as requested in an ordinance adopted March 28, 1995, and in compliance with the requirements provided for in § 58.1-816.1, Code of Virginia, for an account for the City of Chesapeake. These amounts shall be transferred to Item 457 of this act and shall be allocated by the Commonwealth Transportation Board to provide for the debt service pursuant to the Oak Grove Connector, City of Chesapeake, Commonwealth of Virginia Transportation Program Revenue Bond Act of 1994 (Chapters 233 and 662, 1994 Acts of Assembly).</p>			
	<p>C. Out of this appropriation, the Virginia Baseball Stadium Authority shall be paid a sum sufficient equal to the state personal, corporate, and pass-through entity income and sales and use tax revenues to which the authority is entitled.</p>			
	<p>D.1. In order to carry out the provisions of § 58.1-645 et seq., Code of Virginia, there is hereby appropriated a sum sufficient amount of nongeneral fund revenues estimated at \$440,000,000 in the first year and \$440,000,000 in the second year equal to the revenues collected pursuant to § 58.1-645 et seq., Code of Virginia, from the Virginia Communications Sales and Use Tax. All revenue received by the Commonwealth pursuant to the provisions of § 58.1-645 et seq., Code of Virginia, shall be paid into the state treasury and deposited to the Virginia Communications Sales and Use Tax Fund and shall be distributed pursuant to § 58.1-662, Code of Virginia and Item 287 of this act. For the purposes of the State Comptroller's preliminary and final annual reports required by § 2.2-813, Code of Virginia, however, all deposits to and disbursements from the fund shall be accounted for as part of the general fund of the state treasury.</p>			
	<p>2. It is the intent of the General Assembly that all such revenues be distributed to counties, cities, and towns, the Department for the Deaf and Hard-of-Hearing, and to the Department of Taxation for the costs of administering the Virginia Communications Sales and Use Tax Fund.</p>			
	<p>E. In order to carry out the provisions of § 58.1-1734 et seq., Code of Virginia, there is hereby appropriated a sum sufficient amount of nongeneral fund revenues estimated at \$45,000,000 in the first year and \$46,500,000 in the second year equal to the revenues collected pursuant to A. 2 of § 58.1-1736 Code of Virginia, from the Virginia Motor Vehicle Rental Tax.</p>			
	<p>F. In order to carry out the provisions of § 56-484.17 et seq., Code of Virginia, there is hereby appropriated a sum sufficient amount of nongeneral fund revenues estimated at \$36,000,000 in the first year and \$36,000,000 in the second year equal to the revenues collected pursuant to § 56-484.17.1 Code of Virginia, from the Virginia Wireless Tax.</p>			
267.	Not set out.			
268.	Not set out.			
269.	Not set out.			
270.	Not set out.			
271.	Not set out.			
272.	Not set out.			



ITEM 272.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
Total for Department of Accounts Transfer Payments.....			\$2,169,802,634	\$1,556,272,398 \$1,555,602,398
Nongeneral Fund Positions.....	1.00	1.00		
Position Level.....	1.00	1.00		
Fund Sources: General.....	\$1,605,137,105	\$999,565,000 \$998,895,000		
Trust and Agency.....	\$87,339,185	\$79,381,054		
Dedicated Special Revenue.....	\$477,326,344	\$477,326,344		
Grand Total for Department of Accounts.....			\$2,209,949,168	\$1,597,552,534 \$1,596,882,534
General Fund Positions.....	115.00	115.00		
Nongeneral Fund Positions.....	54.00	54.00		
Position Level.....	169.00	169.00		
Fund Sources: General.....	\$1,617,739,858	\$1,012,168,165 \$1,011,498,165		
Special.....	\$862,846	\$862,846		
Internal Service.....	\$26,680,935	\$27,814,125		
Trust and Agency.....	\$87,339,185	\$79,381,054		
Dedicated Special Revenue.....	\$477,326,344	\$477,326,344		
273.	Not set out.			
274.	Not set out.			
275.	Not set out.			
276.	Not set out.			
277.	Not set out.			
278.	Not set out.			
279.	Not set out.			
280.	Not set out.			
<b>§ 1-10. TREASURY BOARD (155)</b>				
281.	Bond and Loan Retirement and Redemption (74300).....		\$771,334,565	\$813,838,773 \$789,570,265
	Debt Service Payments on General Obligation Bonds (74301).....	\$72,574,911	\$70,178,689 \$70,187,695	
	Capital Lease Payments (74302).....	\$5,492,400	\$5,493,288	
	Debt Service Payments on Public Building Authority Bonds (74303).....	\$281,328,073	\$287,263,593 \$279,938,447	
	Debt Service Payments on College Building Authority Bonds (74304).....	\$411,939,181	\$450,903,203 \$433,950,835	
	Fund Sources: General.....	\$722,112,126	\$763,747,452 \$739,478,944	
	Higher Education Operating.....	\$30,011,174	\$31,526,576	
	Dedicated Special Revenue.....	\$645,000	\$645,000	

ITEM 281.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
Federal Trust.....	\$18,566,265	\$17,919,745		

Authority: Title 2.2, Chapter 18, Code of Virginia; Article X, Section 9, Constitution of Virginia.

A. The Director, Department of Planning and Budget is authorized to transfer appropriations between Items in the Treasury Board to address legislation affecting the Treasury Board passed by the General Assembly.

B.1. Out of the amounts for Debt Service Payments on General Obligation Bonds, the following amounts are hereby appropriated from the general fund for debt service on general obligation bonds issued pursuant to Article X, Section 9 (b), of the Constitution of Virginia:

Series	FY 2017		FY 2018	
	General Fund	Federal Funds	General Fund	Federal Funds
2007A	\$6,812,500	\$0	\$6,500,000	\$0
2007B	\$4,200,000	\$0	\$0	\$0
2008A	\$5,362,800	\$0	\$5,116,800	\$0
2008B	\$5,447,850	\$0	\$5,225,850	\$0
2009A	\$1,080,250	\$0	\$4,262,250	\$0
2009B	\$3,238,564	\$470,381	\$3,185,529	\$441,824
2009D Refunding	\$19,659,250	\$0	\$24,849,250	\$0
2012 Refunding	\$4,499,700	\$0	\$4,409,200	\$0
2013 Refunding	\$11,353,250	\$0	\$4,958,750	\$0
2014 Refunding	\$4,436,500	\$0	\$1,107,750	\$0
2015B Refunding	\$4,909,550	\$0	\$8,214,550	\$0
2016B Refunding	\$1,016,977	\$0	\$1,821,450	\$0
Projected debt service & expenses	\$87,339	\$0	\$85,486 \$94,492	\$0
<b>Total Service Area</b>	<b>\$72,104,530</b>	<b>\$470,381</b>	<b>\$69,736,865</b> <b>\$69,745,871</b>	<b>\$441,824</b>

2. Out of the amounts for Debt Service Payments on General Obligation Bonds, sums needed to fund issuance costs and other expenses are hereby appropriated.

C. Out of the amounts for Capital Lease Payments, the following amounts are hereby appropriated for capital lease payments:

	FY 2017	FY 2018
Norfolk RHA (VCCS-TCC), Series 1995	\$739,250	\$739,738
Virginia Biotech Research Park, 2009	\$4,753,150	\$4,753,550
<b>Total Capital Lease Payments</b>	<b>\$5,492,400</b>	<b>\$5,493,288</b>

D.1. Out of the amounts for Debt Service Payments on Virginia Public Building Authority Bonds shall be paid to the Virginia Public Building Authority the following amounts for use by the authority for its various bond issues:

Series	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
2005D	\$1,250,000	\$0	\$1,250,000	\$0
2006A	\$3,854,000	\$0	\$0	\$0
STARS 2006A	\$7,144,250	\$0	\$0	\$0
2006B	\$8,620,250	\$0	\$0	\$0
STARS 2006B	\$4,469,000	\$0	\$0	\$0
2007A	\$8,992,375	\$0	\$8,994,375	\$0
STARS 2007A	\$7,515,875	\$0	\$7,513,250	\$0
2008B	\$7,120,275	\$0	\$7,121,212	\$0
2009A	\$4,685,520	\$0	\$4,680,433	\$0

ITEM 281.		Item Details(\$)		Appropriations(\$)	
		First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
	2009B	\$13,440,387	\$0	\$10,206,500	\$0
	2009B STARS	\$6,585,500	\$0	\$6,582,000	\$0
	2009C	\$1,091,060	\$0	\$1,087,256	\$0
	2009D	\$6,258,800	\$0	\$6,267,750	\$0
	2010A	\$21,922,619	\$4,427,564	\$21,924,262	\$4,245,372
	2010B	\$22,230,332	\$3,483,595	\$22,228,807	\$3,483,595
	2011A STARS	\$631,250	\$0	\$626,750	\$0
	2011A	\$19,232,175	\$0	\$17,663,175	\$0
	2011B	\$1,298,724	\$0	\$1,297,524	\$0
	2012A Refunding	\$10,397,100	\$0	\$14,873,225	\$0
	2013A	\$10,279,800	\$0	\$10,284,425	\$0
	2013B	\$3,478,000	\$0	\$3,478,000	\$0
	2014A	\$9,204,275	\$645,000	\$9,200,150	\$645,000
	2014B	\$2,009,865	\$0	\$2,014,279	\$0
	2014C Refunding	\$47,576,200	\$0	\$39,093,450	\$0
	2015A	\$17,340,371	\$0	\$17,344,371	\$0
	2015B Refunding	\$17,565,080	\$0	\$21,406,330	\$0
	2016A	\$2,594,308	\$0	\$14,388,800	\$0
	2016B Refunding	\$2,840,840	\$0	\$8,816,400	\$0
	2016C	\$2,360,858	\$0	\$11,658,400	\$0
	2016D	\$113,933	\$0	<del>\$906,203</del> \$906,503	\$0
	Projected debt service and expenses	\$668,892	\$0	<del>\$7,982,299</del> \$656,853	\$0
	<b>Total Service Area</b>	<b>\$272,771,914</b>	<b>\$8,556,159</b>	<del><b>\$278,889,626</b></del> <b>\$271,564,480</b>	<b>\$8,373,967</b>

2.a. Funding is included in this Item for the Commonwealth's reimbursement of a portion of the approved capital costs as determined by the Board of Corrections and other interest costs as provided in §§ 53.1-80 through 53.1-82.2 of the Code of Virginia, for the following:

Project	Commonwealth Share of Approved Capital Costs
Prince William – Manassas Regional Jail	\$21,032,421
Central Virginia Regional Jail	\$8,464,891
Chesapeake City Jail	\$6,860,886
Pamunkey Regional Jail Authority	\$288,575
Hampton Roads Regional Jail	\$1,759,780
Piedmont Regional Jail	\$2,139,464
Rappahannock Regional Jail	\$1,095,862
Rockbridge Regional Jail	\$103,693
Prince William - Manassas Adult Detention Center	\$49,643
<b>Total Approved Capital Costs</b>	<b>\$41,795,215</b>

b. The Commonwealth's share of the total construction cost of the projects listed in the table in paragraph D.2.a. shall not exceed the amount listed for each project. Reimbursement of the Commonwealth's portion of the construction costs of these projects shall be subject to the approval of the Department of Corrections of the final expenditures.

c. This paragraph shall constitute the authority for the Virginia Public Building Authority to issue bonds for the foregoing projects pursuant to § 2.2-2261 of the Code of Virginia.

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E.1. Out of the amounts for Debt Service Payments on Virginia College Building Authority Bonds shall be paid to the Virginia College Building Authority the following amounts for use by the Authority for payments on obligations issued for financing authorized projects under the 21st Century College Program:				
<b>Series</b>		<b>FY 2017</b>		<b>FY2018</b>
2006		\$8,389,625		<del>\$8,488,250</del> \$0
2007A Refunding		\$13,608,250		<del>\$13,614,000</del> \$0
2007B		\$2,420,250		\$0
2008A		\$4,970,250		\$4,968,500
2009A&B		\$25,021,515		<del>\$25,021,650</del> \$25,021,660
2009E Refunding		\$24,552,650		\$26,974,900
2009F		\$38,279,049		\$38,005,836
2010B		\$28,025,164		\$27,863,320
2011 A		\$17,776,300		<del>\$17,775,300</del> \$7,742,050
2012A		\$21,495,900		\$21,499,400
2012B		\$23,813,200		\$23,835,200
2012 C		\$1,709,412		\$1,689,706
2013 A		\$21,958,513		\$21,959,513
2014A		\$19,547,900		\$19,545,150
2014B		\$5,746,400		\$1,379,650
2015A		\$30,852,650		\$30,850,550
2015B Refunding		\$7,281,262		<del>\$7,284,361</del> \$7,284,367
2015C		\$1,480,181		\$1,478,575
2015D		\$14,129,800		<del>\$14,134,300</del> \$14,134,285
2016A		\$19,470,900		\$19,474,600
2016B Refunding		\$1,314,667		\$1,972,000
2016C		\$4,430,559		\$4,431,339
2017B		\$0		\$20,200,125
2017C		\$0		\$31,464,203
2017D		\$0		\$11,318,863
Projected 21st Century debt service & expenses		\$825,200		<del>\$48,576,603</del> \$785,743
<b>Subtotal 21st Century</b>		<b>\$337,099,597</b>		<b><del>\$380,822,703</del></b> <b>\$363,879,535</b>

2. Out of the amounts for Debt Service Payments on Virginia College Building Authority Bonds shall be paid to the Virginia College Building Authority the following amounts for the payment of debt service on authorized bond issues to finance equipment:

Series	FY 2017	FY 2018
2009D	\$9,051,000	\$0
2010A	\$8,242,500	\$0
2011A	\$8,537,250	\$8,533,500
2012A	\$8,358,500	\$8,362,500
2013A	\$9,450,750	\$9,450,500
2014A	\$9,655,750	\$9,657,500
2015A	\$10,480,000	\$10,484,000
2016A	\$11,063,834	\$11,068,500

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2017A				\$12,514,800
Projected debt service & expenses		\$0		\$12,524,000
				\$0
Subtotal Equipment		\$74,839,584		\$70,080,500
				\$70,071,300
<b>Total Service Area</b>		<b>\$411,939,181</b>		<b>\$450,903,203</b>
				<b>\$433,950,835</b>

3. Beginning with the FY 2008 allocation of the higher education equipment trust fund, the Treasury Board shall amortize equipment purchases at seven years, which is consistent with the useful life of the equipment.

4. Out of the amounts for Debt Service Payments on Virginia College Building Authority Bonds, the following nongeneral fund amounts from a capital fee charged to out-of-state students at institutions of higher education shall be paid to the Virginia College Building Authority in each year for debt service on bonds issued under the 21st Century Program:

Institution	FY 2017	FY 2018
George Mason University	\$2,644,092	\$2,804,490
Old Dominion University	\$1,047,123	\$1,108,899
University of Virginia	\$4,721,706	\$5,006,754
Virginia Polytechnic Institute and State University	\$4,867,731	\$5,192,295
Virginia Commonwealth University	\$2,224,530	\$2,359,266
College of William and Mary	\$1,549,053	\$1,639,845
Christopher Newport University	\$122,562	\$131,508
University of Virginia's College at Wise	\$45,540	\$48,330
James Madison University	\$2,675,079	\$2,843,787
Norfolk State University	\$402,831	\$420,789
Longwood University	\$97,911	\$106,149
University of Mary Washington	\$222,750	\$234,834
Radford University	\$281,556	\$300,486
Virginia Military Institute	\$377,190	\$400,470
Virginia State University	\$739,233	\$773,577
Richard Bland College	\$9,900	\$10,830
Virginia Community College System	\$3,139,785	\$3,301,665
<b>TOTAL</b>	<b>\$25,168,572</b>	<b>\$26,683,974</b>

5. Out of the amounts for Debt Service Payments of College Building Authority Bonds, the following is the estimated general and nongeneral fund breakdown of each institution's share of the debt service on the Virginia College Building Authority bond issues to finance equipment. The nongeneral fund amounts shall be paid to the Virginia College Building Authority in each year for debt service on bonds issued under the equipment program:

Institution	FY 2017		FY 2018	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
College of William & Mary	\$2,428,047	\$259,307	<del>\$2,288,559</del> \$2,304,879	\$259,307
University of Virginia	\$12,878,320	\$1,088,024	<del>\$12,398,010</del> \$12,500,059	\$1,088,024
Virginia Polytechnic Institute and State University	\$12,686,106	\$992,321	<del>\$12,511,190</del> \$12,532,289	\$992,321
Virginia Military Institute	\$782,515	\$88,844	<del>\$710,673</del> \$714,382	\$88,844
Virginia State	\$1,251,928	\$108,886	<del>\$1,102,177</del>	\$108,886

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University			\$1,107,794	
Norfolk State University	\$1,134,866	\$108,554	\$974,308 \$979,331	\$108,554
Longwood University	\$695,519	\$54,746	\$616,057 \$619,168	\$54,746
University of Mary Washington	\$579,022	\$97,063	\$494,620 \$497,364	\$97,063
James Madison University	\$2,104,753	\$254,504	\$1,829,499 \$1,839,166	\$254,504
Radford University	\$1,610,466	\$135,235	\$1,439,279 \$1,446,582	\$135,235
Old Dominion University	\$4,765,064	\$374,473	\$4,411,475 \$4,436,165	\$374,473
Virginia Commonwealth University	\$9,079,794	\$401,647	\$8,135,604 \$8,197,929	\$401,647
Richard Bland College	\$157,143	\$2,027	\$142,476 \$143,146	\$2,027
Christopher Newport University	\$732,687	\$17,899	\$662,856 \$666,014	\$17,899
University of Virginia's College at Wise	\$239,458	\$19,750	\$206,441 \$207,490	\$19,750
George Mason University	\$4,075,025	\$205,665	\$3,715,367 \$3,818,213	\$205,665
Virginia Community College System	\$12,777,922	\$633,657	\$11,630,735 \$12,140,426	\$633,657
Virginia Institute of Marine Science	\$576,822	\$0	\$486,789 \$490,274	\$0
Roanoke Higher Education Authority	\$76,416	\$0	\$70,040 \$70,364	\$0
Southwest Virginia Higher Education Center	\$78,865	\$0	\$72,284 \$72,619	\$0
Institute for Advanced Learning and Research	\$269,909	\$0	\$247,386 \$248,534	\$0
Southern Virginia Higher Education Center	\$66,104	\$0	\$72,216 \$72,617	\$0
New College Institute	\$62,148	\$0	\$45,333 \$45,477	\$0
Eastern Virginia Medical School	\$0	\$0	\$82,099 \$78,420	\$0
<b>TOTAL</b>	<b>\$69,108,899</b>	<b>\$4,842,602</b>	<b>\$64,345,473</b> <b>\$65,228,703</b>	<b>\$4,842,602</b>

F. Pursuant to various Payment Agreements between the Treasury Board and the Commonwealth Transportation Board, funds required to pay the debt service due on Commonwealth Transportation Board bonds shall be paid to the Trustee for the bondholders by the Treasury Board after transfer of these funds to the Treasury Board from the Commonwealth Transportation Board pursuant to Item 457, paragraph E of this act and §§ 33.2-2300, 33.2-2400, and 58.1-816.1, Code of Virginia.

G. Under the authority of this act, an agency may transfer funds to the Treasury Board for use as lease, rental, or debt service payments to be used for any type of financing where the proceeds are used to acquire equipment and to finance associated costs, including but not limited to issuance and other financing costs. In the event such transfers occur, the transfers shall be deemed an appropriation to the Treasury Board for the purpose of making the lease,

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rental, or debt service payments described herein.				
H. Notwithstanding the provisions of 2.2-11.56, Code of Virginia, if tax-exempt bonds were used by the Commonwealth or its authorities, boards, or institutions to finance the acquisition, construction, improvement or equipping of real property, proceeds from the subsequent sale or disposition of such property and any improvements may first be applied toward remediation options available under federal law in order to maintain the tax-exempt status of such bonds.				
282. Not set out.				
Total for Treasury Board.....			<b>\$771,334,565</b>	<b>\$813,838,773</b> <i>\$789,570,265</i>
Fund Sources: General.....	\$722,112,126	<del>\$763,747,452</del> <i>\$739,478,944</i>		
Higher Education Operating.....	\$30,011,174	\$31,526,576		
Dedicated Special Revenue.....	\$645,000	\$645,000		
Federal Trust.....	\$18,566,265	\$17,919,745		
283. Omitted.				
TOTAL FOR OFFICE OF FINANCE.....			<b>\$3,120,039,367</b>	<b>\$2,549,770,382</b> <i>\$2,524,831,874</i>
General Fund Positions.....	1,098.60	1,094.60		
Nongeneral Fund Positions.....	204.40	204.40		
Position Level.....	1,303.00	1,299.00		
Fund Sources: General.....	\$2,452,336,631	<del>\$1,887,513,277</del> <i>\$1,862,574,769</i>		
Special.....	\$13,019,820	\$12,998,062		
Higher Education Operating.....	\$30,011,174	\$31,526,576		
Commonwealth Transportation.....	\$185,187	\$185,187		
Internal Service.....	\$26,680,935	\$27,814,125		
Trust and Agency.....	\$99,900,769	\$92,474,824		
Dedicated Special Revenue.....	\$479,338,586	\$479,338,586		
Federal Trust.....	\$18,566,265	\$17,919,745		

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**OFFICE OF HEALTH AND HUMAN RESOURCES**

**§ 1-11. SECRETARY OF HEALTH AND HUMAN RESOURCES (188)**

284. Not set out.

**Children's Services Act (200)**

285.	Protective Services (45300).....			\$329,749,289	<del>\$332,099,501</del> \$330,707,447
	Financial Assistance for Child and Youth Services (45303).....	\$329,749,289	<del>\$332,099,501</del> \$330,707,447		
	Fund Sources: General.....	\$277,141,543	<del>\$279,491,755</del> \$278,099,701		
	Federal Trust.....	\$52,607,746	\$52,607,746		

Authority: Title 2.2, Chapter 52, Code of Virginia.

A. The Department of Education shall serve as fiscal agent to administer funds cited in paragraphs B and C.

B.1.a. Out of this appropriation, \$177,853,240 the first year and \$221,429,890 the second year from the general fund and \$51,609,746 the first year and \$51,607,746 the second year from nongeneral funds shall be used for the state pool of funds pursuant to § 2.2-5211, Code of Virginia. This appropriation shall consist of a Medicaid pool allocation, and a non-Medicaid pool allocation.

b. The Medicaid state pool allocation shall consist of \$28,526,197 the first year and \$28,526,197 the second year from the general fund and \$43,187,748 the first year and \$43,187,748 the second year from nongeneral funds. The Office of Children's Services will transfer these funds to the Department of Medical Assistance Services as they are needed to pay Medicaid provider claims.

c. The non-Medicaid state pool allocation shall consist of \$149,327,043 the first year and \$192,903,693 the second year from the general fund and \$8,419,998 the first year and \$8,419,998 the second year from nongeneral funds. The nongeneral funds shall be transferred from the Department of Social Services.

d. The Office of Children's Services, with the concurrence of the Department of Planning and Budget, shall have the authority to transfer the general fund allocation between the Medicaid and non-Medicaid state pools in the event that a shortage should exist in either of the funding pools.

e. The Office of Children's Services, per the policy of the State Executive Council, shall deny state pool funding to any locality not in compliance with federal and state requirements pertaining to the provision of special education and foster care services funded in accordance with § 2.2-5211, Code of Virginia.

2.a. Out of this appropriation, \$96,893,303 the first year and ~~\$55,666,865~~ \$54,274,811 the second year from the general fund and \$1,000,000 the first year and \$1,000,000 the second year from nongeneral funds shall be set aside to pay for the state share of supplemental requests from localities that have exceeded their state allocation for mandated services. The nongeneral funds shall be transferred from the Department of Social Services.

b. In each year, the director of the Office of Children's Services may approve and obligate supplemental funding requests in excess of the amount in 2a above, for mandated pool fund expenditures up to 10 percent of the total general fund appropriation authority in B1a in this Item.

c. The State Executive Council shall maintain local government performance measures to include, but not be limited to, use of federal funds for state and local support of the Children's



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Services Act.

d. Pursuant to § 2.2-5200, Code of Virginia, Community Policy and Management Teams shall seek to ensure that services and funding are consistent with the Commonwealth's policies of preserving families and providing appropriate services in the least restrictive environment, while protecting the welfare of children and maintaining the safety of the public. Each locality shall submit to the Office of Children's Services information on utilization of residential facilities for treatment of children and length of stay in such facilities. By December 15 of each year, the Office of Children's Services shall report to the Governor and Chairmen of the House Appropriations and Senate Finance Committees on utilization rates and average lengths of stays statewide and for each locality.

3. Each locality receiving funds for activities under the Children's Services Act (CSA) shall have a utilization management process, including a uniform assessment, approved by the State Executive Council, covering all CSA services. Utilizing a secure electronic site, each locality shall also provide information as required by the Office of Children's Services to include, but not be limited to case specific information, expenditures, number of youth served in specific CSA activities, length of stay for residents in core licensed residential facilities, and proportion of youth placed in treatment settings suggested by the uniform assessment instrument. The State Executive Council, utilizing this information, shall track and report on child specific outcomes for youth whose services are funded under the Children's Services Act. Only non-identifying demographic, service, cost and outcome information shall be released publicly. Localities requesting funding from the set aside in paragraph 2.a. and 2.b. must demonstrate compliance with all CSA provisions to receive pool funding.

4. The Secretary of Health and Human Resources, in consultation with the Secretary of Education and the Secretary of Public Safety and Homeland Security, shall direct the actions for the Departments of Social Services, Education, and Juvenile Justice, Medical Assistance Services, Health, and Behavioral Health and Developmental Services, to implement, as part of ongoing information systems development and refinement, changes necessary for state and local agencies to fulfill CSA reporting needs.

5. The State Executive Council shall provide localities with technical assistance on ways to control costs and on opportunities for alternative funding sources beyond funds available through the state pool.

6. Out of this appropriation, \$50,000 the first year and \$50,000 the second year from the general fund is provided for a combination of regional and statewide meetings for technical assistance to local community policy and management teams, family assessment and planning teams, and local fiscal agents. Training shall include, but not be limited to, cost containment measures, building community-based services, including creation of partnerships with private providers and non-profit groups, utilization management, use of alternate revenue sources, and administrative and fiscal issues. A state-supported institution of higher education, in cooperation with the Virginia Association of Counties, the Virginia Municipal League, and the State Executive Council, may assist in the provisions of this paragraph. A training plan shall be presented to and approved by the State Executive Council before the beginning of each fiscal year. A training calendar and timely notice of programs shall be provided to Community Policy and Management Teams and family assessment and planning team members statewide as well as to local fiscal agents and chief administrative officers of cities and counties. A report on all regional and statewide training sessions conducted during the fiscal year, including (i) a description of each program and trainers, (ii) the dates of the training and the number of attendees for each program, (iii) a summary of evaluations of these programs by attendees, and (iv) the funds expended, shall be made to the Chairmen of the House Appropriations and Senate Finance Committees and to the members of the State Executive Council by December 1 of each year. Any funds unexpended for this purpose in the first year shall be reappropriated for the same use in the second year.

7. Out of this appropriation, \$70,000 the first year and \$70,000 the second year from the general fund is provided for the Office of Children's Services to contract for the support of uniform CSA reporting requirements.

8. The State Executive Council shall require a uniform assessment instrument.

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9. The Office of Children's Services, in conjunction with the Department of Social Services, shall determine a mechanism for reporting Temporary Assistance for Needy Families Maintenance of Effort eligible costs incurred by the Commonwealth and local governments for the Children's Services Act.				
10. For purposes of defining cases involving only the payment of foster care maintenance, pursuant to § 2.2-5209, Code of Virginia, the definition of foster care maintenance used by the Virginia Department of Social Services for federal Title IV-E shall be used.				
C. The funding formula to carry out the provisions of the Children's Services Act is as follows:				
1. Allocations. The allocations for the Medicaid and non-Medicaid pools shall be the amounts specified in paragraphs B.1.b. and B.1.c. in this Item. These funds shall be distributed to each locality in each year of the biennium based on the greater of that locality's percentage of actual 1997 Children's Services Act pool fund program expenditures to total 1997 pool fund program expenditures or the latest available three-year average of actual pool fund program expenditures as reported to the state fiscal agent.				
2. Local Match. All localities are required to appropriate a local match for the base year funding consisting of the actual aggregate local match rate based on actual total 1997 program expenditures for the Children's Services Act. This local match rate shall also apply to all reimbursements from the state pool of funds in this Item and carryforward expenditures submitted prior to September 30 each year for the preceding fiscal year, including administrative reimbursements under paragraph C.4. in this Item.				
3.a. Notwithstanding the provisions of C.2. of this Item, beginning July 1, 2008, the local match rate for community based services for each locality shall be reduced by 50 percent.				
b. Localities shall review their caseloads for those individuals who can be served appropriately by community-based services and transition those cases to the community for services. Beginning July 1, 2009, the local match rate for non-Medicaid residential services for each locality shall be 25 percent above the fiscal year 2007 base. Beginning July 1, 2011, the local match rate for Medicaid residential services for each locality shall be 25 percent above the fiscal year 2007 base.				
c. By October 1 of each year, The State Executive Council (SEC) shall provide an update to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees on the outcomes of this initiative.				
d. At the direction of the State Executive Council, local Community Policy and Management Teams (CPMTs) and Community Services Boards (CSBs) shall work collaboratively in their service areas to develop a local plan for intensive care coordination (ICC) services that best meets the needs of the children and families. If there is more than one CPMT in the CSB's service area, the CPMTs and the CSB may work together as a region to develop a plan for ICC services. Local CPMTs and CSBs shall also work together to determine the most appropriate and cost-effective provider of ICC services for children in their community who are placed in, or at-risk of being placed in, residential care through the Children's Services Act, in accordance with guidelines developed by the State Executive Council. The State Executive Council and Office of Children's Services shall establish guidelines for reasonable rates for ICC services and provide training and technical assistance to CPMTs and fiscal agents regarding these services.				
e. The local match rate for all non-Medicaid services provided in the public schools after June 30, 2011 shall equal the fiscal year 2007 base.				
4. Local Administrative Costs. Out of this appropriation, an amount equal to two percent of the fiscal year 1997 pool fund allocations, not to exceed \$2,060,000 the first year and \$2,060,000 the second year from the general fund, shall be allocated among all localities for administrative costs. Every locality shall be required to appropriate a local match based on the local match contribution in paragraph C.2. of this Item. Inclusive of the state allocation and local matching funds, every locality shall receive the larger of \$12,500 or an amount equal to two percent of the total pool allocation. No locality shall receive more than \$50,000, inclusive of the state allocation and local matching funds. Localities are encouraged to use				



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	to the Chairmen of the House Appropriations and Senate Finance Committees beginning September 1, 2011 and each year thereafter.			
	L. Out of this appropriation, the Director, Office of Children's Services, shall allocate \$2,200,000 the first year and \$2,200,000 the second year from the general fund to localities for wrap-around services for students with disabilities as defined in the Children's Services Act policy manual.			
	M. The State Executive Council (SEC) for Children's Services shall continue to review and develop a robust set of options for (i) increasing the integration of children receiving special education private day treatment services into their home school districts, including mechanisms to involve local school districts in tracking, monitoring and obtaining outcome data to assist in making decisions on the appropriate utilization of these services, and (ii) funding the educational costs with local school districts for students whose placement in or admittance to state or privately operated psychiatric or residential treatment facilities for non-educational reasons has been authorized by Medicaid. The SEC shall continue its review with the assistance of relevant stakeholders, including representatives of the Department of Education, the Department of Medical Assistance Services, the Office of Comprehensive Services, the Department of Behavioral Health and Developmental Services, local school districts, local governments, and public and private service providers. The SEC shall present a robust set of options and recommendations that include possible changes to policies, procedures, regulations and statutes, including any fiscal impact for consideration by the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by November 1, 2016.			
286.	Not set out.			
	Total for Children's Services Act.....		<b>\$331,510,913</b>	<b>\$333,946,507</b> <b>\$332,554,453</b>
	General Fund Positions.....	14.00	14.00	
	Position Level.....	14.00	14.00	
	Fund Sources: General.....	\$278,903,167	<del>\$281,338,761</del> \$279,946,707	
	Federal Trust.....	\$52,607,746	\$52,607,746	
	Grand Total for Secretary of Health and Human Resources.....		<b>\$332,489,393</b>	<b>\$334,675,023</b> <b>\$333,282,969</b>
	General Fund Positions.....	19.00	19.00	
	Position Level.....	19.00	19.00	
	Fund Sources: General.....	\$279,881,647	<del>\$282,067,277</del> \$280,675,223	
	Federal Trust.....	\$52,607,746	\$52,607,746	
287.	Not set out.			
288.	Not set out.			
289.	Not set out.			
290.	Not set out.			
291.	Not set out.			
292.	Not set out.			
293.	Not set out.			
294.	Not set out.			

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295.	Not set out.				
296.	Not set out.				
297.	Not set out.				
298.	Not set out.				
299.	Not set out.				
300.	Not set out.				
301.	Not set out.				
302.	Not set out.				

**§ 1-12. DEPARTMENT OF MEDICAL ASSISTANCE SERVICES (602)**

303.	Pre-Trial, Trial, and Appellate Processes (32100)....			\$16,740,733	\$16,841,427 \$19,001,621
	Reimbursements for Medical Services Related to Involuntary Mental Commitments (32107).....	\$16,740,733	\$16,841,427 \$19,001,621		
	Fund Sources: General.....	\$16,740,733	\$16,841,427 \$19,001,621		

Authority: § 37.2-809, Code of Virginia.

A. Any balance, or portion thereof, in Reimbursements for Medical Services Related to Involuntary Mental Commitments (32107), may be transferred between Items 43, 44, 45, and 303 as needed, to address any deficits incurred for Involuntary Mental Commitments by the Supreme Court or the Department of Medical Assistance Services.

B. Out of this appropriation, payments may be made to licensed health care providers for medical screening and assessment services provided to persons with mental illness while in emergency custody pursuant to § 37.2-808, Code of Virginia.

C. To the extent that appropriation in this Item are insufficient, the Department of Planning and Budget shall transfer general fund appropriation, as needed, from Children's Health Insurance Program Delivery (44600), Medicaid Program Services (45600), and Medical Assistance Services for Low Income Children (46600), if available, into this Item.

304.	Not set out.				
305.	Children's Health Insurance Program Delivery (44600).....			\$160,086,710	\$167,457,281 \$189,984,660
	Reimbursements for Medical Services Provided Under the Family Access to Medical Insurance Security Plan (44602).....	\$160,086,710	\$167,457,281 \$189,984,660		
	Fund Sources: General.....	\$5,144,778	\$6,029,247 \$8,732,532		
	Dedicated Special Revenue.....	\$14,065,627	\$14,065,627		
	Federal Trust.....	\$140,876,305	\$147,362,407 \$167,186,501		

Authority: Title 32.1, Chapter 13, Code of Virginia; Title XXI, Social Security Act, Federal Code.

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<p>A. Pursuant to Chapter 679, Acts of Assembly of 1997, the State Corporation Commission shall annually, on or before June 30, 1998, and each year thereafter, calculate the premium differential between: (i) 0.75 percent of the direct gross subscriber fee income derived from eligible contracts and (ii) the amount of license tax revenue generated pursuant to subdivision A 4 of § 58.1-2501 for the immediately preceding taxable year and notify the Comptroller of the Commonwealth to transfer such amounts to the Family Access to Medical Insurance Security Plan Trust Fund as established on the books of the State Comptroller.</p> <p>B. As a condition of this appropriation, revenues from the Family Access to Medical Insurance Security Plan Trust Fund, shall be used to match federal funds for the Children's Health Insurance Program.</p> <p>C. Every eligible applicant for health insurance as provided for in Title 32.1, Chapter 13, Code of Virginia, shall be enrolled and served in the program.</p> <p>D. To the extent that appropriations in this Item are insufficient, the Department of Planning and Budget shall transfer general fund appropriation, as needed, from Medicaid Program Services (45600) and Medical Assistance Services for Low Income Children (46600), if available, into this Item to be used as state match for federal Title XXI funds.</p> <p>E. The Department of Medical Assistance Services shall make the monthly capitation payment to managed care organizations for the member months of each month in the first week of the subsequent month.</p> <p>F. If any part, section, subsection, paragraph, clause, or phrase of this Item or the application thereof is declared by the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services to be in conflict with a federal law or regulation, such decisions shall not affect the validity of the remaining portions of this Item, which shall remain in force as if this Item had passed without the conflicting part, section, subsection, paragraph, clause, or phrase. Further, if the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services determines that the process for accomplishing the intent of a part, section, subsection, paragraph, clause, or phrase of this Item is out of compliance or in conflict with federal law and regulation and recommends another method of accomplishing the same intent, the Director, Department of Medical Assistance Services, after consultation with the Attorney General, is authorized to pursue the alternative method.</p> <p>G. The Department of Medical Assistance Services shall amend the state plan for the Children's Health Insurance Program to add coverage for applied behavior analysis (ABA) services. The department shall have the authority to implement this change effective upon passage of this act, and prior to the completion of any regulatory process undertaken in order to effect such change.</p>				
306.	Medicaid Program Services (45600).....		\$9,306,605,828	<del>\$9,705,926,154</del> \$9,990,343,272
	Reimbursements to State-Owned Mental Health and Intellectual Disabilities Facilities (45607).....	\$142,690,148	\$140,540,402	
	Reimbursements for Behavioral Health Services (45608).....	\$833,340,268	<del>\$892,215,342</del> \$671,487,348	
	Reimbursements for Medical Services (45609).....	\$5,613,389,616	<del>\$5,820,956,424</del> \$7,413,741,830	
	Reimbursements for Long-Term Care Services (45610).....	\$2,717,185,796	<del>\$2,852,213,986</del> \$1,764,573,692	
	Fund Sources: General.....	\$4,332,818,444	<del>\$4,605,674,894</del> \$4,651,424,296	
	Dedicated Special Revenue.....	\$399,790,186	<del>\$359,174,530</del> \$399,844,323	
	Federal Trust.....	\$4,573,997,198	<del>\$4,741,076,730</del> \$4,939,074,653	

Authority: Title 32.1, Chapters 9 and 10, Code of Virginia; P.L. 89-97, as amended, Title XIX, Social Security Act, Federal Code.

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A.	Out of this appropriation, \$71,345,074 the first year and \$70,270,201 the second year from the general fund and \$71,345,074 the first year and \$70,270,201 the second year from the federal trust fund is provided for reimbursement to the institutions within the Department of Behavioral Health and Developmental Services.			
B.1.	Included in this appropriation is \$64,271,600 the first year and <del>\$66,307,880</del> <del>\$67,031,489</del> the second year from the general fund and \$81,753,552 the first year and <del>\$85,496,639</del> <del>\$86,220,247</del> the second year from nongeneral funds to reimburse the Virginia Commonwealth University Health System for indigent health care costs. This funding is composed of disproportionate share hospital (DSH) payments, indirect medical education (IME) payments, and any Medicaid profits realized by the Health System. Payments made from the federal DSH fund shall be made in accordance with 42 USC 1396r-4.			
2.	Included in this appropriation is \$39,565,488 the first year and <del>\$40,676,066</del> <del>\$42,165,481</del> the second year from the general fund and \$52,701,218 the first year and <del>\$55,390,844</del> <del>\$56,880,258</del> the second year from nongeneral funds to reimburse the University of Virginia Health System for indigent health care costs. This funding is comprised of disproportionate share hospital (DSH) payments, indirect medical education (IME) payments, and any Medicaid profits realized by the Health System. Payments made from the federal DSH fund shall be made in accordance with 42 USC 1396r-4.			
3.	The general fund amounts for the state teaching hospitals have been reduced to mirror the general fund impact of reduced and no inflation for inpatient services in FY 2017 and FY 2018 for private hospitals reflected in paragraph GGGG. of this Item. It also includes reductions for prior year inflation reductions and indigent care reductions. However, the nongeneral funds are appropriated. In order to receive the nongeneral funds in excess of the amount of the general fund appropriated, the health systems shall certify the public expenditures.			
4.	The Department of Medical Assistance Service shall have the authority to increase Medicaid payments for Type One hospitals and physicians consistent with the appropriations to compensate for limits on disproportionate share hospital (DSH) payments to Type One hospitals that the department would otherwise make. In particular, the department shall have the authority to amend the State Plan for Medical Assistance to increase physician supplemental payments for physician practice plans affiliated with Type One hospitals up to the average commercial rate as demonstrated by University of Virginia Health System and Virginia Commonwealth University Health System, to change reimbursement for Graduate Medical Education to cover costs for Type One hospitals, to case mix adjust the formula for indirect medical education reimbursement for HMO discharges for Type One hospitals and to increase the adjustment factor for Type One hospitals to 1.0. The department shall have the authority to implement these changes prior to completion of any regulatory process undertaken in order to effect such change.			
C.1.	The estimated revenue for the Virginia Health Care Fund is \$399,790,186 the first year and <del>\$359,174,530</del> <del>\$399,677,948</del> the second year, to be used pursuant to the uses stated in § 32.1-367, Code of Virginia.			
2.	Notwithstanding § 32.1-366, Code of Virginia, the State Comptroller shall deposit 41.5 percent of the Commonwealth's allocation of the Master Settlement Agreement with tobacco product manufacturers, as defined in § 3.2-3100, Code of Virginia, to the Virginia Health Care Fund.			
3.	Notwithstanding any other provision of law, the State Comptroller shall deposit 50 percent of the Commonwealth's allocation of the Strategic Contribution Fund payment pursuant to the Master Settlement Agreement with tobacco product manufacturers into the Virginia Health Care Fund.			
4.	Notwithstanding any other provision of law, revenues deposited to the Virginia Health Care Fund shall only be used as the state share of Medicaid unless specifically authorized by this Act.			
D.	If any part, section, subsection, paragraph, clause, or phrase of this Item or the application thereof is declared by the United States Department of Health and Human			

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<p>Services or the Centers for Medicare and Medicaid Services to be in conflict with a federal law or regulation, such decisions shall not affect the validity of the remaining portions of this Item, which shall remain in force as if this Item had passed without the conflicting part, section, subsection, paragraph, clause, or phrase. Further, if the United States Department of Health and Human Services or the Centers for Medicare and Medicaid Services determines that the process for accomplishing the intent of a part, section, subsection, paragraph, clause, or phrase of this Item is out of compliance or in conflict with federal law and regulation and recommends another method of accomplishing the same intent, the Director, Department of Medical Assistance Services, after consultation with the Attorney General, is authorized to pursue the alternative method.</p>				
<p>E.1. The Director, Department of Medical Assistance Services shall seek the necessary waivers from the United States Department of Health and Human Services to authorize the Commonwealth to cover health care services and delivery systems, as may be permitted by Title XIX of the Social Security Act, which may provide less expensive alternatives to the State Plan for Medical Assistance.</p>				
<p>2. At least 30 days prior to the submission of an application for any new waiver of Title XIX or Title XXI of the Social Security Act, the Department of Medical Assistance Services shall notify the Chairmen of the House Appropriations and Senate Finance Committees of such pending application and provide information on the purpose and justification for the waiver along with any fiscal impact. If the department receives an official letter from either Chairmen raising an objection about the waiver during the 30-day period, the department shall not submit the waiver application and shall request authority for such waiver as part of the normal legislative or budgetary process. If the department receives no objection, then the application may be submitted. Any waiver specifically authorized elsewhere in this item is not subject to this provision. Waiver renewals are not subject to the provisions of this paragraph.</p>				
<p>3. The director shall promulgate such regulations as may be necessary to implement those programs which may be permitted by Titles XIX and XXI of the Social Security Act, in conformance with all requirements of the Administrative Process Act.</p>				
<p>F. It is the intent of the General Assembly to develop and cause to be developed appropriate, fiscally responsible methods for addressing the issues related to the cost and funding of long-term care. It is the further intent of the General Assembly to promote home-based and community-based care for individuals who are determined to be in need of nursing facility care.</p>				
<p>G. To the extent that appropriations in this Item are insufficient, the Department of Planning and Budget shall transfer general fund appropriation, as needed, from Children's Health Insurance Program Delivery (44600) and Medical Assistance Services for Low Income Children (46600), if available, into this Item to be used as state match for federal Title XIX funds.</p>				
<p>H. It is the intent of the General Assembly that the medically needy income limits for the Medicaid program are adjusted annually to account for changes in the Consumer Price Index.</p>				
<p>I. It is the intent of the General Assembly that the use of the new atypical medications to treat seriously mentally ill Medicaid recipients should be supported by the formularies used to reimburse claims under the Medicaid fee-for-service and managed care plans.</p>				
<p>J. The Department of Medical Assistance Services shall establish a program to more effectively manage those Medicaid recipients who receive the highest cost care. To implement the program, the department shall establish uniform criteria for the program, including criteria for the high cost recipients, providers and reimbursement, service limits, assessment and authorization limits, utilization review, quality assessment, appeals and other such criteria as may be deemed necessary to define the program. The department shall seek any necessary approval from the Centers for Medicare and Medicaid Services, and shall promulgate such regulations as may be deemed necessary to implement this program.</p>				
<p>K. The Department of Medical Assistance Services and the Virginia Department of Health shall work with representatives of the dental community: to expand the availability and delivery of dental services to pediatric Medicaid recipients; to streamline the administrative processes; and to remove impediments to the efficient delivery of dental services and</p>				





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	<p>teams on the procedures for use of Medicaid for residential treatment and treatment foster care services, including, but not limited to, procedures for determining eligibility, billing, reimbursement, and related reporting requirements. The department shall include in this training information on the proper utilization of inpatient and outpatient mental health services as covered by the Medicaid State Plan.</p>			
	<p>R.1. Notwithstanding § 32.1-331.12 et seq., Code of Virginia, the Department of Medical Assistance Services, in consultation with the Department of Behavioral Health and Developmental Services, shall amend the State Plan for Medical Assistance Services to modify the delivery system of pharmaceutical products to include a Preferred Drug List. In developing the modifications, the department shall consider input from physicians, pharmacists, pharmaceutical manufacturers, patient advocates, and others, as appropriate.</p>			
	<p>2.a. The department shall utilize a Pharmacy and Therapeutics Committee to assist in the development and ongoing administration of the Preferred Drug List program. The Pharmacy and Therapeutics Committee shall be composed of 8 to 12 members, including the Commissioner, Department of Behavioral Health and Developmental Services, or his designee. Other members shall be selected or approved by the department. The membership shall include a ratio of physicians to pharmacists of 2:1 and the department shall ensure that at least one-half of the physicians and pharmacists are either direct providers or are employed with organizations that serve recipients for all segments of the Medicaid population. Physicians on the committee shall be licensed in Virginia, one of whom shall be a psychiatrist, and one of whom specializes in care for the aging. Pharmacists on the committee shall be licensed in Virginia, one of whom shall have clinical expertise in mental health drugs, and one of whom has clinical expertise in community-based mental health treatment. The Pharmacy and Therapeutics Committee shall recommend to the department (i) which therapeutic classes of drugs should be subject to the Preferred Drug List program and prior authorization requirements; (ii) specific drugs within each therapeutic class to be included on the preferred drug list; (iii) appropriate exclusions for medications, including atypical antipsychotics, used for the treatment of serious mental illnesses such as bi-polar disorders, schizophrenia, and depression; (iv) appropriate exclusions for medications used for the treatment of brain disorders, cancer and HIV-related conditions; (v) appropriate exclusions for therapeutic classes in which there is only one drug in the therapeutic class or there is very low utilization, or for which it is not cost-effective to include in the Preferred Drug List program; and (vi) appropriate grandfather clauses when prior authorization would interfere with established complex drug regimens that have proven to be clinically effective. In developing and maintaining the preferred drug list, the cost effectiveness of any given drug shall be considered only after it is determined to be safe and clinically effective.</p>			
	<p>b. The Pharmacy and Therapeutics Committee shall schedule meetings at least semi-annually and may meet at other times at the discretion of the chairperson and members. At the meetings, the Pharmacy and Therapeutics committee shall review any drug in a class subject to the Preferred Drug List that is newly approved by the Federal Food and Drug Administration, provided there is at least thirty (30) days notice of such approval prior to the date of the quarterly meeting.</p>			
	<p>3. The department shall establish a process for acting on the recommendations made by the Pharmacy and Therapeutics Committee, including documentation of any decisions which deviate from the recommendations of the committee.</p>			
	<p>4. The Preferred Drug List program shall include provisions for (i) the dispensing of a 72-hour emergency supply of the prescribed drug when requested by a physician and a dispensing fee to be paid to the pharmacy for such supply; (ii) prior authorization decisions to be made within 24 hours and timely notification of the recipient and/or the prescribing physician of any delays or negative decisions; (iii) an expedited review process of denials by the department; and (iv) consumer and provider education, training and information regarding the Preferred Drug List prior to implementation, and ongoing communications to include computer access to information and multilingual material.</p>			
	<p>5. The Preferred Drug List program shall generate savings as determined by the department that are net of any administrative expenses to implement and administer the program.</p>			
	<p>6. Notwithstanding § 32.1-331.12 et seq., Code of Virginia, to implement these changes, the Department of Medical Assistance Services shall promulgate emergency regulations to</p>			

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become effective within 280 days or less from the enactment of this Act. With respect to such state plan amendments and regulations, the provisions of § 32.1-331.12 et seq., Code of Virginia, shall not apply. In addition, the department shall work with the Department of Behavioral Health and Development Services to consider utilizing a Preferred Drug List program for its non-Medicaid clients.

7. The Department of Medical Assistance Services shall (i) continually review utilization of behavioral health medications under the State Medicaid Program for Medicaid recipients; and (ii) ensure appropriate use of these medications according to federal Food and Drug Administration (FDA) approved indications and dosage levels. The department may also require retrospective clinical justification according to FDA approved indications and dosage levels for the use of multiple behavioral health drugs for a Medicaid patient. For individuals 18 years of age and younger who are prescribed three or more behavioral health drugs, the department may implement clinical edits that target inefficient, ineffective, or potentially harmful prescribing patterns in accordance with FDA-approved indications and dosage levels.

8. The Department of Medical Assistance Services shall ensure that in the process of developing the Preferred Drug List, the Pharmacy and Therapeutics Committee considers the value of including those prescription medications which improve drug regimen compliance, reduce medication errors, or decrease medication abuse through the use of medication delivery systems that include, but are not limited to, transdermal and injectable delivery systems.

S.1. The Department of Medical Assistance Services may amend the State Plan for Medical Assistance Services to modify the delivery system of pharmaceutical products to include a specialty drug program. In developing the modifications, the department shall consider input from physicians, pharmacists, pharmaceutical manufacturers, patient advocates, the Pharmacy Liaison Committee, and others as appropriate.

2. In developing the specialty drug program to implement appropriate care management and control drug expenditures, the department shall contract with a vendor who will develop a methodology for the reimbursement and utilization through appropriate case management of specialty drugs and distribute the list of specialty drug rates, authorized drugs and utilization guidelines to medical and pharmacy providers in a timely manner prior to the implementation of the specialty drug program and publish the same on the department's website.

3. In the event that the Department of Medical Assistance Services contracts with a vendor, the department shall establish the fee paid to any such contractor based on the reasonable cost of services provided. The department may not offer or pay directly or indirectly any material inducement, bonus, or other financial incentive to a program contractor based on the denial or administrative delay of medically appropriate prescription drug therapy, or on the decreased use of a particular drug or class of drugs, or a reduction in the proportion of beneficiaries who receive prescription drug therapy under the Medicaid program. Bonuses cannot be based on the percentage of cost savings generated under the benefit management of services.

4. The department shall: (i) review, update and publish the list of authorized specialty drugs, utilization guidelines, and rates at least quarterly; (ii) implement and maintain a procedure to revise the list or modify specialty drug program utilization guidelines and rates, consistent with changes in the marketplace; and (iii) provide an administrative appeals procedure to allow dispensing or prescribing provider to contest the listed specialty drugs and rates.

5. The department shall report on savings and quality improvements achieved through the implementation measures for the specialty drug program to the Chairmen of the House Appropriations and Senate Finance Committees, the Joint Commission on Health Care, and the Department of Planning and Budget by November 1 of each year.

6. The department shall have authority to enact emergency regulations under § 2.2-4011 of the Administrative Process Act to effect these provisions.

T.1. The Department of Medical Assistance Services shall reimburse school divisions who

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sign an agreement to provide administrative support to the Medicaid program and who provide documentation of administrative expenses related to the Medicaid program 50 percent of the Federal Financial Participation by the department.

2. The Department of Medical Assistance Services shall retain five percent of the Federal Financial Participation for reimbursement to school divisions for medical and transportation services.

U. In the event that the Department of Medical Assistance Services decides to contract for pharmaceutical benefit management services to administer, develop, manage, or implement Medicaid pharmacy benefits, the department shall establish the fee paid to any such contractor based on the reasonable cost of services provided. The department may not offer or pay directly or indirectly any material inducement, bonus, or other financial incentive to a program contractor based on the denial or administrative delay of medically appropriate prescription drug therapy, or on the decreased use of a particular drug or class of drugs, or a reduction in the proportion of beneficiaries who receive prescription drug therapy under the Medicaid program. Bonuses cannot be based on the percentage of cost savings generated under the benefit management of services.

V. The Department of Medical Assistance Services, in cooperation with the Department of Social Services' Division of Child Support Enforcement (DCSE), shall identify and report third party coverage where a medical support order has required a custodial or noncustodial parent to enroll a child in a health insurance plan. The Department of Medical Assistance Services shall also report to the DCSE third party information that has been identified through their third party identification processes for children handled by DCSE.

W.1. Within the limits of this appropriation, the Department of Medical Assistance Services shall work with its contracted managed care organizations and fee-for-service health care providers to: (i) raise awareness among the providers who serve the Medicaid population about the health risks of chronic kidney disease; (ii) establish effective means of identifying patients with this condition; and (iii) develop strategies for improving the health status of these patients. The department shall work with the National Kidney Foundation to prepare and disseminate information for physicians and other health care providers regarding generally accepted standards of clinical care and the benefits of early identification of individuals at highest risk of chronic kidney disease.

2. The department shall request any clinical laboratory performing a serum creatinine test on a Medicaid recipient over the age of 18 years to calculate and report to the physician the estimated glomerular filtration rate (eGFR) of the patient and shall report it as a percent of kidney function remaining.

X.1. Notwithstanding the provisions of § 32.1-325.1:1, Code of Virginia, upon identifying that an overpayment for medical assistance services has been made to a provider, the Director, Department of Medical Assistance Services shall notify the provider of the amount of the overpayment. Such notification of overpayment shall be issued within the earlier of (i) four years after payment of the claim or other payment request, or (ii) four years after filing by the provider of the complete cost report as defined in the Department of Medical Assistance Services' regulations, or (iii) 15 months after filing by the provider of the final complete cost report as defined in the Department of Medical Assistance Services' regulations subsequent to sale of the facility or termination of the provider.

2. Notwithstanding the provisions of § 32.1-325.1, Code of Virginia, the director shall issue an informal fact-finding conference decision concerning provider reimbursement in accordance with the State Plan for Medical Assistance, the provisions of § 2.2-4019, Code of Virginia, and applicable federal law. The informal fact-finding conference decision shall be issued within 180 days of the receipt of the appeal request. If the agency does not render an informal fact-finding conference decision within 180 days of the receipt of the appeal request, the decision is deemed to be in favor of the provider. An appeal of the director's informal fact-finding conference decision concerning provider reimbursement shall be heard in accordance with § 2.2-4020 of the Administrative Process Act (§ 2.2-4020 et seq.) and the State Plan for Medical Assistance provided for in § 32.1-325, Code of Virginia. Once a final agency case decision has been made, the director shall undertake full recovery of such overpayment whether or not the provider disputes, in whole or in part, the informal fact-finding conference decision or the final agency case decision. Interest charges on the unpaid balance of any

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	overpayment shall accrue pursuant to § 32.1-313, Code of Virginia, from the date the Director's agency case decision becomes final.			
	Y. Any hospital that was designated a Medicare-dependent small rural hospital, as defined in 42 U.S.C. §1395ww (d) (5) (G) (iv) prior to October 1, 2004, shall be designated a rural hospital pursuant to 42 U.S.C. §1395ww (d) (8) (ii) (II) on or after September 30, 2004.			
	Z. The Department of Medical Assistance Services shall amend its State Plan for Medical Assistance Services to develop and implement a regional model for the integration of acute and long-term care services. This model would be offered to elderly and disabled clients on a mandatory basis. The department shall promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act.			
	AA.1. Contingent upon approval by the Centers for Medicare and Medicaid Services as part of the Money Follows the Person demonstration grant, the Department of Medical Assistance Services shall seek federal approval for necessary changes to home and community-based 1915(c) waivers to allow individuals transitioning from institutions to receive care in the community. The Department of Medical Assistance Services shall promulgate any necessary emergency regulations within 280 days or less from the enactment date of this Act.			
	2. The Department of Medical Assistance Services shall amend the Individual and Family Developmental Disabilities Support (DD) Waiver to add up to 30 new slots (up to 15 each fiscal year) and the Intellectual Disabilities (ID) Waiver to add up to 220 new slots (up to 110 each fiscal year) which will be reserved for individuals transitioning out of institutional settings through the Money Follows the Person Demonstration. The Department of Medical Assistance Services shall seek federal approval for necessary changes to the DD and ID waiver applications to add the additional slots.			
	BB. The Department of Medical Assistance Services shall have the authority to implement prior authorization and utilization review for community-based mental health services for children and adults. The department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act.			
	CC. The Department of Medical Assistance Services shall delay the last quarterly payment of certain quarterly amounts paid to hospitals, from the end of each state fiscal year to the first quarter of the following year. Quarterly payments that shall be delayed from each June to each July shall be Disproportionate Share Hospital payments, Indirect Medical Education payments, and Direct Medical Education payments. The department shall have the authority to implement this reimbursement change effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such change.			
	DD. The Department of Medical Assistance Services shall make the monthly capitation payment to managed care organizations for the member months of each month in the first week of the subsequent month. The department shall have the authority to implement this reimbursement schedule change effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such change.			
	EE. In every June the remittance that would normally be paid to providers on the last remittance date of the state fiscal year shall be delayed one week longer than is normally the practice. This change shall apply to the remittances of Medicaid and FAMIS providers. This change does not apply to providers who are paid a per-month capitation payment. The department shall have the authority to implement this reimbursement change effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such change.			
	FF. Upon approval by the Centers for Medicare and Medicaid Services of the application for renewal of the Intellectual Disabilities Waiver, expeditious implementation of any revisions shall be deemed an emergency situation pursuant to § 2.2-4002 of the Administrative Process Act. Therefore, to meet this emergency situation, the Department of Medical Assistance Services shall promulgate emergency regulations to implement the provisions of this Act.			

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GG. The Department of Medical Assistance Services shall provide information to personal care agency providers regarding the options available to meet staffing requirements for personal care aides including the completion of provider-offered training or DMAS Personal Care Aide Training Curriculum.				
HH. The Department of Medical Assistance Services shall impose an assessment equal to 6.0 percent of revenue on all ICF-ID providers. The department shall determine procedures for collecting the assessment, including penalties for non-compliance. The department shall have the authority to adjust interim rates to cover new Medicaid costs as a result of this assessment.				
II. The Department of Medical Assistance Services shall make programmatic changes in the provision of Intensive In-Home services and Community Mental Health services in order to ensure appropriate utilization and cost efficiency. The department shall consider all available options including, but not limited to, prior authorization, utilization review and provider qualifications. The Department of Medical Assistance Services shall promulgate regulations to implement these changes within 280 days or less from the enactment date of this Act.				
JJ. Notwithstanding Chapters 228 and 303 of the 2009 Virginia Acts of Assembly and §32.1-323.2 of the Code of Virginia, the Department of Medical Assistance Services shall not add any slots to the Intellectual Disabilities Medicaid Waiver or the Individual and Family Developmental Disabilities and Support Medicaid Waiver other than those slots authorized specifically to support the Money Follows the Person Demonstration, individuals who are exiting state institutions, any slots authorized under Chapters 724 and 729 of the 2011 Virginia Acts of Assembly or §37.2-319, Code of Virginia, or authorized elsewhere in this Act.				
KK. The Department of Medical Assistance Services shall not adjust rates or the rate ceiling of residential psychiatric facilities for inflation.				
LL. The Department of Medical Assistance Services shall work with the Department of Behavioral Health and Developmental Services in consultation with the Virginia Association of Community Services Boards, the Virginia Network of Private Providers, the Virginia Coalition of Private Provider Associations, and the Association of Community Based Providers, to establish rates for the Intensive In-Home Service based on quality indicators and standards, such as the use of evidence-based practices.				
MM. The Department of Medical Assistance Services shall seek federal authority through the necessary waiver(s) and/or State Plan authorization under Titles XIX and XXI of the Social Security Act to expand principles of care coordination to all geographic areas, populations, and services under programs administered by the department. The expansion of care coordination shall be based on the principles of shared financial risk such as shared savings, performance benchmarks or risk and improving the value of care delivered by measuring outcomes, enhancing quality, and monitoring expenditures. The department shall engage stakeholders, including beneficiaries, advocates, providers, and health plans, during the development and implementation of the care coordination projects. Implementation shall include specific requirements for data collection to ensure the ability to monitor utilization, quality of care, outcomes, costs, and cost savings. The department shall report by November 1 of each year to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees detailing implementation progress including, but not limited to, the number of individuals enrolled in care coordination, the geographic areas, populations and services affected and cost savings achieved. Unless otherwise delineated, the department shall have authority to implement necessary changes upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such change. The intent of this Item may be achieved through several steps, including, but not limited to, the following:				
a. In fulfillment of this Item, the department may seek federal authority to implement a care coordination program for Elderly or Disabled with Consumer Direction (EDCD) waiver participants effective October 1, 2011. This service would be provided to adult EDCCD waiver participants on a mandatory basis. The department shall have authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act.				
b. In fulfillment of this Item, the department may seek federal authority through amendments to the State Plan under Title XIX of the Social Security Act, and any necessary waivers, to				

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	allow individuals enrolled in Home and Community Based Care (HCBC) waivers to also be enrolled in contracted Medallion 3.0 managed care organizations for the purposes of receiving acute and medical care services. The department shall have authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act.			
	c. In fulfillment of this Item, the department and the Department of Behavioral Health and Developmental Services, in collaboration with the Community Services Boards and in consultation with appropriate stakeholders, shall develop a blueprint for the development and implementation of a care coordination model for individuals in need of behavioral health services not currently provided through a managed care organization. The overall goal of the project is to improve the value of behavioral health services purchased by the Commonwealth of Virginia without compromising access to behavioral health services for vulnerable populations. Targeted case management services will continue to be the responsibility of the Community Services Boards. The blueprint shall: (i) describe the steps for development and implementation of the program model(s) including funding, populations served, services provided, timeframe for program implementation, and education of clients and providers; (ii) set the criteria for medical necessity for community mental health rehabilitation services; and (iii) include the following principles:			
	1. Improves value so that there is better access to care while improving equity.			
	2. Engages consumers as informed and responsible partners from enrollment to care delivery.			
	3. Provides consumer protections with respect to choice of providers and plans of care.			
	4. Improves satisfaction among providers and provides technical assistance and incentives for quality improvement.			
	5. Improves satisfaction among consumers by including consumer representatives on provider panels for the development of policy and planning decisions.			
	6. Improves quality, individual safety, health outcomes, and efficiency.			
	7. Develops direct linkages between medical and behavioral services in order to make it easier for consumers to obtain timely access to care and services, which could include up to full integration.			
	8. Builds upon current best practices in the delivery of behavioral health services.			
	9. Accounts for local circumstances and reflects familiarity with the community where services are provided.			
	10. Develops service capacity and a payment system that reduces the need for involuntary commitments and prevents default (or diversion) to state hospitals.			
	11. Reduces and improves the interface of vulnerable populations with local law enforcement, courts, jails, and detention centers.			
	12. Supports the responsibilities defined in the Code of Virginia relating to Community Services Boards and Behavioral Health Authorities.			
	13. Promotes availability of access to vital supports such as housing and supported employment.			
	14. Achieves cost savings through decreasing avoidable episodes of care and hospitalizations, strengthening the discharge planning process, improving adherence to medication regimens, and utilizing community alternatives to hospitalizations and institutionalization.			
	15. Simplifies the administration of acute psychiatric, community mental health rehabilitation, and medical health services for the coordinating entity, providers, and consumers.			
	16. Requires standardized data collection, outcome measures, customer satisfaction			





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Act.				
RR. The Department of Medical Assistance Services shall seek federal authority to move the family planning eligibility group from a demonstration waiver to the State Plan for Medical Assistance. The department shall seek approval of coverage under this new state plan option for individuals with income up to 200 percent of the federal poverty level. For the purposes of this section, family planning services shall not cover payment for abortion services and no funds shall be used to perform, assist, encourage or make direct referrals for abortions. The department shall have authority to implement necessary changes upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such change.				
SS. The Department of Medical Assistance Services (DMAS) shall have the authority to amend the State Plan for Medical Assistance to enroll and reimburse freestanding birthing centers accredited by the Commission for the Accreditation of Birthing Centers. Reimbursement shall be based on the Enhanced Ambulatory Patient Group methodology applied in a manner similar to the reimbursement methodology for ambulatory surgery centers. The department shall have authority to implement necessary changes upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such change.				
TT.1. In response to the unfavorable outcome to an appeal by the Department of Medical Assistance Services in federal court regarding reimbursement for services furnished to Medicaid members in a residential treatment center or freestanding psychiatric hospital, the department shall revise reimbursement for services furnished Medicaid members in residential treatment centers and freestanding psychiatric hospitals to include professional, pharmacy and other services to be reimbursed separately as long as the services are in the plan of care developed by the residential treatment center or the freestanding psychiatric hospital and arranged by the residential treatment center or the freestanding psychiatric hospital. The department shall require residential treatment centers to include all services in the plan of care needed to meet the member's physical and psychological well-being while in the facility but may also include services in the community or as part of an emergency.				
2. The department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days from the enactment of this Act.				
UU. The Department of Medical Assistance Services shall have the authority to amend the State Plans under Title XIX and Title XXI of the Social Security Act in order to comply with the mandated provider screening provisions of the federal Affordable Care Act (P.L. 111-148 and P.L. 111-152). The department shall have authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this Act.				
VV. The department may seek federal authority through amendments to the State Plans under Title XIX and XXI of the Social Security Act, and appropriate waivers to such, to develop and implement programmatic and system changes that allow expedited enrollment of Medicaid eligible recipients into Medicaid managed care, most importantly for pregnant women. The department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment date of this Act.				
WW.1. The Department of Medical Assistance Services, related to appeals administered by and for the department, shall have authority to amend regulations to:				
i. Utilize the method of transmittal of documentation to include email, fax, courier, and electronic transmission.				
ii. Clarify that the day of delivery ends at normal business hours of 5:00 pm.				
iii. Eliminate an automatic dismissal against DMAS for alleged deficiencies in the case summary that do not relate to DMAS's obligation to substantively address all issues specified in the provider's written notice of informal appeal. A process shall be added, by which the provider shall file with the informal appeals agent within 12 calendar days of				

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	<p>the provider's receipt of the DMAS case summary, a written notice that specifies any such alleged deficiencies that the provider knows or reasonably should know exist. DMAS shall have 12 calendar days after receipt of the provider's timely written notification to address or cure any of said alleged deficiencies. The current requirement that the case summary address each adjustment, patient, service date, or other disputed matter identified in the provider's written notice of informal appeal in the detail set forth in the current regulation shall remain in force and effect, and failure to file a written case summary with the Appeals Division in the detail specified within 30 days of the filing of the provider's written notice of informal appeal shall result in dismissal in favor of the provider on those issues not addressed by DMAS.</p>			
	<p>iv. Clarify that appeals remanded to the informal appeal level via Final Agency Decision or court order shall reset the timetable under DMAS' appeals regulations to start running from the date of the remand.</p>			
	<p>v. Clarify the department's authority to administratively dismiss untimely filed appeal requests.</p>			
	<p>vi. Clarify the time requirement for commencement of the formal administrative hearing.</p>			
	<p><b>VETO THIS ITEM. /s/ Terence R. McAuliffe (04/28/17) (Vetoed item is enclosed in brackets.)</b></p>			
	<p>vii. Clarify that the informal appeals agent shall have the ability to close an informal appeal based on a settlement between the parties up to \$250,000, notwithstanding § 2.2-514 of the Code of Virginia. For settlements of \$250,000 or greater, such settlement shall be subject to § 2.2-514 of the Code of Virginia.</p>			
	<p>2. The Department of Medical Assistance Services shall have authority to promulgate regulations to implement these changes within 280 days or less from the enactment date of this Act.</p>			
	<p>3. The Department of Medical Assistance Services shall convene a workgroup with representatives from the provider community, and the legal community, and the Office of Attorney General to develop a plan to avoid or adjust retractions or for non-material breaches of the Provider Participation Agreement when the provider has substantially complied with the Provider Participation Agreement. The plan shall include an assessment of any administrative financial impact that implementation of such plan would have on the department and an analysis of any implications for the department's efforts to combat fraud, waste, and abuse. The workgroup shall report on the status of this plan to the Chairmen of the House Appropriations and Senate Finance Committees no later than December 1, 2017.</p>			
	<p>XX. The Department of Medical Assistance Services shall amend its regulations, subject to the federal Centers for Medicare and Medicaid Services approval, to strengthen the qualifications and responsibilities of the Consumer Directed Service Facilitator to ensure the health, safety and welfare of Medicaid home- and community-based waiver enrollees. The department shall have the authority to promulgate emergency regulations to implement this change effective July 1, 2012.</p>			
	<p>YY. It is the intent of the General Assembly that the implementation and administration of the care coordination contract for behavioral health services be conducted in a manner that insures system integrity and engages private providers in the independent assessment process. In addition, it is the intent that in the provision of services that ethical and professional conflicts are avoided and that sound clinical decisions are made in the best interests of the individuals receiving behavioral health services. As part of this process, the department shall monitor the performance of the contract to ensure that these principles are met and that stakeholders are involved in the assessment, approval, provision, and use of behavioral health services provided as a result of this contract.</p>			
	<p>ZZ. 1. Notwithstanding the requirements of Code of Virginia §2.2-4000, et seq., the Department of Medical Assistance Services shall amend the state plan and appropriate waivers under Title XIX of the Social Security Act to implement a process for administrative appeals of Medicaid/Medicare dual eligible recipients in accordance with terms of the Memorandum of Understanding between the department and the Centers for Medicare and Medicaid Services for the financial alignment demonstration program for dual eligible recipients. The department shall implement this change within 280 days or less from the enactment of this Appropriation Act.</p>			

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2. The department shall include in the fall quarterly report required in paragraph AAAA. of this Item an annual update that details the implementation progress of the financial alignment demonstration. This update shall include, but is not limited to, costs of implementation, projected cost savings, number of individuals enrolled, and any other implementation issues that arise.

AAA. Effective July 1, 2013, the Department of Medical Assistance Services shall have the authority, to establish a 25 percent higher reimbursement rate for congregate residential services for individuals with complex medical or behavioral needs currently residing in an institution and unable to transition to integrated settings in the community due to the need for services that cannot be provided within the maximum allowable rate, or individuals whose needs present imminent risk of institutionalization and enhanced waiver services are needed beyond those available within the maximum allowable rate. The department shall have authority to promulgate regulations to implement this change within 280 days or less from the enactment of this Act.

BBB. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to allow for delivery of notices of program reimbursement or other items referred to in the regulations related to provider appeals by electronic means consistent with the Uniform Electronic Transactions Act. The department shall implement this change effective July 1, 2013, and prior to completion of any regulatory process undertaken in order to effect such changes.

CCC. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to convert the current cost-based payment methodology for nursing facility operating rates in 12 VAC 30-90-41 to a price-based methodology effective July 1, 2014. The new price-based payment methodology shall be implemented in a budget neutral manner.

1. The department shall calculate prospective operating rates for direct and indirect costs in the following manner:

a. The department shall calculate the cost per day in the base year for direct and indirect operating costs for each nursing facility. The department shall use existing definitions of direct and indirect costs.

b. The initial base year for calculating the cost per day is cost reports ending in calendar year 2011. The department shall rebase prices in fiscal year 2018 and every three years thereafter using the most recent reliable calendar year cost-settled cost reports for freestanding nursing facilities that have been completed as of September 1.

c. Each nursing facility's direct cost per day shall be neutralized by dividing the direct cost per day by the raw Medicaid facility case-mix that corresponds to the base year by facility.

d. Costs per day shall be inflated to the midpoint of the fiscal year rate period using the moving average Virginia Nursing Home inflation index for the 4th quarter of each year (the midpoint of the fiscal year). Costs in the 2011 base year shall be inflated from the midpoint of the cost report year to the midpoint of fiscal year 2012 by pro-rating fiscal year 2012 inflation and annual inflation after that. Annual inflation adjustments shall be based on the last available report prior to the beginning of the fiscal year and corrected for any revisions to prior year inflation.

e. Prices will be established for the following peer groups using a combination of Medicare wage regions and Medicaid rural and bed size modifications based on similar costs.

- 1) Direct Peer groups
  - Northern Virginia MSA
  - Other MSAs
  - Northern Rural
  - Southern Rural

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2) Indirect Peer Groups				
- Northern Virginia MSA				
- Rest of State – Greater than 60 Beds				
- Other MSAs				
- Northern Rural				
- Southern Rural				
- Rest of State – 60 Beds or Less				
f. The price for each peer group shall be based on the following adjustment factors:				
1) Direct - 105 percent of the peer group day-weighted median neutralized and inflated cost per day for freestanding nursing facilities. Effective on and after July 1, 2017, the Direct Peer Group price percentage shall be increased to 106.8 percent.				
2) Indirect - 100.7 percent of the peer group day-weighted median inflated cost per day for freestanding nursing facilities. Effective on and after July 1, 2017, the Indirect Peer Group price percentage shall be increased to 101.3 percent.				
3) The department shall have the authority to implement these price percentage changes effective July 1, 2017 and prior to the completion of any regulatory process in order to effect such changes.				
g. Facilities with costs projected to the rate year below 95 percent of the price shall have an adjusted price equal to the price minus the difference between their cost and 95 percent of the unadjusted price. Adjusted prices will be established at each rebasing. New facilities after the base year shall not have an adjusted price until the next rebasing. The “spending floor” limits the potential gain of low cost facilities, thereby making it possible to implement higher adjustment factors for other facilities at less cost.				
h. Individual claim payment for direct costs shall be based on each resident's Resource Utilization Group (RUG) during the service period times the facility direct price (similar to Medicare).				
i. Resource Utilization Group (RUG) is a resident classification system that groups nursing facility residents according to resource utilization and assigns weights related to the resource utilization for each classification. The department shall use RUGs to determine facility case mix for cost neutralization in determining the direct costs used in setting the price and for adjusting the claim payments for residents. The department may elect to transition from the RUG-III 34 Medicaid grouper to the RUG-IV 48 grouper in the following manner.				
1) The department shall neutralize direct costs per day in the base year using the most current RUG grouper applicable to the base year.				
2) The department shall utilize RUG-III 34 groups and weights in fiscal year 2015 for claim payments.				
3) Beginning in fiscal year 2016, the department may elect to implement RUG-IV 48 Medicaid groups and weights for claim payments.				
4) RUG-IV 48 weights used for claim payments will be normalized to RUG-III 34 weights as long as base year costs are neutralized by the RUG-III 34 group. In that the weights are not the same under RUG IV as under RUG III, normalization will insure that total payments in direct using the RUGs IV 48 weights will be the same as total payments in direct using the RUGs-III 34 grouper.				
j. The department shall transition to the price-based methodology over a period of four years, blending the price-based rate described here with the cost-based rate based on current law with the following adjustments. The facility cost-based operating rates shall be the direct and indirect rates for fiscal year 2015 based on facility case-mix neutral rates modeled after the law that would have been in effect in fiscal year 2015 absent this amendment and using base				

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<p>year data from calendar year 2011 inflated to the rate year. Based on a four-year transition, the rate will be based on the following blend:</p>				
<p>1) Fiscal year 2015 - 25 percent of the price-based rate and 75 percent of the cost-based rate.</p>				
<p>2) Fiscal year 2016 - 50 percent of the price-based rate and 50 percent of the cost-based rate.</p>				
<p>3) Fiscal year 2017 - 75 percent of the price-based rate and 25 percent of the cost-based rate.</p>				
<p>4) Fiscal year 2018 - 100 percent of the price-based (fully implemented).</p>				
<p>During the first transition year for the period July 1, 2014 through October 31, 2014, DMAS shall case-mix adjust each direct cost component of the rates using the average facility case-mix from the two most recent finalized quarters (September and December 2013) instead of adjusting this component claim by claim.</p>				
<p>Cost-based rates to be used in the transition for facilities without cost data in the base year but placed in service prior to July 1, 2013 shall be determined based on the most recently settled cost data. If there is no settled cost report at the beginning of a fiscal year, then 100 percent of the price-based rate shall be used for that fiscal year. Facilities placed in service after June 30, 2013 shall be paid 100 percent of the price-based rate.</p>				
<p>2. Prospective capital rates shall be calculated in the following manner.</p>				
<p>a. Fair rental value per diem rates for the fiscal year shall be calculated for all freestanding nursing facilities based on the prior calendar year information aged to the fiscal year and using RS Means factors and rental rates corresponding to the fiscal year. There will be no separate calculation for beds subject to and not subject to transition.</p>				
<p>b. The department shall develop a procedure for mid-year fair rental value per diem rate changes for nursing facilities that put into service a major renovation or new beds. A major renovation shall be defined as an increase in capital of \$3,000 per bed. The nursing facility shall submit complete pro forma documentation at least 60 days prior to the effective date and the new rate shall be effective at the beginning of the month following the end of the 60 days. The provider shall submit final documentation within 60 days of the new rate effective date and the department shall review final documentation and modify the rate if necessary effective 90 days after the implementation of the new rate. No mid-year rate changes shall be made for an effective date after April 30 of the fiscal year.</p>				
<p>c. Effective July 1, 2014, the rental rate shall be 8.0 percent.</p>				
<p>d. These FRV changes shall also apply to specialized care facilities.</p>				
<p>e. The capital per diem rate for hospital-based nursing facilities shall be the last settled capital per diem.</p>				
<p>3. Prospective Nurse Aide Training and Competency Evaluation Programs (NATCEP) rates shall be the Medicaid per diem rate in the base year inflated to the rate year based on inflation used in the operating rate calculations.</p>				
<p>4. A prospective rate for criminal records checks shall be the per diem rate in the base year.</p>				
<p>5. The department shall have the authority to implement these payment changes effective July 1, 2014 and prior to completion of any regulatory process in order to effect such changes.</p>				
<p>6. The department shall amend the State Plan for Medical Assistance to reimburse the price-based operating rate rather than the transition operating rate to any nursing facility whose licensed bed capacity decreased by at least 30 beds after 2011 and whose occupancy increased from less than 70 percent in 2011 to more than 80 percent in 2013. The department shall have the authority to implement this reimbursement change effective July 1, 2015, and prior to completion of any regulatory process in order to effect such</p>				

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change.

7. Effective July 1, 2017, the department shall amend the State Plan for Medical Assistance to increase the direct and indirect operating rates under the nursing facility price based reimbursement methodology by 15 percent for nursing facilities where at least 80 percent of the resident population have one or more of the following diagnoses: quadriplegia, traumatic brain injury, multiple sclerosis, paraplegia, or cerebral palsy. In addition, a qualifying facility must have at least 90 percent Medicaid utilization and a case mix index of 1.15 or higher in fiscal year 2014. The department shall have the authority to implement this reimbursement methodology change for rates on or after July 1, 2017, and prior to completion of any regulatory process in order to effect such change.

8. Effective July 1, 2017 through June 30, 2020, the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to pay nursing facilities located in the former Danville Metropolitan Statistical Area (MSA) the operating rates calculated for the Other MSA peer group. For purposes of calculating rates under the rebasing effective July 1, 2017, the department shall use the peer groups based on the existing regulations. For future rebasings, the department shall permanently move these facilities to the Other MSA peer group. The department shall have the authority to implement this reimbursement change effective July 1, 2017 and prior to completion of any regulatory process undertaken in order to effect such change.

DDD. The Department of Medical Assistance Services shall amend its State Plan under Title XIX of the Social Security Act to implement reasonable restrictions on the amount of incurred dental expenses allowed as a deduction from income for nursing facility residents. Such limitations shall include: (i) that routine exams and x-rays, and dental cleaning shall be limited to twice yearly; (ii) full mouth x-rays shall be limited to once every three years; and (iii) deductions for extractions and fillings shall be permitted only if medically necessary as determined by the department.

EEE. Notwithstanding §32.1-325, et seq. and §32.1-351, et seq. of the Code of Virginia, and effective upon the availability of subsidized private health insurance offered through a Health Benefits Exchange in Virginia as articulated through the federal Patient Protection and Affordable Care Act (PPACA), the Department of Medical Assistance Services shall eliminate, to the extent not prohibited under federal law, Medicaid Plan First and FAMIS Moms program offerings to populations eligible for and enrolled in said subsidized coverage in order to remove disincentives for subsidized private healthcare coverage through publicly-offered alternatives. To ensure, to the extent feasible, a smooth transition from public coverage, DMAS shall endeavor to phase out such coverage for existing enrollees once subsidized private insurance is available through a Health Benefits Exchange in Virginia. The department shall implement any necessary changes upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such change.

FFF. The Department of Medical Assistance Services shall have authority to amend the State Plans for Medical Assistance under Titles XIX and XXI of the Social Security Act, and any waivers thereof, to implement requirements of the federal Patient Protection and Affordable Care Act (PPACA) as it pertains to implementation of Medicaid and CHIP eligibility determination and case management standards and practices, including the Modified Adjusted Gross Income (MAGI) methodology. The department shall have authority to implement such standards and practices upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such change.

GGG. Effective July 1, 2013, the Department of Medical Assistance Services shall establish a Medicaid Physician and Managed Care Liaison Committee including, but not limited to, representatives from the following organizations: the Virginia Academy of Family Physicians; the American Academy of Pediatricians – Virginia Chapter; the Virginia College of Emergency Physicians; the American College of Obstetrics and Gynecology – Virginia Section; Virginia Chapter, American College of Radiology; the Psychiatric Society of Virginia; the Virginia Medical Group Management Association; and the Medical Society of Virginia. The committee shall also include representatives from each of the department's contracted managed care organizations and a representative from the Virginia Association of Health Plans. The committee will work with the department to investigate the implementation of quality, cost-effective health care initiatives, to identify means to increase provider

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participation in the Medicaid program, to remove administrative obstacles to quality, cost-effective patient care, and to address other matters as raised by the department or members of the committee. The Committee shall establish an Emergency Department Care Coordination work group comprised of representatives from the Committee, including the Virginia College of Emergency Physicians, the Medical Society of Virginia, the Virginia Hospital and Healthcare Association, the Virginia Academy of Family Physicians and the Virginia Association of Health Plans to review the following issues: (i) how to improve coordination of care across provider types of Medicaid "super utilizers"; (ii) the impact of primary care provider incentive funding on improved interoperability between hospital and provider systems; and (iii) methods for formalizing a statewide emergency department collaboration to improve care and treatment of Medicaid recipients and increase cost efficiency in the Medicaid program, including recognized best practices for emergency departments. The committee shall meet semi-annually, or more frequently if requested by the department or members of the committee. The department, in cooperation with the committee, shall report on the committee's activities annually to the Board of Medical Assistance Services and to the Chairmen of the House Appropriations and Senate Finance Committees and the Department of Planning and Budget no later than October 1 each year.

HHH. The Department of Medical Assistance Services shall establish a work group of representatives of providers of home- and community-based care services to continue improvements in the audit process and procedures for home- and community-based utilization and review audits. The Department of Medical Assistance Services shall report on any revisions to the methodology for home- and community-based utilization and review audits, including progress made in addressing provider concerns and solutions to improve the process for providers while ensuring program integrity. In addition, the report shall include documentation of the past year's audits, a summary of the number of audits to which retractions were assessed and the total amount, the number of appeals received and the results of appeals. The report shall be provided to the Chairmen of the House Appropriations and Senate Finance Committees by December 1 of each year.

III. The Department of Medical Assistance Services shall realign the billable activities paid for individual supported employment provided under the Medicaid home- and community-based waivers to be consistent with job development and job placement services provided through employment services organizations that are reimbursed by the Department for Aging and Rehabilitative Services. The department shall have the authority to implement this reimbursement change effective July 1, 2013, and prior to the completion of any regulatory process undertaken in order to effect such change.

JJJ.1. The Department of Medical Assistance Services shall seek federal authority through any necessary waiver(s) and/or State Plan authorization under Titles XIX and XXI of the Social Security Act to implement a comprehensive value-driven, market-based reform of the Virginia Medicaid/FAMIS programs.

2. The department is authorized to contract with qualified health plans to offer recipients a Medicaid benefit package adhering to these principles. Any coordination of non-traditional behavioral health services covered under contract with qualified health plans or through other means shall adhere to the principles outlined in paragraph MM. c. This reformed service delivery model shall be mandatory, to the extent allowed under the relevant authority granted by the federal government and shall, at a minimum, include (i) limited high-performing provider networks and medical/health homes; (ii) financial incentives for high quality outcomes and alternative payment methods; (iii) improvements to encounter data submission, reporting, and oversight; (iv) standardization of administrative and other processes for providers; and (v) support of the health information exchange.

3. The Department of Medical Assistance Services shall seek reforms to include all remaining Medicaid populations and services, including long-term care and home- and community-based waiver services into cost-effective, managed and coordinated delivery systems. The department shall begin designing the process and obtaining federal authority to transition all remaining Medicaid beneficiaries into a coordinated delivery system. DMAS shall promulgate regulations to implement these provisions to be effective within 280 days of its enactment. The department may implement any changes necessary to

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implement these provisions prior to the promulgation of regulations undertaken in order to effect such changes.

4. As a condition on all appropriations in this act and notwithstanding any other provision of this act, or any other law, no general or nongeneral funds shall be appropriated or expended for such costs as may be incurred to implement coverage for newly eligible individuals pursuant to 42 U.S.C. § 1396d(y)(1)[2010] of the Patient Protection and Affordable Care Act, unless included in an appropriation bill adopted by the General Assembly on or after July 1, 2016.

4.a. Notwithstanding § 30-347, Code of Virginia, or any other provision of law, no later than 45 days upon the passage of House Bill 5001, the Department of Medical Assistance Services shall have the authority to (1) amend the State Plan for Medical Assistance under Title XIX of the Social Security Act, and any waivers thereof, to implement coverage for newly eligible individuals pursuant to 42 U.S.C. § 1396d(y)(1)[2010] of the Patient Protection and Affordable Care Act and (2) begin the process of implementing a § 1115 demonstration project to transform the Medicaid program for newly eligible individuals pursuant to the provisions of 4.a.(1) and eligible individuals enrolled in the existing Medicaid program. No later than 150 days from the passage of House Bill 5001, DMAS shall submit the § 1115 demonstration waiver application to CMS for approval. If the State Plan amendments are affirmatively approved by CMS prior to the submission of the waiver, Medicaid coverage for newly eligible individuals may be implemented. If the State Plan amendment becomes effective without affirmative action by CMS, coverage may begin upon submission of the completed § 1115 demonstration waiver application, per CMS notification, but no later than January 1, 2019. If the demonstration waiver cannot be completed by 150 days, despite a good faith effort to complete the application, the department may request an extension from the Chairmen of the House Appropriations and Senate Finance Committees. The department shall provide updates on the progress of the State Plan amendments and demonstration waiver applications to the Chairmen of the House Appropriations and Senate Finance Committees, or their designees, upon request, and provide for participation in discussions with CMS staff. The department shall respond to all requests for information from CMS on the State Plan amendments and demonstration waiver applications in a timely manner.

b. At least 10 days prior to the submission of the application for the waiver of Title XIX of the Social Security Act, the department shall notify the Chairmen of the House Appropriations and Senate Finance Committees of such pending application and provide a copy of the application. If the department receives an official letter from either Chairman raising an objection about the waiver during the 10-day period, the department shall make all reasonable attempts to address the objection and modify the waiver(s). If the department receives no objection, then the application may be submitted. Any waiver specifically authorized elsewhere in this item is not subject to this provision. Waiver renewals are not subject to the provisions of this paragraph.

c. The Department of Medical Assistance Services shall include provisions to make referrals to job training, education and job placement assistance for all unemployed, able-bodied adult enrollees as allowed under current federal law or regulations through the State Plan amendments, contracts, or other policy changes. DMAS shall also include provisions to foster personal responsibility and prepare newly eligible enrollees for participation in commercial health insurance plans to include use of private health plans, premium support for employer-sponsored insurance, health and wellness accounts, appropriate utilization of hospital emergency room services, healthy behavior incentives, and enhanced fraud prevention efforts, among others through the State Plan amendments, contracts, or other policy changes.

d. The demonstration project shall be designed to empower individuals to improve their health and well-being and gain employer sponsored coverage or other commercial health insurance coverage, while simultaneously ensuring the program's long-term fiscal sustainability. The demonstration project shall include the following elements in the design:

(i) two pathways for eligible individuals with incomes between 100 percent and 138 percent of the federal poverty level, including income disregards, to obtain health care coverage: enrollment in an existing Medicaid managed care plan, or premium assistance for the purchase of employer-sponsored health insurance coverage if cost effective. The plans will provide a comprehensive benefit package consistent with private market plans, compliant



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with all mandated essential health benefits, and inclusive of current Medicaid covered mental health and addiction recovery and treatment services. The demonstration shall include (1) the development of a health and wellness account for eligible individuals, comprised of participant contributions and state funds to be used to fund the health insurance premiums and to ensure funds are available for the enrollee to cover out-of-pocket expenses for the deductible, with the ability to roll over the funds from the account into succeeding years if not fully used. The monthly premium amount for the enrollee shall be set on a sliding scale based on monthly income, not to exceed two percent of monthly income, nor be less than \$1 per month; (2) provisions for demonstration coverage to begin on the first day of the month following receipt of the premium payment or enrollment due to treatment of an acute illness; (3) provisions for institution of a grace period for premium payment, followed by a waiting period before re-enrollment if the premium is not paid by the participant or if the participant does not maintain continuous coverage; and (4) provisions to recover premium payments owed to the Commonwealth through debt set-off collections;

(ii) provisions to enroll newly eligible individuals with incomes between 0 and 100 percent of the federal poverty level, including income disregards, in existing Medicaid managed care plans with existing Medicaid benefits or in employer-sponsored health insurance plans, if cost effective. Such newly eligible enrollees shall be subject to existing Medicaid cost sharing provisions;

(iii) cost-sharing for eligible enrollees with incomes between 100 percent and 138 percent of the federal poverty level, including income disregards, designed to promote healthy behaviors such as the avoidance of tobacco use, and to encourage personal responsibility and accountability related to the utilization of health care services such as the appropriate use of emergency room services. However, such individuals who also meet the exemptions listed in (iv) shall not be subject to premium and copayment requirements more stringent than existing Medicaid law or regulations. Enrollees who comply with provisions of the demonstration program, including healthy behavior provisions, may receive a decrease in their monthly premiums and copayments, not to exceed 50 percent.

(iv) the establishment of the Training, Education, Employment and Opportunity Program (TEEOP) for every able-bodied, working-age adult enrolled in the Medicaid program to enable enrollees to increase their health and well-being through community engagement leading to self-sufficiency. The TEEOP program shall not apply to: (1) children under the age of 18 or individuals under the age of 19 who are participating in secondary education; (2) individuals age 65 years and older; (3) individuals who qualify for medical assistance services due to blindness or disability, including individuals who receive services pursuant to a § 1915 waiver; (4) individuals residing in institutions; (5) individuals determined to be medically frail; (6) individuals diagnosed with serious mental illness; (7) pregnant and postpartum women; (8) former foster children under the age of 26; (9) individuals who are the primary caregiver for a dependent, including a dependent child or adult dependent with a disability; and (10) individuals who already meet the work requirements of the TANF or SNAP programs. The TEEOP shall comply with guidance from CMS regarding such programs and may include other exemptions that may be necessary to achieve the TEEOP's goals of community engagement and improved health outcomes that are approved by CMS.

The TEEOP shall include provisions for gradually escalating participation in training, education, employment and community engagement opportunities through the program as follows:

- a. beginning three months after enrollment, at least 20 hours per month;
- b. beginning six months after enrollment, at least 40 hours per month;
- c. beginning nine months after enrollment, at least 60 hours per month; and
- d. beginning 12 months after enrollment, at least 80 hours per month;

The TEEOP shall also include provisions for satisfaction of the requirement for participation in training, education, employment and community engagement opportunities through participation in job skills training; job search activities in

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	<p>conformity with Virginia Employment and Commission guidelines; education related to employment; general education, including participation in a program of preparation for the General Education Development (GED) certification examination or community college courses leading to industry certifications or a STEM-H related degree or credential; vocational education and training; subsidized or unsubsidized employment; community work experience programs, community service or public service, excluding political activities, that can reasonably improve work readiness; or caregiving services for a non-dependent relative or other person with a chronic, disabling health condition. The department may waive the requirement for participation in employment in areas of the Commonwealth with unemployment rates equal to or greater than 150 percent of the statewide average; however, requirements related to training, education and other community engagement opportunities shall not be waived in any area of the Commonwealth.</p> <p>The TEEOP shall work with Virginia Workforce Centers or One-Stops to provide services to Medicaid enrollees. Such services shall include career services for program enrollees, services to link enrollees with industry certification and credentialing programs, including the New Economy Workforce Credential Grant Program, and individualized case management services.</p> <p>The TEEOP shall, to the extent allowed under federal law, utilize federal and state funding available through the Centers for Medicare and Medicaid Services, Temporary Assistance for Needy Families program, the Supplemental Nutrition Assistance Program, the Workforce Innovation and Opportunity Act, and other state and federal workforce development programs to support program enrollees.</p> <p>Unless exempt, enrollees shall be ineligible to receive Medicaid benefits if, during any three months of the 12-month period beginning on the first day of enrollment, they fail to meet the TEEOP requirements and they will not be permitted to re-enroll until the end of such 12-month period, unless the failure to comply or report compliance was the result of a catastrophic event or circumstances beyond the beneficiary's control. However, enrollees shall be eligible to re-enroll in the program within such 12-month period upon demonstration of compliance with the TEEOP requirements.</p> <p>(v) monitoring and oversight of the use of health care services to ensure appropriate utilization;</p> <p>(vi) The Department of Medical Assistance Services shall develop a supportive employment and housing benefit targeted to high risk Medicaid beneficiaries with mental illness, substance use disorder, or other complex, chronic conditions who need intensive, ongoing support to obtain and maintain employment and stable housing.</p> <p>e. The State Plan amendment and the demonstration waiver program shall include (i) systems for determining eligibility for participation in the program, (ii) provisions for disenrollment if federal funding is reduced or terminated, and (iii) provisions for monitoring, evaluating, and assessing the effectiveness of the waiver program in improving the health and wellness of program participants and furthering the objectives of the Medicaid program.</p> <p>f. The department shall have the authority to promulgate emergency regulations to implement these changes within 280 days or less from the enactment date of House Bill 5001. The department shall have the authority to implement these changes prior to the completion of any regulatory process undertake in order to effect such changes.</p> <p>5. In the event that the increased federal medical assistance percentages for newly eligible individuals included in 42 U.S.C. § 1396d(y)(1)[2010] of the PPACA are modified through federal law or regulation from the methodology in effect on January 1, 2014, resulting in a reduction in federal medical assistance as determined by the department in consultation with the Department of Planning and Budget, the Department of Medical Assistance Services shall disenroll and eliminate coverage for individuals who obtained coverage through 42 U.S.C. § 1396d(y)(1) [2010] of the PPACA. The disenrollment process shall include written notification to affected Medicaid beneficiaries, Medicaid managed care plans, and other providers that coverage will cease as soon as allowable under federal law following the date the department is notified of a reduction in Federal Medical Assistance Percentage.</p>			
	<p>KKK.1. The Director of the Department of Medical Assistance Services shall continue to</p>			

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	make improvements in the provision of health and long-term care services under Medicaid/FAMIS that are consistent with evidence-based practices and delivered in a cost effective manner to eligible individuals.			
	2. In order to effect such improvements and ensure that reform efforts are cost effective relative to current forecasted Medicaid/FAMIS expenditure levels, the Department of Medical Assistance Services shall (i) develop a five-year consensus forecast of expenditures and savings associated with the Virginia Medicaid/FAMIS reform efforts by November 15 of each year in conjunction with the Department of Planning and Budget, and with input from the House Appropriations and Senate Finance Committees, and (ii) engage stakeholder involvement in meeting annual targets for quality and cost-effectiveness.			
	LLL. Effective July 1, 2014, the Department of Medical Assistance Services shall replace the AP-DRG grouper with the APR-DRG grouper for hospital inpatient reimbursement. The department shall develop budget neutral case rates and Virginia-specific weights for the APR-DRG grouper based on the FY 2011 base year. The department shall phase in the APR-DRG weights by blending in 50 percent of the full APR-DRG weights with 50 percent of FY 2014 AP-DRG weights in the first year and 75 percent of the full APR-DRG weights with 25 percent of the FY 2014 AP-DRG weights in the second year for each APR-DRG group and severity. FY 2014 AP-DRG weights shall be calculated as a weighted average FY 2014 AP-DRG weight for all claims in the base year that group to each APR-DRG group and severity. Full APR-DRG weights shall be used in the third year and succeeding years for each APR-DRG group and severity. The department shall have the authority to implement these reimbursement changes effective July 1, 2014, and prior to completion of any regulatory process in order to effect such changes.			
	MMM.1. Effective July 1, 2014, the Department of Medical Assistance Services shall replace the current Disproportionate Share Hospital (DSH) methodology with the following methodology:			
	a) DSH eligible hospitals must have a total Medicaid Inpatient Utilization Rate equal to 14 percent or higher in the base year using Medicaid days eligible for Medicare DSH or a Low Income Utilization Rate in excess of 25 percent and meet other federal requirements. Eligibility for out of state cost reporting hospitals shall be based on total Medicaid utilization or on total Medicaid NICU utilization equal to 14 percent or higher.			
	b) Each hospital's DSH payment shall be equal to the DSH per diem multiplied by each hospital's eligible DSH days in a base year. Days reported in provider fiscal years in state FY 2011 will be the base year for FY 2015 prospective DSH payments. DSH will be recalculated annually with an updated base year. DSH payments are subject to applicable federal limits.			
	c) Eligible DSH days are the sum of all Medicaid inpatient acute, psychiatric and rehabilitation days above 14 percent for each DSH hospital subject to special rules for out of state cost reporting hospitals. Eligible DSH days for out of state cost reporting hospitals shall be the higher of the number of eligible days based on the calculation in the first sentence times Virginia Medicaid utilization (Virginia Medicaid days as a percent of total Medicaid days) or the Medicaid NICU days above 14 percent times Virginia NICU Medicaid utilization (Virginia NICU Medicaid days as a percent of total NICU Medicaid days). Eligible DSH days for out of state cost reporting hospitals who qualify for DSH but who have less than 12 percent Virginia Medicaid utilization shall be 50 percent of the days that would have otherwise been eligible DSH days.			
	d) Additional eligible DSH days are days that exceed 28 percent Medicaid utilization for Virginia Type Two hospitals (excluding Children's Hospital of the Kings Daughters).			
	e) The DSH per diem shall be calculated in the following manner:			
	a. The DSH per diem for Type Two hospitals is calculated by dividing the total Type Two DSH allocation by the sum of eligible DSH days for all Type Two DSH hospitals. For purposes of DSH, Type Two hospitals do not include Children's Hospital of the Kings Daughters (CHKD) or any hospital whose reimbursement exceeds its federal uncompensated care cost limit. The Type Two Hospital DSH allocation shall equal the			

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	amount of DSH paid to Type Two hospitals in state FY 2014 increased annually by the percent change in the federal allotment, including any reductions as a result of the Affordable Care Act, adjusted for the state fiscal year.			
	b. The DSH per diem for State Inpatient Psychiatric Hospitals is calculated by dividing the total State Inpatient Psychiatric Hospital DSH allocation by the sum of eligible DSH days. The State Inpatient Psychiatric Hospital DSH allocation shall equal the amount of DSH paid in state FY 2013 increased annually by the percent change in the federal allotment, including any reductions as a result of the Affordable Care Act, adjusted for the state fiscal year.			
	c. The DSH per diem for CHKD shall be three times the DSH per diem for Type Two hospitals.			
	d. The DSH per diem for Type One hospitals shall be 17 times the DSH per diem for Type Two hospitals.			
	2. Each year, the department shall determine how much Type Two DSH has been reduced as a result of the Affordable Care Act and adjust the percent of cost reimbursed for outpatient hospital reimbursement.			
	3. The department shall convene the Hospital Payment Policy Advisory Council at least once a year to consider additional changes to the DSH methodology.			
	4. The department shall have the authority to implement these reimbursement changes effective July 1, 2014, and prior to completion of any regulatory process in order to effect such changes.			
	NNN. The Department of Medical Assistance Services shall have authority to amend the State Plans for Medical Assistance under Titles XIX and XXI of the Social Security Act, and any waivers thereof, to implement requirements of the federal Patient Protection and Affordable Care Act (PPACA), P.L. 111-148, as it pertains to implementation of Medicaid and CHIP eligibility determination and case management standards and practices, including the Modified Adjusted Gross Income (MAGI) methodology and, notwithstanding the requirements of Code of Virginia §2.2-4000, et seq., the process for administrative appeals of MAGI-related eligibility determinations. The department shall have authority to implement such standards and practices upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such changes.			
	OOO. The Department of Medical Assistance Services (DMAS) shall not change the unit of service or rate of reimbursement for Mental Health Skill-Building Services (MHSS) until the 2015 General Assembly has reviewed the impact of the December 1, 2013 emergency regulations that changed the eligibility and service description for Mental Health Skill-Building Services. DMAS and the Department of Behavioral Health and Developmental Services shall jointly prepare a report to be delivered by November 1, 2014 to the Chairmen of the House Appropriations and Senate Finance Committees. The report shall document the impact of the MHSS regulations implemented on December 1, 2013 and shall include an assessment of the fiscal impact, consumer and family impact, service delivery impact, and impact upon other agencies and facilities in Virginia.			
	PPP.1. The Department of Medical Assistance Services shall have the authority to contract with other public and private entities to conduct the required screening process for the Individual and Family Developmental Disabilities Support waiver. The department shall have authority to implement necessary changes upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such changes.			
	2. Notwithstanding § 32.1-330 of the Code of Virginia, the Department of Medical Assistance Services shall improve the preadmission screening process for individuals who will be eligible for long-term care services, as defined in the state plan for medical assistance. The community-based screening team shall consist of a licensed health care professional and a social worker who are employees or contractors of the Department of Health or the local department of social services, or other assessors contracted by the department. The department shall not contract with any entity for whom there exists a conflict of interest. For community-based screening for children, the screening shall be performed by an individual or entity with whom the department has entered into a contract for the performance of such			

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screenings.

3. The department shall track and monitor all requests for screenings and report on those screenings that have not been completed within 30 days of an individual's request for screening. The screening teams and contracted entities shall use the reimbursement and tracking mechanisms established by the department.

4. The Department of Medical Assistance Services shall promulgate regulations to implement these provisions to be effective within 280 days of its enactment. The department may implement any changes necessary to implement these provisions prior to the promulgation of regulations undertaken in order to effect such changes.

QQQ. The Department of Medical Assistance Services shall have authority to amend its regulations, subject to the federal Centers for Medicare and Medicaid Services approval, to strengthen all program requirements and policies of the consumer-directed services programs to ensure the health, safety and welfare of Medicaid home- and community-based waiver enrollees. The department shall submit a detailed report on proposed regulatory changes to the consumer-directed services programs and the issues and problems the department is attempting to resolve. The department shall submit the report to the Director, Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance Committees at least 30 days prior to beginning the regulatory process.

RRR.1. There is hereby appropriated sum-sufficient nongeneral funds for the Department of Medical Assistance Services (DMAS) to pay the state share of supplemental payments for qualifying private hospital partners of Type One hospitals (consisting of state-owned teaching hospitals) as provided in the State Plan for Medical Assistance Services. Qualifying private hospitals shall consist of any hospital currently enrolled as a Virginia Medicaid provider and owned or operated by a private entity in which a Type One hospital has a non-majority interest. The supplemental payments shall be based upon the reimbursement methodology established for such payments in Attachments 4.19-A and 4.19-B of the State Plan for Medical Assistance Services. DMAS shall enter into a transfer agreement with any Type One hospital whose private hospital partner qualifies for such supplemental payments, under which the Type One hospital shall provide the state share in order to match federal Medicaid funds for the supplemental payments to the private hospital partner. The department shall have the authority to implement these reimbursement changes consistent with the effective date in the State Plan amendment approved by the Centers for Medicare and Medicaid Services (CMS) and prior to completion of any regulatory process in order to effect such changes.

2.a. The Department of Medical Assistance Services shall promulgate regulations to make supplemental payments to Medicaid physician providers with a medical school located in Eastern Virginia that is a political subdivision of the Commonwealth. The amount of the supplemental payment shall be based on the difference between the average commercial rate approved by CMS and the payments otherwise made to physicians. The department shall have the authority to implement these reimbursement changes consistent with the effective date in the State Plan amendment approved by CMS and prior to completion of any regulatory process in order to effect such changes.

b. The department shall increase payments to Medicaid managed care organizations for the purpose of securing access to Medicaid physician services in Eastern Virginia, through higher rates to physicians affiliated with a medical school located in Eastern Virginia that is a political subdivision of the Commonwealth subject to applicable limits. The department shall revise its contracts with managed care organizations to incorporate these supplemental capitation payments, and provider payment requirements, subject to approval by CMS. No payment shall be made without approval from CMS.

c. Funding for the state share for these Medicaid payments is authorized in Item 247.

3.a. The Department of Medical Assistance Services (DMAS) shall have the authority to amend the State Plan for Medical Assistance Services (State Plan) to implement a supplemental Medicaid payment for local government-owned nursing homes. The total supplemental Medicaid payment for local government-owned nursing homes shall be based on the difference between the Upper Payment Limit of 42 CFR §447.272 as

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	<p>approved by CMS and all other Medicaid payments subject to such limit made to such nursing homes. There is hereby appropriated sum-sufficient funds for DMAS to pay the state share of the supplemental Medicaid payment hereunder. However, DMAS shall not submit such State Plan amendment to CMS until it has entered into an intergovernmental agreement with eligible local government-owned nursing homes or the local government itself which requires them to transfer funds to DMAS for use as the state share for the supplemental Medicaid payment each nursing home is entitled to and to represent that each has the authority to transfer funds to DMAS and that the funds used will comply with federal law for use as the state share for the supplemental Medicaid payment. If a local government-owned nursing home or the local government itself is unable to comply with the intergovernmental agreement, DMAS shall have the authority to modify the State Plan. The department shall have the authority to implement the reimbursement change consistent with the effective date in the State Plan amendment approved by CMS and prior to the completion of any regulatory process undertaken in order to effect such change.</p>			
	<p>b. If by June 30, 2017, the Department of Medical Assistance Services has not secured approval from the Centers for Medicare and Medicaid Services to use a minimum fee schedule pursuant to 42 C.F.R. § 438.6(c)(1)(iii) for local government-owned nursing homes participating in Commonwealth Coordinated Care Plus (CCC Plus) at the same level as and in lieu of the supplemental Medicaid payments authorized in Section RRR.3.a., then DMAS shall: (i) exclude Medicaid recipients who elect to receive nursing home services in local government-owned nursing homes from CCC Plus; (ii) pay for such excluded recipient's nursing home services on a fee-for-service basis, including the related supplemental Medicaid payments as authorized herein; and (iii) prohibit CCC Plus contracted health plans from in any way limiting Medicaid recipients from electing to receive nursing home services from local government-owned nursing homes. The department may include in CCC Plus Medicaid recipients who elect to receive nursing home services in local government-owned nursing homes in the future when it has secured federal CMS approval to use a minimum fee schedule as described above.</p>			
	<p>4. The Department of Medical Assistance Services shall have the authority to amend the State Plan for Medical Assistance Services to implement a supplemental payment for clinic services furnished by the Virginia Department of Health (VDH) effective July 1, 2015. The total supplemental Medicaid payment shall be based on the Upper Payment Limit approved by the Centers for Medicare and Medicaid Services and all other Medicaid payments. VDH is required to transfer funds to the department funds already appropriated to VDH to cover the non-federal share of the Medicaid payments. The department shall have the authority to implement the reimbursement change effective July 1, 2015, and prior to the completion of any regulatory process undertaken in order to effect such changes.</p>			
	<p>5. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to increase the supplemental physician payments for physicians employed at a freestanding children's hospital serving children in Planning District 8 with more than 50 percent Medicaid inpatient utilization in fiscal year 2014 to the maximum allowed by the Centers for Medicare and Medicaid Services within the limit of the appropriation provided for this purpose. The total supplemental Medicaid payment shall be based on the Upper Payment Limit approved by the Centers for Medicare and Medicaid Services and all other Virginia Medicaid fee-for-service payments. The department shall have the authority to implement these reimbursement changes effective July 1, 2016, and prior to the completion of any regulatory process undertaken in order to effect such change."</p>			
	<p>6.a. The Department of Medical Assistance Services shall promulgate regulations to make supplemental Medicaid payments to the primary teaching hospitals affiliated with a Liaison Committee on Medical Education (LCME) accredited medical school located in Planning District 23 that is a political subdivision of the Commonwealth and an LCME accredited medical school located in Planning District 5 that has a partnership with a public university. The amount of the supplemental payment shall be based on the reimbursement methodology established for such payments in Attachments 4.19-A and 4.19-B of the State Plan for Medical Assistance and/or the department's contracts with managed care organizations. The department shall have the authority to implement these reimbursement changes consistent with the effective date in the State Plan amendment or the managed care contracts approved by the Centers for Medicare and Medicaid Services (CMS) and prior to completion of any regulatory process in order to effect such changes. No payment shall be made without</p>			

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approval from CMS.				
b. Funding for the state share for these Medicaid payments is authorized in Item 247 and Item 4-5.03.				
SSS. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to provide coverage for cessation services for tobacco users, including pharmacology, group and individual counseling, and other treatment services including the most current version of or an official update to the Clinical Health Guideline "Treating Tobacco Use and Dependence" published by the Public Health Service of the U.S. Department of Health and Human Services. These services shall be subject to copayment requirements. The department shall have authority to implement this reimbursement change effective July 1, 2014 and prior to the completion of any regulatory process undertaken in order to effect such changes.				
TTT. The Department of Medical Assistance Services shall have the authority to amend the 1915 (c) home- and community-based Elderly or Consumer-Direction (EDCD) waiver, Individual and Family Developmental Disabilities (DD) Support Waiver, Intellectual Disabilities (ID) waiver and Technology-Assisted (TECH) waiver, and associated regulations, to specify that transition services includes the first month's rent for qualified housing as an allowable cost. The department shall have authority to implement this reimbursement change effective July 1, 2014 and prior to the completion of any regulatory process undertaken in order to effect such changes.				
UUU. The Department of Medical Assistance Services shall have the authority to implement Section 1902(a)(10)(A)(i)(IX) of the federal Social Security Act to provide Medicaid benefits up until the age of 26 to individuals who are or were in foster care at least until the age of 18 in any state.				
VVV. Effective July 1, 2014 the Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to provide that the reimbursement floor for the nursing facility FRV "rental rate" shall be 8.0 percent in fiscal year 2015 and fiscal year 2016. The department shall have the authority to implement these reimbursement changes prior to the completion of any regulatory process undertaken in order to effect such changes.				
WWW. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to eliminate nursing facility inflation for fiscal year 2016. This shall apply to nursing facility operating rates in the first year, but shall not be substituted for published inflation factors in any subsequent scheduled rebasing of nursing facility rates. The department shall have the authority to implement these reimbursement changes prior to the completion of any regulatory process undertaken in order to effect such changes.				
XXX.1.a The Department of Medical Assistance Services shall amend the Medicaid demonstration project (Project Number 11-W-00297/3) to modify eligibility provided through the project to individuals with serious mental illness to be effective July 1, 2015. Income eligibility shall be modified to limit services to seriously mentally ill adults with effective household incomes up to 60 percent of the federal poverty level (FPL). All individuals enrolled in this Medicaid demonstration project with incomes between 61% and 100% of the Federal Poverty Level as of May 15, 2015 who continue to meet other program eligibility rules, shall maintain enrollment in the demonstration until their next eligibility renewal period or July 1, 2016, whichever comes first. Benefits shall include the following services: (i) primary care office visits including diagnostic and treatment services performed in the physician's office, (ii) outpatient specialty care, consultation, and treatment, (iii) outpatient hospital including observation and ambulatory diagnostic procedures, (iv) outpatient laboratory, (v) outpatient pharmacy, (vi) outpatient telemedicine, (vii) medical equipment and supplies for diabetic treatment, (viii) outpatient psychiatric treatment, (ix) mental health case management, (x) psychosocial rehabilitation assessment and psychosocial rehabilitation services, (xi) mental health crisis intervention, (xii) mental health crisis stabilization, (xiii) therapeutic or diagnostic injection, (xiv) behavioral telemedicine, (xv) outpatient substance abuse treatment services, and (xvi) intensive outpatient substance abuse treatment services. Care coordination, Recovery Navigation (peer supports), crisis line and prior authorization for services shall be provided through the agency's Behavioral Health Services Administrator.				

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b.	<p>The Department of Medical Assistance Services shall amend the Medicaid demonstration project described in paragraph XXX 1 a to increase the income eligibility for adults with serious mental illness from 60 to 80 percent of the federal poverty level effective July 1, 2016 and from 80 to 100 percent of the federal poverty level effective October 1, 2017. Effective October 1, 2017, the department shall amend the Medicaid demonstration project to include the provision of addiction recovery and treatment services, including partial day hospitalization and residential treatment services. The department shall have authority to implement necessary changes upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such changes.</p>			
c.	<p>The Department of Medical Assistance Services, in cooperation with the Department of Social Services and the League of Social Service Executives, shall provide information and conduct outreach activities with the Department of Corrections and local and regional jails to increase access to the Medicaid demonstration waiver for individuals with serious mental illness who are preparing to be released from custody, or are under the supervision of state or local community corrections programs.</p>			
d.	<p>The Department of Medical Assistance Services, in cooperation with the Department of Social Services and the League of Social Service Executives, shall provide information and conduct outreach activities with the Department of Corrections and local and regional jails to increase access to the Medicaid demonstration waiver for individuals with serious mental illness who are preparing to be released from custody, or are under the supervision of state or local community corrections programs.</p>			
2.	<p>The Department of Medical Assistance Services is authorized to amend the State Plan under Title XIX of the Social Security Act to add coverage for comprehensive dental services to pregnant women receiving services under the Medicaid program to include: (i) diagnostic, (ii) preventive, (iii) restorative, (iv) endodontics, (v) periodontics, (vi) prosthodontics both removable and fixed, (vii) oral surgery, and (viii) adjunctive general services.</p>			
3.	<p>The Department of Medical Assistance Services is authorized to amend the FAMIS MOMS and FAMIS Select demonstration waiver (No. 21-W-00058/3) for FAMIS MOMS enrollees to add coverage for dental services to align with pregnant women's coverage under Medicaid.</p>			
4.	<p>The Department of Medical Assistance Services is authorized to amend the State Plan under Title XXI of the Social Security Act to plan to allow enrollment for dependent children of state employees who are otherwise eligible for coverage.</p>			
5.	<p>The department shall have authority to implement necessary changes upon federal approval and prior to the completion of any regulatory process undertaken in order to effect such changes.</p>			
YYY.	<p>The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance Services to eliminate the requirement for pending, reviewing and reducing fees for emergency room claims for 99283 codes. The department shall have the authority to implement this reimbursement change effective July 1, 2015, and prior to the completion of any regulatory process undertaken in order to effect such change.</p>			
ZZZ.	<p>The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to increase the supplemental physician payments for practice plans affiliated with a freestanding children's hospital with more than 50 percent Medicaid inpatient utilization in fiscal year 2009 to the maximum allowed by the Centers for Medicare and Medicaid Services. The department shall have the authority to implement these reimbursement changes effective July 1, 2015, and prior to completion of any regulatory process undertaken in order to effect such change.</p>			
AAAA.1.	<p>The Department of Medical Assistance Services (DMAS) shall provide quarterly reports , due within 30 days of a quarter's end, to the Governor, Director, Department of Planning and Budget and Chairmen of the House Appropriations and Senate Finance Committees on the implementation of the Commonwealth Coordinated Care program, including information on program enrollment, the ability of Medicare and Medicaid Managed Care Plans to ensure a robust provider network, resolution of provider concerns regarding the cost and technical difficulties in participating in the program, quality of care, and progress in resolving issues related to federal Medicare requirements which impede the efficient and</p>			



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effective delivery of care.				
2. The Department of Medical Assistance Services (DMAS) shall require providers to use a National Provider Identifier number, effective July 1, 2015, in order to participate in the Commonwealth Coordinated Care program.				
BBBB. The Department of Medical Assistance Services (DMAS) shall amend its July 1, 2016, managed care contracts in order to conform to the requirement pursuant to House Bill 1942 / Senate Bill 1262, passed during the 2015 Regular Session, for prior authorization of drug benefits.				
CCCC.1. The Department of Medical Assistance Services shall adjust the rates and add new services in accordance with the recommendations of the provider rate study and the published formula for determining the SIS levels and tiers developed as part of the redesign of the Individual and Family Developmental Disabilities Support (DD), Day Support (DS), and Intellectual Disability (ID) Waivers. The department shall have the authority to adjust provider rates and units, effective July 1, 2016, in accordance with those recommendations with the exception that no rate changes for Sponsored Residential services shall take effect until January 1, 2017. The rate increase for skilled nursing services shall be 25 percent.				
2. The Department of Medical Assistance Services shall have the authority to amend the Individual and Family Developmental Disabilities Support (DD), Day Support (DS), and Intellectual Disability (ID) Waivers, to initiate the following new waiver services effective July 1, 2016: Shared Living Residential, Supported Living Residential, Independent Living Residential, Community Engagement, Community Coaching, Workplace Assistance Services, Private Duty Nursing Services, Crisis Support Services, Community Based Crisis Supports, Center-based Crisis Supports, and Electronic Based Home Supports; and the following new waiver services effective July 1, 2017: Community Guide and Peer Support Services, Benefits Planning, and Non-medical Transportation. The rates and units for these new services shall be established consistent with recommendations of the provider rate study and the published formula for determining the SIS levels and tiers developed as part of the waiver redesign, with the exception that private duty nursing rates shall be equal to the rates for private duty nursing services in the Assistive Technology Waiver and the EPSDT program. The implementation of these changes shall be developed in partnership with the Department of Behavioral Health and Developmental Services.				
3. Out of this appropriation, \$328,452 the first year and \$656,903 the second year from the general fund and \$328,452 the first year and \$656,903 the second year from nongeneral funds shall be provided for a Northern Virginia rate differential in the family home payment for Sponsored Residential services. Effective January 1, 2017, the rates for Sponsored Residential services in the Intellectual Disability waiver shall include in the rate methodology a higher differential of 24.5 percent for Northern Virginia providers, in the family home payment as compared to the rest-of-state rate. The Department of Medical Assistance Services and the Department of Behavioral Health and Developmental Services shall, in collaboration with sponsored residential providers, the Virginia Network of Private Providers, the Virginia Association of Community Services Boards, the Virginia Sponsored Residential Provider Group, and family home providers, collect information and feedback related to payments to family homes and the extent to which changes in rates have impacted payments to the family homes statewide, and the increase or decrease in the capacity in each of the five geographic regions. The Department of Medical Assistance Services, in cooperation with the Department of Behavioral Health and Developmental Services, shall report the findings of this analysis to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 1, 2017.				
4. For any state plan amendments or waiver changes to effectuate the provisions of paragraphs CCCC 1 and CCCC 2 above, the Department of Medical Assistance Services shall provide, prior to submission to the Centers for Medicare and Medicaid Services, notice to the Chairmen of the House Appropriations and Senate Finance Committees, and post such changes and make them easily accessible on the department's website.				
5. The department shall have the authority to implement necessary changes upon federal				

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	approval and prior to the completion of any regulatory process undertaken in order to effect such changes.			
	DDDD. The Department of Medical Assistance Services shall amend the 1915 (c ) home-and-community based Community Living waiver to add 390 slots effective July 1, 2016 and an additional 180 slots effective July 1, 2017. The Department of Medical Assistance Services shall seek federal approval for necessary changes to the waiver to add the additional slots.			
	EEEE.1. The Department of Medical Assistance Services shall amend the Family and Individual Support waiver to add 140 new slots effective July 1, 2016 and an additional 344 slots effective July 1, 2017. The Department of Medical Assistance Services shall seek federal approval for necessary changes to the waiver to add the additional slots.			
	2. Effective July 1, 2016, the Department of Medical Assistance Services shall amend the Individual and Family Developmental Disabilities Support (DD) waiver to add 200 slots in fiscal year 2017 for individuals at the top of the chronological waiting list as of June 30, 2016.			
	3. Out of this appropriation, \$632,040 the first year and \$632,040 the second year from the general fund and \$632,040 the first year and \$632,040 the second year from nongeneral funds shall be used for up to 40 emergency reserve slots for emergencies, for individuals transferring between waivers and for individuals transitioning from an Intermediate Care Facility (ICF) or state nursing facility (SNF) to the community to ensure the health and safety of individuals in crisis. The Department of Medical Assistance Services shall amend the appropriate waiver to add up to 40 emergency reserve slots across the Intellectual Disability (ID) waiver, Individual and Family Developmental Disabilities Support (DD) waiver and Day Support (DS) waiver within the limits of this appropriation, effective July 1, 2016. The Department of Medical Assistance Services shall seek federal approval for necessary changes to the ID, DD and DS waivers to add the additional emergency reserve slots.			
	FFFF.1. Out of this appropriation, \$1,250,000 from the general fund and \$1,250,000 from nongeneral funds the second year shall be used to fund 25 new medical residency slots. The Department of Medical Assistance Services shall submit a State Plan amendment to make supplemental payments for new graduate medical education residency slots effective July 1, 2017. Supplemental payments shall be made for up to 25 new medical residency slots in fiscal year 2018. Of the 25 new residency slots, 13 shall be for primary care and 12 shall be for high need specialties. In addition, preference shall be given for residency slots located in underserved areas. The department shall adopt criteria for primary care, high need specialties and underserved areas developed by the Virginia Health Workforce Development Authority. The department shall make supplemental payments to the following hospitals for the specified number of primary care residencies: Sentara Norfolk General (2 residencies), Carilion Medical Center (6 residencies), Centra Lynchburg General Hospital (1 residency), Riverside Regional Medical Center (2 residencies), Bon Secours St. Francis Medical Center (2 residencies). The department shall make supplemental payments to Carilion Medical Center for two psychiatric residencies. The supplemental payment for each new qualifying residency slot shall be \$100,000 annually minus any Medicare residency payment for which the hospital is eligible. Supplemental payments shall be made for up to four years for each new qualifying resident. The hospital will be eligible for the supplemental payments as long as the hospital maintains the number of residency slots in total and by category as a result of the increase in fiscal year 2018. Payments shall be made quarterly following the same schedule for other medical education payments. Subsequent to the award of a supplemental payment, the hospital must provide documentation annually by June 1 that they continue to meet the criteria for the supplemental payments and report any changes during the year to the number of residents. The department shall require all hospitals receiving medical education funding to report annually by June 1 on the number of residents in total and by specialty/subspecialty. The supplemental payments are subject to federal Centers for Medicare and Medicaid Services approval. The department shall have the authority to promulgate emergency regulations to implement this amendment within 280 days or less from the enactment of this act.			
	2. Any remaining appropriation for this program at the end of the fiscal year shall be carried forward to the subsequent fiscal year to fund medical residency slots. The Department of Medical Assistance Services shall adjust the 2018-20 Medicaid forecast to include annual funding for the 25 residency slots as approved by the 2016 General Assembly.			

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3. *Effective July 1, 2018, the department shall make supplemental payments to the following hospitals for the specified number of primary care residencies: Sentara Norfolk General (1 residency) and Carilion Medical Center (6 residencies). The department shall make supplemental payments to Carilion Medical Center for 2 psychiatry residencies and to Sentara Norfolk General for 1 OB/GYN residency.*

GGGG. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to limit inflation to 50 percent of the inflation factor for fiscal year 2017 and eliminate inflation in fiscal year 2018. This shall apply to inpatient hospital operating rates (including long-stay and freestanding psychiatric hospitals), graduate medical education (GME) payments, disproportionate share hospital (DSH) payments and outpatient hospital rates. Similar reductions shall be made to the general fund share for Type One hospitals as reflected in paragraph B. of this Item. *The department shall make a full inflation adjustment payment in both FY 2017 and FY 2018 to Virginia freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009.* The department shall have the authority to implement these reimbursement changes effective July 1, 2016 and prior to the completion of any regulatory process in order to effect such changes.

HHHH. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to provide the full inflation factor for nursing facility and specialized care operating and NATCEP rates for FY2018. The department shall have the authority to implement these reimbursement changes effective July 1, 2017, and prior to the completion of any regulatory process in order to effect such changes.

IIII. The Department of Medical Assistance Services shall amend the State Plan for Medical Assistance to limit inflation to 50 percent of the inflation factor for outpatient rehabilitation agencies and home health agencies for FY2018. The department shall have the authority to implement these reimbursement changes effective July 1, 2017, and prior to the completion of any regulatory process in order to effect such changes.

JJJJ. Effective July 1, 2016, the Department of Medical Assistance Services shall increase the rates for agency and consumer directed personal care, respite and companion services in the EDCD and ID/DD waivers and EPSDT program by two percent from current levels.

KKKK. Effective July 1, 2016, the Department of Medical Assistance Services shall increase the rates for private duty nursing in the Tech waiver and Early and Periodic Screening, Diagnostic and Treatment (EPSDT) program by 11.5 percent from current levels.

LLLL. Out of this appropriation, \$79,505 from the general fund and \$79,505 from the nongeneral fund the first year and \$87,581 from the general fund and \$87,581 from nongeneral funds the second year shall be used to increase reimbursement rates for adult day health services provided through Medicaid home- and community-based waiver programs by 2.5 percent effective July 1, 2016.

MMMM.1. The Department of Medical Assistance Services, in consultation with the appropriate stakeholders, shall amend the state plan for medical assistance and/or seek federal authority through an 1115 demonstration waiver, as soon as feasible, to provide coverage of inpatient detoxification, inpatient substance abuse treatment, residential detoxification, residential substance abuse treatment, and peer support services to Medicaid individuals in the Fee-for-Service and Managed Care Delivery Systems. The department shall have the authority to implement this change effective upon passage of this Act, and prior to the completion of any regulatory process undertaken in order to effect such change.

2. The Department of Medical Assistance Services shall make programmatic changes in the provision of all Substance Abuse Treatment Outpatient, Community Based and Residential Treatment services (group homes and facilities) for individuals with substance abuse disorders in order to ensure parity between the substance abuse treatment services and the medical and mental health services covered by the department and to ensure comprehensive treatment planning and care coordination for individuals receiving behavioral health and substance use disorder services. The department shall take action to ensure appropriate utilization and cost efficiency, and adjust reimbursement rates within



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RRRR.	The Department of Medical Assistance Services shall not expend any appropriation for an approved Delivery System Reform Incentive Program (DSRIP) §1115 waiver unless the General Assembly appropriates the funding in the 2017 Session. The department shall notify the Chairmen of the House Appropriations and Senate Finance Committees within 15 days of any final negotiated waiver agreement with the Centers for Medicare and Medicaid Services.			
SSSS.	The Department of Medical Assistance Services shall seek federal authority through a State Plan Amendment under Title XIX of the Social Security Act to permit individuals to use certified appraisals conducted by appraisers licensed by the Virginia Real Estate Appraiser Board as an alternative to the use of the tax assessed value to establish the value of any non-commercial real property for purposes of Medicaid resource eligibility. The cost of the appraisal shall be borne by the applicant or his designee.			
TTTT.	Effective July 1, 2017, the Department of Medical Assistance Services shall amend the Building Independence waiver to add 60 slots in FY 2018.			
UUUU.	Effective July 1, 2017, the Department of Medical Assistance Services shall amend the managed care regulations to specify that all contracts with health plans in a Medicaid managed care delivery model, including long-term services and supports, require reimbursement to nursing facility and specialized care services at no less than the Medicaid established per diem rate for Medicaid covered days, using the department's methodologies, unless the managed care organization and the nursing facility or specialized care services provider mutually agree to an alternative payment. The department shall have authority to implement this provision prior to the completion of any regulatory process in order to effect such change.			
VVVV.	Omitted.			
WWWW.1.	The Department of Medical Assistance Services shall monitor the capacity available under the Upper Payment Limit (UPL) for all hospital supplemental payments and adjust payments accordingly when the UPL cap is reached. The department shall make an adjustment to stay under the UPL cap by reducing or eliminating as necessary supplemental payments to hospitals based on when the first supplemental payments were actually made so that the newest supplemental payments to hospitals would be impacted first and so on.			
2.	The Department of Medical Assistance Services shall have the authority to implement reimbursement changes deemed necessary to meet the requirements of this paragraph prior to the completion of any regulatory process in order to effect such changes.			
XXXX.	Effective upon enactment of this act, the Department of Medical Assistance Services, in collaboration with the Department of Behavioral Health and Developmental Services, shall make sponsored residential services eligible for customized rates. The department may implement any changes necessary to implement this provision prior to the promulgation of regulations undertaken in order to effect such changes.			
YYYY.1.	Effective no later than January 1, 2019, the Department of Medical Assistance Services is authorized to require consumer-directed aides providing personal care, respite care and companion services in the Medicaid Elderly and Disabled with Consumer Direction (EDCD) and Developmental Disability waiver programs and the Early and Periodic Screening Diagnosis and Treatment (EPSDT) program to utilize an Electronic Visit Verification (EVV) system. The department is authorized to contract with a vendor to provide access to an EVV system for use by consumer-directed aides.			
2.	For personal care, respite care and companion services agencies, the department shall work with the appropriate stakeholders to develop standards for electronic visit verification systems and certification requirements to ensure EVV systems used by such agencies meet all federal requirements and are capable of providing the necessary data the department may require.			
3.	The department shall ensure that implementation of electronic visit verification complies with all requirements of the federal Centers of Medicare and Medicaid Services.			
ZZZZ.	Effective July 1, 2017, the Department of Medical Assistance Services shall amend			

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<p>the State Plan for Medical Assistance to increase the formula for indirect medical education (IME) for freestanding children's hospitals with greater than 50 percent Medicaid utilization in 2009 as a substitute for DSH payments. The formula for these hospitals for indirect medical education for inpatient hospital services provided to Medicaid patients but reimbursed by capitated managed care providers shall be identical to the formula for Type One hospitals. The IME payments shall continue to be limited such that total payments to freestanding children's hospitals with greater than 50 percent Medicaid utilization do not exceed the federal uncompensated care cost limit to which disproportionate share hospital payments are subject, excluding third party reimbursement for Medicaid eligible patients. The department shall have the authority to implement these changes effective July 1, 2017, and prior to completion of any regulatory action to effect such changes.</p> <p><i>AAAAA. Disproportionate Share Hospital payments shall not be reallocated to other eligible hospitals based on hospital non-participation in fiscal year 2018. The department shall have the authority to implement these changes effective upon the passage of this act and prior to the completion of any regulatory action to effect such change.</i></p>				
307.	Not set out.			
308.	Medical Assistance Services for Low Income Children (46600).....		\$135,948,364	\$140,478,700 \$145,844,732
	Reimbursements for Medical Services Provided to Low-Income Children (46601).....	\$135,948,364	\$140,478,700 \$145,844,732	
	Fund Sources: General.....	\$16,313,804	\$16,857,444 \$17,501,368	
	Federal Trust.....	\$119,634,560	\$123,621,256 \$128,343,364	
<p>Authority: Title 32.1, Chapters 9, 10 and 13, Code of Virginia; P.L. 89-97, as amended, Titles XIX and XXI, Social Security Act, Federal Code.</p> <p>To the extent that appropriations in this Item are insufficient, the Department of Planning and Budget shall transfer general fund appropriation, as needed, from Children's Health Insurance Program Delivery (44600) and Medicaid Program Services (45600), if available, into this Item to be used as state match for federal Title XXI funds.</p>				
309.	Medical Assistance Management Services (Forecasted) (49600).....		\$60,861,251	\$63,316,049 \$63,899,573
	Medicaid payments for enrollment and utilization related contracts (49601).....	\$57,406,098	\$59,969,846 \$60,349,591	
	CHIP payments for enrollment and utilization related contracts (49632).....	\$3,455,153	\$3,346,203 \$3,549,982	
	Fund Sources: General.....	\$21,197,151	\$22,450,685 \$22,666,141	
	Federal Trust.....	\$39,664,100	\$40,865,364 \$41,233,432	
<p>To the extent that appropriations in this Item are insufficient, the Department of Planning and Budget, is authorized to transfer amounts, as needed, from Medicaid Program Services (45600), Medical Assistance Services for Low Income Children (46600) and Children's Health Insurance Program Delivery (44600), if available, into this Item to fund administrative expenditures associated with contracts between the department and companies providing dental benefit services, consumer-directed payroll services, claims processing, behavioral health management services and disease state/chronic care programs for Medicaid and FAMIS recipients.</p>				
310.	Administrative and Support Services (49900).....		\$213,492,763	\$229,332,563 \$239,756,469

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General Management and Direction (49901).....	\$195,765,886	<del>\$211,605,686</del> \$222,029,592		
Information Technology Services (49902).....	\$14,895,620	\$14,895,620		
Administrative Support for the Family Access to Medical Insurance Security Plan (49932).....	\$2,831,257	\$2,831,257		
Fund Sources: General.....	\$57,862,485	<del>\$61,063,111</del> \$65,675,064		
Special.....	\$1,565,000	<del>\$1,565,000</del> \$2,265,000		
Federal Trust.....	\$154,065,278	<del>\$166,704,452</del> \$171,816,405		

Authority: Title 32.1, Chapters 9 and 10, Code of Virginia; P.L. 89-97, as amended, Titles XIX and XXI, Social Security Act, Federal Code.

A.1. By November 1 of each year, the Department of Planning and Budget, in cooperation with the Department of Medical Assistance Services, shall prepare and submit a forecast of Medicaid expenditures, upon which the Governor's budget recommendations will be based, for the current and subsequent two years to the Chairmen of the House Appropriations and Senate Finance Committees.

2. The forecast shall be based upon current state and federal laws and regulations. Rebasing and inflation estimates that are required by existing law or regulation for any Medicaid provider shall be included in the forecast. The forecast shall also include an estimate of projected increases or decreases in managed care costs, including estimates regarding changes in managed care rates for the three-year period. In preparing for each year's forecast of the managed care portions of the budget, the department shall submit to its actuarial contractor a letter, with a copy sent to the Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance Committees. This letter shall document the department's request for a point estimate of the rate of increase in rates, based on application of actuarial principals and methodologies and information available at the time of the forecast, that the contractor estimates will occur in the years being forecast, and shall specify the population groupings for which estimates are requested. The department shall request that the contractor reply in writing with a copy to all parties copied on the department's letter.

3. The Department of Planning and Budget and the Department of Medical Assistance Services shall convene a meeting on or before October 15 of each year with the appropriate staff from the House Appropriations and Senate Finance Committees to review current trends and the assumptions used in the Medicaid forecast prior to its finalization.

B. The Department of Medical Assistance Services shall submit monthly expenditure reports of the Medicaid program by service. The report for the month at the end of each quarter shall compare expenditures to the official Medicaid forecast, adjusted to reflect budget actions from each General Assembly Session. The monthly report shall be submitted to the Department of Planning and Budget and the Chairmen of the House Appropriations and Senate Finance Committees within 20 days after the end of each month and the quarterly report shall be submitted within 30 days after the end of the quarter.

C.1. Out of this appropriation, \$50,000 the first year and ~~\$50,000~~ \$1,000,000 the second year from the special fund is appropriated to the Department of Medical Assistance Services for the administration of the disbursement of civil money penalties (CMP) levied against and collected from Medicaid nursing facilities for violations of rules identified during survey and certification as required by federal law and regulation. Based on the nature and seriousness of the deficiency, the Agency or the Centers for Medicare and Medicaid Services may impose a civil money penalty, consistent with the severity of the violations, for the number of days a facility is not in substantial compliance with the facility's Medicaid participation agreement. Civil money penalties collected by the Commonwealth must be applied to the protection of the health or property of residents of nursing facilities found to be deficient. Penalties collected are to be used for (1) the payment of costs incurred by the Commonwealth for relocating residents to other





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J.1. The Department of Medical Assistance Services shall require eligibility workers to verify income, using currently available Virginia Employment Commission data, for applicants and recipients who report no earned or unearned income. The Department shall, at the earliest date feasible but no later than October 1, 2017, require all Medicaid eligibility workers to apply the same protocols when verifying income for all applicants and recipients, including those who report no earned or unearned income.				
2. The Department shall amend the Virginia Medicaid application, upon approval of the federal Centers for Medicare and Medicaid, to require a Medicaid applicant to opt out if such applicant does not want to grant permission to the state to use his federal tax returns for the purposes of renewing eligibility. The Department shall implement the necessary regulatory changes and other necessary measures to be consistent with federal approval of any appropriate state plan changes, and prior to the completion of any regulatory process undertaken in order to effect such change.				
K.1. It is the intent of the General Assembly that the Department of Medical Assistance Services provide more data regarding Medicaid and other programs operated by the department on their public website. The department shall create a central website that consolidates data and statistical information to make the information more readily available to the general public. At a minimum the information included on such website shall include monthly enrollment data, expenditures by service, and other relevant data.				
2. No later than June 30, 2018, the department shall make Medicaid and other agency data stored in the agency's data warehouse available through the department's website that includes, at a minimum, interactive tools for the user to select, display, manipulate and export requested data.				
L.1. Out of this appropriation, \$4,635,000 the first year and \$5,835,000 the second year from the general fund and \$41,715,000 the first year and \$52,515,000 the second year from nongeneral funds shall be provided to replace the Medicaid Management Information System.				
2. Within 30 days of awarding a contract or contracts related to the replacement project, the Department of Medical Assistance Services shall provide the Chairmen of the House Appropriations and Senate Finance Committees, and the Director, Department of Planning and Budget, with a copy of the contract including costs.				
3. Beginning July 1, 2016, the Department of Medical Assistance Services shall provide annual progress reports that must include a current project summary, implementation status, accounting of project expenditures and future milestones. All reports shall be submitted to the Chairmen of House Appropriations and Senate Finance Committees, and Director, Department of Planning and Budget.				
M. The Department of Medical Assistance Services, in collaboration with the departments of Behavioral Health and Developmental Services, Aging and Rehabilitative Services and Health, shall convene a work group with community stakeholders to: (i) recommend methods to improve data capture on the annual incidence of brain injury as defined in the Code of Virginia, and (ii) review expenditure data on Virginians with brain injury receiving care outside of the state, and evaluate options for providing for their care in the Commonwealth. The department shall report on efforts of the workgroup and any recommendations to the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2016.				
N. The Department of Medical Assistance Services shall report on the estimated number of Virginians who are eligible but not enrolled in the Virginia Medicaid program as of September 1 of each year.				
O.1. The Department of Medical Assistance Services, in collaboration with the Department of Social Services, shall require Medicaid eligibility workers to search for unreported assets at the time of initial eligibility determination and renewal, using all currently available sources of electronic data, including local real estate property databases and the Department of Motor Vehicles for all Medicaid applicants and recipients whose assets are subject to an asset limit under Medicaid eligibility requirements.				

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2. The Department of Medical Assistance Services, in collaboration with the Department of Social Services, shall develop a plan to improve the Medicaid estate recovery program in the Commonwealth. The department shall evaluate all public and private resources and data sources available to proactively identify assets, including but not limited to real estate and financial assets, including those identified during the eligibility determination process and those that may not have been reported, of Medicaid recipients and all methods available to initiate recovery from estates for which the value of the assets is likely to exceed the cost of recovery. The department shall also include the cost of initiating and operating such a program with options that include developing an in-house program or contracting with a third party vendor to perform some or all of the identification and recovery. The study shall examine both the cost benefit and legal implications of the various options and also evaluate and propose changes, as may be needed, to the Code of Virginia that may assist in maximizing the recovery of assets of deceased Medicaid beneficiaries.				
3. The department shall submit its findings and recommendations for developing an improved estate recovery program to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2016.				
P. The Director, Department of Medical Assistance Services shall analyze pharmacy claims data from the past biennium in order to assess the value of payments made to the Medicaid program's contracted managed care plans, and the value of payments made by the contracted managed care plans to their contracted prescription benefit managers (PBMs). Additionally, the Director shall request and, if made available, analyze the value of payments made by the Medicaid program's managed care plans' contracted PBMs to network pharmacies for the same set of pharmacy claims. The Director shall identify and report any difference in value in payments made to the contracted PBMs, payments made to the contracted managed care plans, and if available, to network pharmacies and shall make recommendations to the Chairmen of the House Appropriations and Senate Finance Committees by October 1, 2016.				
Q. Out of this appropriation, \$400,000 the second year from the general fund and \$400,000 the second year from nongeneral funds is provided to fund cost increases associated with contracts for actuarial and audit services. The Department of Planning and Budget shall unallot these funds on July 1 of each fiscal year, and shall not allot the funds until the Department of Medical Assistance Services provides documentation on the contract award amounts.				
R. The Department of Medical Assistance Services, in collaboration with the Department of Behavioral Health and Developmental Services, shall convene a stakeholder workgroup, to meet at least once annually, with representatives of the Virginia Association of Community Services Boards, the Virginia Network of Private Providers, the Virginia Association of Centers for Independent Living, Virginia Association of Community Rehabilitation Programs (VaACCSES), the disAbility Law Center of Virginia, the ARC of Virginia, and other stakeholders including representative family members, as deemed appropriate by the Department of Medical Assistance Services. The workgroup shall: (i) review data from the previous year on the distribution of the SIS levels and tiers by region and by waiver; (ii) review the process, information considered, scoring, and calculations used to assign individuals to their levels and reimbursement tiers; (iii) review the communication which informs individuals, families, providers, case managers and other appropriate parties about the SIS tool, the administration, and the opportunities for review to ensure transparency; and (iv) review other information as deemed necessary by the workgroup. The department shall report on the results and recommendations of the workgroup to the General Assembly by October 1 of each year.				
S. The Department of Medical Assistance Services shall notify the Director, Department of Planning and Budget, and the Chairmen of the House Appropriations and Senate Finance Committees at least 30 days prior to any change in capitated rates for managed care companies. The notification shall include the amount of the rate increase or decrease, and the projected impact on the state budget.				
T.1. The Department of Medical Assistance Services (DMAS) shall take actions to improve the reliability of Medicaid eligibility screenings for long-term services and supports, including: (i) validation of the children's criteria used with the Uniform Assessment Instrument to determine eligibility for Medicaid long-term services and supports, and (ii)				



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population and service information and include an analysis and report on the underlying reasons for these trends, the agency's and MCOs' initiatives to address undesirable trends, and the impact of those initiatives. The report shall be submitted each year by September 1.

4. The Department of Medical Assistance Services shall develop a proposal for cost sharing requirements based on family income for individuals eligible for long-term services and supports through the optional 300 percent of Supplemental Security Income eligibility category and submit the proposal to the Centers for Medicare and Medicaid Services to determine if such a proposal is feasible. No cost sharing requirements shall be implemented unless approved by the General Assembly.

5. The Department of Medical Assistance Services shall assess and report on additional or different resources needed to implement recommendations in the Joint Legislative Audit and Review Committee (JLARC) report Managing Spending in Virginia's Medicaid Program. The department shall submit its report to the Chairmen of the House Appropriations and Senate Finance Committees no later than November 1, 2017.

6. The Department of Medical Assistance Services shall ensure that the capitation rates for the Commonwealth Coordinated Care Plus program for fiscal year 2018 are budget neutral and do not exceed the cost of care for the enrolled population than that which would have been incurred in the Medicaid fee-for-service program.

V. The Director, the Department of Medical Assistance Services, shall include language in all managed care contracts, for all department programming, requiring the plan sponsor to report quarterly, for all quarters through the one ending June 30, 2019, to the department for all pharmacy claims; the amount paid to the pharmacy provider per claim, including but not limited to cost of drug reimbursement; dispensing fees; copayments; and the amount charged to the plan sponsor for each claim by its pharmacy benefit manager. In the event there is a difference between these amounts, the plan sponsor shall report an itemization of all administrative fees, rebates, or processing charges associated with the claim. All data and information provided by the plan sponsor shall be kept secure; and notwithstanding any other provision of law, the department shall maintain the confidentiality of the proprietary information and not share or disclose the proprietary information contained in the report or data collected with persons outside the department. Only those department employees involved in collecting, securing and analyzing the data for the purpose of preparing the report shall have access to the proprietary data. The department shall provide a report using aggregated data only to the Chairmen of the House Appropriations and Senate Finance Committees on the implementation of this initiative and its impact on program expenditures by December 1, 2017. Nothing in the report to the Chairmen of the House Appropriations and Senate Finance Committees shall contain confidential or proprietary information.

*W. Out of this appropriation, \$3,500,000 from the general fund and \$3,500,000 from nongeneral funds the second year is provided for the Department of Medical Assistance Services to obtain services to assist in the transformation of the Medicaid program for newly eligible individuals pursuant to 42 U.S.C. § 1396d(y)(1)[2010] of the Patient Protection and Affordable Care Act. Such services shall include, but not be limited to, assistance in the development and implementation of necessary § 1115 demonstration waiver applications including actuarial services, project management consultation, DMAS systems changes, and services necessary to operationalize reforms. The department shall ensure each vendor selected has had experience in designing or assisting in the development and implementation of similar activities. The department shall report on the vendors selected to the Chairmen of the House Appropriations and Senate Finance Committees within 15 days of making the selection. Unexpended funds for this procurement shall be carried forward into fiscal year 2019 for such purpose.*

Total for Department of Medical Assistance Services.			<b>\$9,923,368,296</b>	<b>\$10,352,984,821</b>
				<b>\$10,678,462,974</b>
General Fund Positions.....	232.02	240.02		
Nongeneral Fund Positions.....	241.98	249.98		
Position Level.....	474.00	490.00		
Fund Sources: General.....	\$4,450,859,097	\$4,729,698,510		
		\$4,785,782,724		

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Special.....	\$1,565,000	\$1,565,000 \$2,265,000		
Dedicated Special Revenue.....	\$413,895,813	\$373,280,157 \$413,949,950		
Federal Trust.....	\$5,057,048,386	\$5,248,441,154 \$5,476,465,300		

**§ 1-13. DEPARTMENT OF BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES (720)**

311.	Not set out.			
312.	Not set out.			
313.	Administrative and Support Services (49900).....		\$78,005,357	\$78,026,064 \$78,226,064
	General Management and Direction (49901).....	\$12,695,336		<del>\$12,445,389</del> \$12,645,389
	Information Technology Services (49902).....	\$25,933,722		\$26,046,863
	Architectural and Engineering Services (49904).....	\$2,660,847		\$2,660,847
	Collection and Locator Services (49905).....	\$2,999,764		\$2,999,764
	Human Resources Services (49914).....	\$494,989		\$494,989
	Program Development and Coordination (49933)....	\$33,220,699		\$33,378,212
	Fund Sources: General.....	\$44,941,260		<del>\$44,639,048</del> \$44,839,048
	Special.....	\$14,454,916		\$14,509,445
	Federal Trust.....	\$18,609,181		\$18,877,571

Authority: Title 16.1, Article 18, and Title 37.2, Chapters 2, 3, 4, 5, 6 and 7, and Title 2.2, Chapters 26 and 53 Code of Virginia; P.L. 102-119, Federal Code.

A. The Commissioner, Department of Behavioral Health and Developmental Services shall, at the beginning of each fiscal year, establish the current capacity for each facility within the system. When a facility becomes full, the commissioner or his designee shall give notice of the fact to all sheriffs.

B. The Commissioner, Department of Behavioral Health and Developmental Services shall work in conjunction with community services boards to develop and implement a graduated plan for the discharge of eligible facility clients to the greatest extent possible, utilizing savings generated from statewide gains in system efficiencies.

C. Notwithstanding § 4-5.09 of this act and paragraph C of § 2.2-1156, Code of Virginia, the Department of Behavioral Health and Developmental Services is hereby authorized to deposit the entire proceeds of the sales of surplus land at state-owned behavioral health and intellectual disability facilities into a revolving trust fund. The trust fund may initially be used for expenses associated with restructuring such facilities. Remaining proceeds after such expenses shall be dedicated to continuing services for current patients as facility services are restructured.

D. The Department of Behavioral Health and Developmental Services shall identify and create opportunities for public-private partnerships and develop the incentives necessary to establish and maintain an adequate supply of acute-care psychiatric beds for children and adolescents.

E. The Department of Behavioral Health and Developmental Services, in cooperation with the Department of Juvenile Justice, where appropriate, shall identify and create opportunities for public-private partnerships and develop the incentives necessary to establish and maintain an adequate supply of residential beds for the treatment of juveniles with behavioral health treatment needs, including those who are mentally retarded, aggressive, or sex offenders, and those juveniles who need short-term crisis stabilization but not psychiatric hospitalization.

F. Out of this appropriation, \$656,538 the first year and \$656,538 the second year from the general fund shall be provided for placement and restoration services for juveniles found



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	<p>(i) promote routine collaboration between families and authorized representatives, the department, community services boards, and private providers; (ii) ensure the successful transition of training center residents to the community; and (iii) gather input on Medicaid waiver redesign to better serve individuals with intellectual and developmental disability.</p>			
	<p>4. In the event that provider capacity cannot meet the needs of individuals transitioning from training centers to the community, the department shall work with community services boards and private providers to explore the feasibility of developing (i) a limited number of small community group homes or intermediate care facilities to meet the needs of residents transitioning to the community, and/or (ii) a regional support center to provide specialty services to individuals with intellectual and developmental disabilities whose medical, dental, rehabilitative or other special needs cannot be met by community providers. The Commissioner shall report on these efforts to the House Appropriations and Senate Finance Committees as part of the quarterly report, pursuant to paragraph L.1.</p>			
	<p>M.1. A joint subcommittee of the House Appropriations and Senate Finance Committees, in collaboration with the Secretary of Health and Human Resources and the Department of Behavioral Health and Developmental Services, shall continue to monitor and review the closure plans for the three remaining training centers scheduled to close by 2020. As part of this review process the joint subcommittee may evaluate options for those individuals in training centers with the most intensive medical and behavioral needs to determine the appropriate types of facility or residential settings necessary to ensure the care and safety of those residents is appropriately factored into the overall plan to transition to a more community-based system. In addition, the joint subcommittee may review the plans for the redesign of the Intellectual Disability, Developmental Disability and Day Support Waivers.</p>			
	<p>2. To assist the joint subcommittee, the Department of Behavioral Health and Developmental Services shall provide a quarterly accounting of the costs to operate and maintain each of the existing training centers at a level of detail as determined by the joint subcommittee. The quarterly reports for the first, second and third quarter shall be due to the joint subcommittee 20 days after the close of the quarter. The fourth quarter report shall be due on August 15 of each year.</p>			
	<p>N. The Department of Behavioral Health and Developmental Services in collaboration with the Department of Medical Assistance Services shall provide a detailed report for each fiscal year on the budget, expenditures, and number of recipients for each specific intellectual disability (ID) and developmental disability (DD) service provided through the Medicaid program or other programs in the Department of Behavioral Health and Developmental Services. This report shall also include the overall budget and expenditures for the ID, DD and Day Support waivers separately. The Department of Medical Assistance Services shall provide the necessary information to the Department of Behavioral Health and Developmental Services 90 days after the end of each fiscal year. This information shall be published on the Department of Behavioral Health and Developmental Services' website within 120 days after the end of each fiscal year.</p>			
	<p>O. Effective July 1, 2015, the Department of Behavioral Health and Developmental Services shall not charge any fee to Community Services Boards or private providers for use of the knowledge center, an on-line training system.</p>			
	<p>P. The Department of Behavioral Health and Developmental Services in collaboration with the Community Services Boards shall compile and report all available information regarding the services and support needs of the individuals on waiting lists for Intellectual and Developmental Disability (I/DD) waiver services, including an estimate of the number of graduates with I/DD who are exiting secondary education each fiscal year. The department shall submit a report to the Chairmen of the House Appropriations and Senate Finance Committees by December 1, 2015.</p>			
	<p>Q.1. Out of this appropriation, \$400,000 the first year from the general fund is included to provide compensation to individuals who were involuntarily sterilized pursuant to the Virginia Eugenical Sterilization Act and who were living as of February 1, 2015. In addition, any funds carried over from House Bill 29 passed by the 2016 General Assembly from Item 307 T, shall also be used for this purpose.</p>			

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2. A claim may be submitted on behalf of an individual by a person lawfully authorized to act on the individual's behalf. A claim may be submitted by the estate of or personal representative of, an individual who dies on or after February 1, 2015.				
3. Reimbursement shall be contingent on the individual or their representative providing appropriate documentation and information to verify the claim under guidelines established by the department.				
4. Reimbursement per verified claim shall be \$25,000 and shall be contingent on funding being available, with disbursements being prioritized based on the date at which sufficient documentation is provided.				
5. Should the funding provided for compensation be exhausted prior to the end of fiscal year 2018, the department shall continue to collect applications. The department shall provide a report to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees on a quarterly basis on the number of additional individuals who have been applied.				
R. Out of this appropriation, \$600,000 the first year and \$600,000 the second year from the general fund shall be used to provide mental health first aid training and certification to recognize and respond to mental or emotional distress. Funding shall be used to cover the cost of personnel dedicated to this activity, training, manuals, and certification for all those receiving the training.				
S. The Department of Behavioral Health and Developmental Services shall review and evaluate existing mental health dockets used by courts in the Commonwealth to develop a model that can be replicated in other courts and jurisdictions that determine a need for such a docket. As part of the review, the department shall evaluate mental health dockets in other states and incorporate best practices. The department shall include consideration for a specialty veterans mental health docket and the feasibility for such a docket to handle a population with unique needs. The evaluation shall also review funding practices of these dockets by courts or local governments. The department shall prepare a report on a model program and post it to their website no later than December 1, 2016, and provide notice of the report's availability to courts and local governments.				
T.1. Out of this appropriation, up to \$100,000 the first year from the general fund is provided to the Department of Behavioral Health and Developmental Services to contract with an independent contractor to develop options for the General Assembly. Such contract shall consider the Commonwealth's options of how to operate the Central Virginia Training Center to provide care in the event that sufficient community capacity is not available or is insufficient to meet the care needs of individuals. The options developed shall focus on operating the facility by primarily utilizing the newly renovated buildings and include estimates on operating and capital costs and other operational changes necessary to operate such facility. The department, in collaboration with the Department of Planning and Budget (DPB), shall develop the Request for Proposals (RFP), if the RFP process is utilized. DPB shall review the proposals, along with the department, and no award shall be approved without the concurrence of DPB. If the RFP process is not used for any reason then DPB staff shall be jointly involved with the department in selecting the contractor and shall grant final approval before awarding the contract. The Department of Behavioral Health and Developmental Services shall provide all necessary information in a timely manner as requested by the contractor. The contract shall require the work to be completed and the plan submitted by December 1, 2016, to the Chairmen of the House Appropriations and Senate Finance Committees.				
2. The Department of Behavioral Health and Developmental Services shall make available relevant information as requested by private entities considering possible submission of proposals in accordance with Chapter 22.1 of the Code of Virginia that are related to Central Virginia Training Center.				
U. Out of this appropriation, \$200,000 the second year from the federal State Targeted Response to the Opioid Crisis Grant is provided for the purchase of opioid overdose reversal kits and opioid antidotes.				
V. The Department of Behavioral Health and Developmental Services shall provide a				



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progress report on the implementation of the Developmentally Disabled Waiver programs to include information about the population served by the waivers, the level and reimbursement tier, and service utilization and expenses for (i) individuals who have used waiver services for less than one year and (ii) individuals who have used waiver services for 1-5 years. The department shall submit this report by October 15, 2017 to the Chairmen of the House Appropriations and Senate Finance Committees.

W. The Department of Behavioral Health and Developmental Services shall provide a report on the management and characteristics of individuals on the waiting list for services through the Developmentally Disabled Waiver programs. The report shall include (i) the age of individuals on the waiting list, and (ii) the number of individuals designated as Priority 1, 2 and 3 on the waiting list. The department shall submit this report by October 15, 2017 to the Chairmen of the House Appropriations and Senate Finance Committees.

314. Not set out.

Total for Department of Behavioral Health and Developmental Services.....			<b>\$88,606,080</b>	<b>\$92,485,514</b> <b>\$92,685,514</b>
General Fund Positions.....	393.60	391.75		
Nongeneral Fund Positions.....	29.40	29.25		
Position Level.....	423.00	421.00		
Fund Sources: General.....	\$55,086,308	<del>\$58,642,823</del> \$58,842,823		
Special.....	\$14,550,780	\$14,605,309		
Federal Trust.....	\$18,968,992	\$19,237,382		

**Grants to Localities (790)**

315. Financial Assistance for Health Services (44500).....			\$397,142,984	\$425,201,175 \$426,082,891
Community Substance Abuse Services (44501).....	\$97,162,190	\$97,162,190		
Community Mental Health Services (44506).....	\$230,617,697	\$249,962,348		
Community Developmental Disability Services (44507).....	\$69,363,097	<del>\$78,076,637</del> \$78,958,353		
Fund Sources: General.....	\$330,827,537	<del>\$349,491,728</del> \$350,373,444		
Dedicated Special Revenue.....	\$4,000,000	\$8,550,000		
Federal Trust.....	\$62,315,447	\$67,159,447		

Authority: Title 37.2, Chapters 5 and 6; Title 2.2, Chapter 53, Code of Virginia.

A. It is the intent of the General Assembly that community mental health, intellectual disability and substance abuse services are to be improved throughout the state. Funds provided in this Item shall not be used to supplant the funding effort provided by localities for services existing as of June 30, 1996.

B. Further, it is the intent of the General Assembly that funds appropriated for this Item may be used by Community Services Boards to purchase, develop, lease, or otherwise obtain, in accordance with §§ 37.2-504 and 37.2-605, Code of Virginia, real property necessary to the provision of residential services funded by this Item.

C. Out of the appropriation for this Item, funds are provided to Community Services Boards in an amount sufficient to reimburse the Virginia Housing Development Authority for principal and interest payments on residential projects for the mentally disabled financed by the Housing Authority.

D. The Department of Behavioral Health and Developmental Services shall make payments to the Community Services Boards from this Item in twenty-four equal

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<p>semimonthly installments, except for necessary budget revisions or the operational phase-in of new programs.</p>				
<p>E. Failure of a board to participate in Medicaid covered services and to meet all requirements for provider participation shall result in the termination of a like amount of state grant support.</p>				
<p>F. Community Services Boards may establish a line of credit loan for up to three months' operating expenses to assure adequate cash flow.</p>				
<p>G. Out of this appropriation \$190,000 the first year and \$190,000 the second year from the general fund shall be provided to Virginia Commonwealth University for the continued operation and expansion of the Virginia Autism Resource Center.</p>				
<p>H.1. Out of this appropriation, \$15,525,327 the first year and <del>\$16,320,367</del> \$17,202,083 the second year from the general fund shall be provided for Virginia's Part C Early Intervention System for infants and toddlers with disabilities.</p>				
<p>2. By November 15 of each year, the department shall report to the Chairmen of the House Appropriations and Senate Finance Committees on the (a) total revenues used to support Part C services, (b) total expenses for all Part C services, (c) total number of infants, toddlers and families served using all Part C revenues, and (d) services provided to those infants, toddlers, and families.</p>				
<p>I. Out of this appropriation \$6,148,128 the first year and \$6,148,128 the second year from the general fund shall be provided for mental health services for children and adolescents with serious emotional disturbances and related disorders, with priority placed on those children who, absent services, are at-risk for custody relinquishment, as determined by the Family and Assessment Planning Team of the locality. The Department of Behavioral Health and Developmental Services shall provide these funds to Community Services Boards through the annual Performance Contract. These funds shall be used exclusively for children and adolescents, not mandated for services under the Comprehensive Services Act for At-Risk Youth, who are identified and assessed through the Family and Assessment Planning Teams and approved by the Community Policy and Management Teams of the localities. The department shall provide these funds to the Community Services Boards based on an individualized plan of care methodology.</p>				
<p>J. The Commissioner, Department of Behavioral Health and Developmental Services shall allocate \$1,000,000 the first year and \$1,000,000 the second year from the federal Community Mental Health Services Block Grant for two specialized geriatric mental health services programs. One program shall be located in Health Planning Region II and one shall be located in Health Planning Region V. The programs shall serve elderly populations with mental illness who are transitioning from state mental health geriatric units to the community or who are at risk of admission to state mental health geriatric units. The commissioner is authorized to reduce the allocation in each year in an amount proportionate to any reduction in the federal Community Mental Health Services Block Grant funds awarded to the Commonwealth.</p>				
<p>K. The Commissioner, Department of Behavioral Health and Developmental Services shall allocate \$750,000 the first year and \$750,000 the second year from the federal Community Mental Health Services Block Grant for consumer-directed programs offering specialized mental health services that promote wellness, recovery and improved self-management. The commissioner is authorized to reduce the allocation in each year in an amount proportionate to any reduction in the federal Community Mental Health Services Block Grant funds awarded to the Commonwealth.</p>				
<p>L. Out of this appropriation, \$2,197,050 the first year and \$2,197,050 the second year from the general fund shall be used for jail diversion and reentry services. Funds shall be distributed to community-based contractors based on need and community preparedness as determined by the commissioner.</p>				
<p>M. Out of this appropriation, \$2,400,000 the first year and \$2,400,000 the second year from the general fund shall be used for treatment and support services for substance use disorders, including individuals with acquired brain injury and co-occurring substance use disorders.</p>				

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	Funded services shall focus on recovery models and the use of best practices.			
	<p>N. Out of this appropriation, \$2,780,645 the first year and \$2,780,645 the second year from the general fund shall be used to provide outpatient clinician services to children with mental health needs. Each Community Services Board shall receive funding as determined by the commissioner to increase the availability of specialized mental health services for children. The department shall require that each Community Services Board receiving these funds agree to cooperate with Court Service Units in their catchment areas to provide services to mandated and nonmandated children, in their communities, who have been brought before Juvenile and Domestic Relations Courts and for whom treatment services are needed to reduce the risk these children pose to themselves and their communities or who have been referred for services through family assessment and planning teams through the Comprehensive Services Act for At-Risk Youth and Families.</p>			
	<p>O. Out of this appropriation, \$17,701,997 the first year and \$17,701,997 the second year from the general fund shall be used to provide emergency services, crisis stabilization services, case management, and inpatient and outpatient mental health services for individuals who are in need of emergency mental health services or who meet the criteria for mental health treatment set forth pursuant to §§ <a href="#">19.2-169.6</a>, <a href="#">19.2-176</a>, <a href="#">19.2-177.1</a>, <a href="#">37.2-808</a>, <a href="#">37.2-809</a>, <a href="#">37.2-813</a>, <a href="#">37.2-815</a>, <a href="#">37.2-816</a>, <a href="#">37.2-817</a> and <a href="#">53.1-40.2</a> of the Code of Virginia. Funding provided in this item also shall be used to offset the fiscal impact of (i) establishing and providing mandatory outpatient treatment, pursuant to House Bill 499 and Senate Bill 246, 2008 Session of General Assembly; and (ii) attendance at involuntary commitment hearings by community services board staff who have completed the prescreening report, pursuant to §§ <a href="#">19.2-169.6</a>, <a href="#">19.2-176</a>, <a href="#">19.2-177.1</a>, <a href="#">37.2-808</a>, <a href="#">37.2-809</a>, <a href="#">37.2-813</a>, <a href="#">37.2-815</a>, <a href="#">37.2-816</a>, <a href="#">37.2-817</a> and <a href="#">53.1-40.2</a> of the Code of Virginia.</p>			
	<p>P. Out of this appropriation, \$8,800,000 the first year and \$8,800,000 the second year from the general fund shall be used to provide community crisis intervention services in each region for individuals with intellectual or developmental disabilities and co-occurring mental health or behavioral disorders.</p>			
	<p>Q. Out of this appropriation, \$1,900,000 the first year and \$1,900,000 the second year from the general fund shall be used to expand community-based services in Health Planning Region V. These funds shall be used for services intended to delay or deter placement, or provide discharge assistance for patients in a state mental health facility.</p>			
	<p>R. Out of this appropriation, \$2,000,000 the first year and \$2,000,000 the second year from the general fund shall be used to expand crisis stabilization and related services statewide intended to delay or deter placement in a state mental health facility.</p>			
	<p>S. Out of this appropriation, \$8,400,000 the first year and \$8,400,000 the second year from the general fund shall be used to provide child psychiatry and children's crisis response services for children with mental health and behavioral disorders. These funds, divided among the health planning regions based on the current availability of the services, shall be used to hire or contract with child psychiatrists who can provide direct clinical services, including crisis response services, as well as training and consultation with other children's health care providers in the health planning region such as general practitioners, pediatricians, nurse practitioners, and community service boards staff, to increase their expertise in the prevention, diagnosis, and treatment of children with mental health disorders. Funds may also be used to create new or enhance existing community-based crisis response services in a health planning region, including mobile crisis teams and crisis stabilization services, with the goal of diverting children from inpatient psychiatric hospitalization to less restrictive services in or near their communities. The Department of Behavioral Health and Developmental Services shall report on the use and impact of this funding to the Chairmen of the House Appropriations and Senate Finance Committees beginning on October 1, 2014 and each year thereafter.</p>			
	<p>T. Out of this appropriation, \$10,500,000 the first year and \$10,500,000 the second year from the general fund shall be used for up to 32 drop-off centers to provide an alternative to incarceration for people with serious mental illness and individuals with acquired brain injury and co-occurring serious mental health illness. Priority for new funding shall be given to programs that have implemented Crisis Intervention Teams pursuant to § <a href="#">9.1-102</a> and § <a href="#">9.1-187</a> et seq. of the Code of Virginia and have undergone planning to implement</p>			

ITEM 315.	Item Details(\$)		Appropriations(\$)	
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drop-off centers.				
U. Out of this appropriation, \$1,250,000 the first year and \$1,250,000 the second year from the general fund shall be used to develop and implement crisis services for children with intellectual or developmental disabilities.				
V. Out of this appropriation, \$2,652,500 the first year and \$5,805,000 the second year from the general fund shall be used to provide community-based services to individuals residing in state hospitals who have been determined clinically ready for discharge. Of this appropriation, \$652,500 the first year and \$1,305,000 the second year shall be allocated for individuals residing at Western State Hospital who are clinically ready for discharge.				
W. Out of this appropriation, \$620,000 the first year and \$620,000 the second year from the general fund shall be used to expand access to telepsychiatry and telemedicine services.				
X. Out of this appropriation, \$8,800,000 the first year and \$8,800,000 the second year from the general fund shall be used to implement nine new Programs of Assertive Community Treatment (PACT).				
Y. Out of this appropriation, \$4,000,000 the first year and \$4,000,000 the second year from the general fund shall be used to increase availability of community-based mental health outpatient services for youth and young adults. The Department of Behavioral Health and Developmental Services shall report on the use and impact of this funding to the Chairmen of the House Appropriations and Senate Finance Committees on December 1, 2016.				
Z. Out of this appropriation, \$500,000 the first year and \$500,000 the second year from the general fund shall be used to increase mental health inpatient treatment purchased in community hospitals. Priority shall be given to regions that exhaust available resources before the end of the year in order to ensure treatment is provided in the community and do not result in more restrictive placements.				
AA. Out of this appropriation, \$4,270,500 the first year and \$9,170,500 the second year from the general fund is provided for permanent supportive housing to support rental subsidies and services to be administered by community services boards or private entities to provide stable, supportive housing for persons with serious mental illness. The Department of Behavioral Health and Developmental Services shall report by October 1, 2016, the number of individuals being served through Permanent Supportive Housing, how the funds are allocated by organization, the average rental subsidy, and any available outcome-based data to determine effectiveness in preventing hospitalizations, incarceration or homelessness.				
BB.1. Out of this appropriation, up to \$4,000,000 the first year shall be provided from the Behavioral Health and Developmental Services Trust Fund for one-time expenses related to developing housing options, specialized services and making capital improvements to enhance and expand services for individuals with intellectual and developmental disabilities. A minimum of 60 percent of the appropriation shall be used to build additional capacity in Northern Virginia for Virginia citizens with intensive behavioral and/or medical needs who currently are not able to access needed services or residential supports. The remaining funding shall be for projects that address the needs of individuals who are transitioning to the community from the Southwestern Virginia Training Center. Such projects shall be located in Virginia within 100 miles of the Southwestern Virginia Training Center. The Department of Behavioral Health and Developmental Services shall give preference to projects involving existing Virginia providers to expand service capacity.				
2. The Department of Behavioral Health and Developmental Services shall report on the use of the funds from the Trust Fund by December 1, 2016 to the Chairmen of the House Appropriations and Senate Finance Committees.				
3. Pursuant to language contained in Item 312, paragraph C., any unexpended funds in the Trust Fund shall remain in the Trust Fund and are subject to an appropriation in an appropriation bill passed by the General Assembly.				
CC. Out of this appropriation, \$400,000 the first year and \$400,000 the second year is provided for rental subsidies and associated costs for individuals served through the Rental Choice VA program.				

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DD. Out of this appropriation, \$1,875,000 the first year and \$3,750,000 the second year from the general fund shall be used to implement a program of rental subsidies for individuals with intellectual and developmental disabilities.				
EE. Out of this appropriation, \$636,000 the first year and \$480,000 the second year from the Behavioral Health and Developmental Services Trust Fund is provided for the transitional costs of individuals moving from state intellectual disability training centers into alternate settings.				
FF. The Department of Behavioral Health and Developmental Services shall develop a plan to implement a performance based contracting system for funds provided by the department to the Community Services Boards. The department shall work with the boards to define performance and outcome measures; describe data collection, analysis and reporting requirements and processes; and identify a funding mechanism and the estimated costs, including any incentives and disincentives, of implementing the system. The department shall submit the plan for consideration to the Secretary of Health and Human Resources, the Secretary of Finance, and the chairmen of the House Appropriations and Senate Finance Committees by November 1, 2016.				
GG. Out of this appropriation, \$4,895,651 the second year from the general fund shall be provided to Community Service Boards and Behavioral Health Authorities to implement same day access for community behavioral health services. The Department of Behavioral Health and Developmental Services shall report on the disbursement of the funds to the Governor and Chairmen of the House Appropriations and Senate Finance Committees no later than November 1, 2017, and on any results from the boards who implemented same day access and where other boards stand with respect to assessment, consultation, and implementation. Annually, thereafter on October 1, the department shall report to the Governor and Chairmen of the House Appropriations and Senate Finance Committees on the effectiveness and outcomes of the program funding.				
HH. Out of this appropriation, \$5,000,000 the second year from the federal State Targeted Response to the Opioid Crisis Grant is provided to increase access to medication assisted treatment for individuals with substance use disorders who are addicted to opioids. In expending this amount, the department shall ensure that preferred drug classes shall include non-narcotic, non-addictive, injectable prescription drug treatment regimens.				
II. Out of this appropriation, \$1,000,000 the second year from the general fund is provided for community detoxification and sobriety services for individuals in crisis.				
JJ. Out of this appropriation, \$880,000 the second year from the general fund is provided for one regional, multi-disciplinary team for older adults. This team shall provide clinical, medical, nursing, and behavioral expertise and psychiatric services to nursing facilities and assisted living facilities.				
KK. Out of this appropriation, \$8,550,000 the second year is provided from the Behavioral Health and Developmental Services Trust Fund and shall be used for: (i) development of behavior/medical intense programs; (ii) subsidies for capital costs associated with rental units; (iii) establishment of a House Call Program in Northern Virginia; (iv) support for individual crisis events; and (v) development of providers in Virginia for individuals with intellectual and developmental disabilities with significant behavioral and mental health support needs.				
Total for Grants to Localities.....			<b>\$397,142,984</b>	<b>\$425,201,175</b> <b>\$426,082,891</b>
Fund Sources: General.....	\$330,827,537	\$349,491,728 \$350,373,444		
Dedicated Special Revenue.....	\$4,000,000	\$8,550,000		
Federal Trust.....	\$62,315,447	\$67,159,447		
316. Not set out.				
317. Not set out.				

ITEM 318.		Item Details(\$)		Appropriations(\$)	
		First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
318.	Not set out.				
319.	Not set out.				
320.	Not set out.				
321.	Not set out.				
322.	Not set out.				
323.	Not set out.				
324.	Not set out.				
325.	Not set out.				
326.	Not set out.				
<b>Virginia Center for Behavioral Rehabilitation (794)</b>					
327.	Not set out.				
328.	Not set out.				
329.	Not set out.				
330.	State Health Services (43000).....			\$9,633,569	\$9,633,569 \$9,847,416
	State Mental Health Facility Services (43014).....	\$9,633,569	\$9,633,569 \$9,847,416		
	Fund Sources: General.....	\$9,633,569	\$9,633,569 \$9,847,416		
	Authority: Title 37.2, Chapters 1 and 9, Code of Virginia.				
331.	Not set out.				
	Total for Virginia Center for Behavioral Rehabilitation.....			\$35,428,802	\$35,738,470 \$35,952,317
	General Fund Positions.....	564.50	576.50 596.50		
	Position Level.....	564.50	576.50 596.50		
	Fund Sources: General.....	\$35,428,802	\$35,738,470 \$35,952,317		
	Grand Total for Department of Behavioral Health and Developmental Services.....			\$1,092,932,248	\$1,119,153,084 \$1,120,448,647
	General Fund Positions.....	5,935.10	5,970.25 5,990.25		
	Nongeneral Fund Positions.....	1,602.40	1,602.25		
	Position Level.....	7,537.50	7,572.50 7,592.50		
	Fund Sources: General.....	\$749,145,364	\$772,594,888 \$773,890,451		
	Special.....	\$258,102,445	\$251,211,367		

ITEM 331.		Item Details(\$)		Appropriations(\$)	
		First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
	Dedicated Special Revenue.....	\$4,000,000	\$8,550,000		
	Federal Trust.....	\$81,684,439	\$86,796,829		
332.	Not set out.				
333.	Not set out.				
334.	Not set out.				
335.	Not set out.				
336.	Not set out.				
337.	Not set out.				
338.	Not set out.				
339.	Not set out.				
340.	Not set out.				

**§ 1-14. DEPARTMENT OF SOCIAL SERVICES (765)**

341.	Program Management Services (45100).....			\$39,192,893	<del>\$38,872,182</del> \$39,381,664
	Training and Assistance to Local Staff (45101).....	\$4,389,082	\$4,439,943		
	Central Administration and Quality Assurance for Benefit Programs (45102).....	\$13,260,449	<del>\$12,959,820</del> \$13,200,652		
	Central Administration and Quality Assurance for Family Services (45103).....	\$7,740,353	<del>\$7,669,410</del> \$7,723,140		
	Central Administration and Quality Assurance for Community Programs (45105).....	\$8,947,984	<del>\$8,947,984</del> \$9,162,904		
	Central Administration and Quality Assurance for Child Care Activities (45107).....	\$4,855,025	\$4,855,025		
	Fund Sources: General.....	\$15,406,927	<del>\$15,331,101</del> \$15,497,782		
	Special.....	\$100,000	\$100,000		
	Federal Trust.....	\$23,685,966	<del>\$23,441,081</del> \$23,783,882		

Authority: Title 2.2, Chapter 54; Title 63.2, Chapters 2 and 21, Code of Virginia; Title VI, Subtitle B, P.L. 97-35, as amended; P.L. 103-252, as amended; P.L. 104-193, as amended, Federal Code.

A. The Department of Social Services, in collaboration with the Office of Children's Services, shall provide training to local staff serving on Family Assessment and Planning Teams and Community Policy and Management Teams. Training shall include, but need not be limited to, the federal and state requirements pertaining to the provision of the foster care services funded under § 2.2-5211, Code of Virginia. The training shall also include written guidance concerning which services remain the financial responsibility of the local departments of social services. Training shall be provided on a regional basis at least once per year. Written guidance shall be updated and provided to local Office of Children's Services teams whenever there is a change in allowable expenses under federal or state guidelines. In addition, the Department of Social Services shall provide ongoing local oversight of its federal and state requirements related to the provision of services funded under § 2.2-5211, Code of Virginia.

B. By November 1 of each year, the Department of Planning and Budget, in cooperation

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with the Department of Social Services, shall prepare and submit a forecast of expenditures for cash assistance provided through the Temporary Assistance for Needy Families (TANF) program, mandatory child day care services under TANF, foster care maintenance and adoption subsidy payments, upon which the Governor's budget recommendations will be based, for the current and subsequent two years to the Chairmen of the House Appropriations and Senate Finance Committees.

C. The Department of Social Services shall provide administrative support and technical assistance to the Family and Children's Trust Fund (FACT) Board of Trustees established in Sections 63.2-2100 through 63.2-2103, Code of Virginia.

D. Out of this appropriation, \$1,829,111 the first year and \$1,829,111 the second year from the general fund and \$1,829,111 the first year and \$1,829,111 the second year from nongeneral funds shall be provided to fund the Supplemental Nutrition Assistance Program (SNAP) Electronic Benefit Transfer (EBT) contract cost.

E.1. Out of this appropriation, ten positions and the associated funding shall be dedicated to providing on-going financial oversight of foster care services. Each of the ten positions, with two working out of each regional office, shall assess and review all foster care spending to ensure that state and federal standards are met. None of these positions shall be used for quality, information technology, or clerical functions.

2. By September 1 of each year, the department shall report to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees, and the Director, Department of Planning and Budget regarding the foster care program's statewide spending, error rates and compliance with state and federal reviews.

342.	Financial Assistance for Self-Sufficiency Programs and Services (45200).....			\$258,240,060	\$266,631,353 \$251,086,459
	Temporary Assistance for Needy Families (TANF) Cash Assistance (45201).....	\$75,902,870	\$84,719,119 \$70,234,055		
	Temporary Assistance for Needy Families (TANF) Employment Services (45212).....	\$21,657,832	\$21,657,832		
	Supplemental Nutrition Assistance Program Employment and Training (SNAPET) Services (45213).....	\$8,165,759	\$8,107,147 \$11,099,430		
	Temporary Assistance for Needy Families (TANF) Child Care Subsidies (45214).....	\$54,098,724	\$54,098,724 \$48,114,636		
	At-Risk Child Care Subsidies (45215).....	\$91,444,192	\$91,487,848 \$92,622,984		
	Unemployed Parents Cash Assistance (45216).....	\$6,970,683	\$6,560,683 \$7,357,522		
	Fund Sources: General.....	\$81,131,902	\$80,721,902 \$81,518,741		
	Federal Trust.....	\$177,108,158	\$185,909,451 \$169,567,718		

Authority: Title 2.2, Chapter 54; Title 63.2, Chapters 1 through 7, Code of Virginia; Title VI, Subtitle B, P.L. 97-35, as amended; P.L. 103-252, as amended; P.L. 104-193, as amended, Federal Code.

A. It is hereby acknowledged that as of June 30, 2015 there existed with the federal government an unexpended balance of \$72,735,005 in federal Temporary Assistance for Needy Families (TANF) block grant funds which are available to the Commonwealth of Virginia to reimburse expenditures incurred in accordance with the adopted State Plan for the TANF program. Based on projected spending levels and appropriations in this act, the Commonwealth's accumulated balance for authorized federal TANF block grant funds is estimated at \$99,130,367 on June 30, 2016; \$91,985,120 on June 30, 2017; and ~~\$62,204,000~~ \$117,664,697 on June 30, 2018.

B. No less than 30 days prior to submitting any amendment to the federal government related





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enrolled in Head Start wraparound programs paid for with the federal block grant funding in this Item shall not be required to pay fees for these wraparound services.

I. Out of this appropriation, \$2,647,305 the first year and \$2,647,305 the second year from the general fund and \$72,503,762 the first year and \$72,503,762 the second year from federal funds shall be provided to support state child care programs which will be administered on a sliding scale basis to income eligible families. The sliding fee scale and eligibility criteria are to be set according to the rules and regulations of the State Board of Social Services, except that the income eligibility thresholds for child care assistance shall account for variations in the local cost of living index by metropolitan statistical areas. The Department of Social Services shall make the necessary amendments to the Child Care and Development Funds Plan to accomplish this intent. Funds shall be targeted to families who are most in need of assistance with child care costs. Localities may exceed the standards established by the state by supplementing state funds with local funds.

J. Out of this appropriation, \$600,000 the first year and \$600,000 the second year from nongeneral funds shall be used to provide scholarships to students in early childhood education and related majors who plan to work in the field, or already are working in the field, whether in public schools, child care or other early childhood programs, and who enroll in a state community college or a state supported senior institution of higher education.

K. Out of this appropriation, \$505,000 the first year and \$505,000 the second year from nongeneral funds shall be used to provide training of individuals in the field of early childhood education.

L. Out of this appropriation, \$300,000 the first year and \$300,000 the second year from nongeneral funds shall be used to provide child care assistance for children in homeless and domestic violence shelters.

M. Out of this appropriation, the Department of Social Services shall use \$4,800,000 the second year from the federal Temporary Assistance to Needy Families (TANF) block grant to provide to each TANF recipient with two or more children in the assistance unit a monthly TANF supplement equal to the amount the Division of Child Support Enforcement collects up to \$200, less the \$100 disregard passed through to such recipient. The TANF child support supplement shall be paid within two months following collection of the child support payment or payments used to determine the amount of such supplement. For purposes of determining eligibility for medical assistance services, the TANF supplement described in this paragraph shall be disregarded. In the event there are sufficient federal TANF funds to provide all other assistance required by the TANF State Plan, the Commissioner may use unobligated federal TANF block grant funds in excess of this appropriation to provide the TANF supplement described in this paragraph.

N. The Department of Social Services shall increase the Temporary Assistance for Needy Families (TANF) cash benefits by 2.5 percent on July 1, 2016 and by 2.5 percent on July 1, 2017.

O. The Board of Social Services shall combine Groups I and II for the purposes of Temporary Assistance to Needy Families cash benefits and use the Group II rates for the new group.

343.	Financial Assistance for Local Social Services Staff (46000).....			\$431,538,105	\$436,189,250
	Local Staff and Operations (46010).....	\$431,538,105	<del>\$436,189,250</del>		\$463,928,469
			\$463,928,469		
	Fund Sources: General.....	\$117,525,003	\$122,107,972		
	Dedicated Special Revenue.....	\$3,000,000	\$3,000,000		
	Federal Trust.....	\$311,013,102	<del>\$311,081,278</del>		
			\$338,820,497		

Authority: Title 63.2, Chapters 1 through 7 and 9 through 16, Code of Virginia; P.L. 104-193, Titles IV A, XIX, and XXI, Social Security Act, Federal Code, as amended.

A. The amounts in this Item shall be expended under regulations of the Board of Social Services to reimburse county and city welfare/social services boards pursuant to § 63.2-401,

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Code of Virginia, and subject to the same percentage limitations for other administrative services performed by county and city public welfare/social services boards and superintendents of public welfare/social services pursuant to other provisions of the Code of Virginia, as amended.					
B. Pursuant to the provisions of §§ 63.2-403, 63.2-406, 63.2-407, 63.2-408, and 63.2-615 Code of Virginia, all moneys deducted from funds otherwise payable out of the state treasury to the counties and cities pursuant to the provisions of § 63.2-408, Code of Virginia, shall be credited to the applicable general fund account.					
C. Included in this appropriation are funds to reimburse local social service agencies for eligibility workers who interview applicants to determine qualification for public assistance benefits which include but are not limited to: Temporary Assistance for Needy Families (TANF); Supplemental Nutrition Assistance Program (SNAP); and Medicaid.					
D. Included in this appropriation are funds to reimburse local social service agencies for social workers who deliver program services which include but are not limited to: child and adult protective services complaint investigations; foster care and adoption services; and adult services.					
E. Out of the federal fund appropriation for local social services staff, amounts estimated at \$65,000,000 the first year and <del>\$65,000,000</del> \$72,000,000 the second year shall be set aside for allowable local costs which exceed available general fund reimbursement and amounts estimated at \$16,000,000 the first year and <del>\$16,000,000</del> \$22,000,000 the second year shall be set aside to reimburse local governments for allowable costs incurred in administering public assistance programs.					
F. Out of this appropriation, \$439,338 the first year and <del>\$439,338</del> \$562,260 the second year from the general fund and \$422,109 the first year and <del>\$422,109</del> \$540,211 the second year from nongeneral funds is provided to cover the cost of the health insurance credit for retired local social services employees.					
G. The Department of Social Services shall work with local departments of social services on a pilot project in the western region of the state to evaluate the available data collected by local departments on facilitated care arrangements. The department shall, based on the findings from the pilot project, determine the most appropriate mechanism for collecting and reporting such data on a statewide basis.					
H.1. Out of this appropriation, \$4,527,969 the second year from the general fund shall be available for the reinvestment of adoption general fund savings as authorized in Title IV, parts B and E of the federal Social Security Act (P.L. 110-351).					
2. Of the amount in paragraph H.1. above, \$1,333,031 the second year from the general fund shall be used to provide Child Protective Services (CPS) assessments and investigations in response to all reports of children born exposed to controlled substances regardless of whether the substance had been prescribed to the mother when she has sought or gained substance abuse counseling or treatment.					
344.	Child Support Enforcement Services (46300).....			\$772,660,895	<del>\$772,660,895</del> \$772,104,895
	Support Enforcement and Collection Services (46301).....	\$107,754,586	<del>\$107,754,586</del> \$107,198,586		
	Public Assistance Child Support Payments (46302)	\$11,000,000	\$11,000,000		
	Non-Public Assistance Child Support Payments (46303).....	\$653,906,309	\$653,906,309		
	Fund Sources: General.....	\$13,288,793	<del>\$13,288,793</del> \$16,242,583		
	Special.....	\$694,897,989	<del>\$694,897,989</del> \$691,388,199		
	Federal Trust.....	\$64,474,113	\$64,474,113		

Authority: Title 20, Chapters 2 through 3.1 and 4.1 through 9; Title 63.2, Chapter 19,

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Code of Virginia; P.L. 104-193, as amended; P.L. 105-200, P.L. 106-113, Federal Code.

A. Any net revenue from child support enforcement collections, after all disbursements are made in accordance with state and federal statutes and regulations, and after the state's share of the cost of administering the program is paid, shall be estimated and deposited into the general fund by June 30 of the fiscal year in which it is collected. Any additional moneys determined to be available upon final determination of a fiscal year's costs of administering the program shall be deposited to the general fund by September 1 of the subsequent fiscal year in which it is collected.

B. In determining eligibility and amounts for cash assistance, pursuant to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, Public Law 104-193, the department shall continue to disregard up to \$100 per month in child support payments and return to recipients of cash assistance up to \$100 per month in child support payments collected on their behalf.

C. The state share of amounts disbursed to recipients of cash assistance pursuant to paragraph B of this Item shall be considered part of the Commonwealth's required Maintenance of Effort spending for the federal Temporary Assistance for Needy Families program established by the Social Security Act.

D. The department shall expand collections of child support payments through contracts with private vendors. However, the Department of Social Services and the Office of the Attorney General shall not contract with any private collection agency, private attorney, or other private entity for any child support enforcement activity until the State Board of Social Services has made a written determination that the activity shall be performed under a proposed contract at a lower cost than if performed by employees of the Commonwealth.

E. The Division of Child Support Enforcement, in cooperation with the Department of Medical Assistance Services, shall identify cases for which there is a medical support order requiring a noncustodial parent to contribute to the medical cost of caring for a child who is enrolled in the Medicaid or Family Access to Medical Insurance Security (FAMIS) Programs. Once identified, the division shall work with the Department of Medical Assistance Services to take appropriate enforcement actions to obtain medical support or repayments for the Medicaid program.

345.	Adult Programs and Services (46800).....			\$40,061,169	\$39,561,169 \$37,761,169
	Auxiliary Grants for the Aged, Blind, and Disabled (46801).....	\$21,898,969	<del>\$21,398,969</del> \$19,598,969		
	Adult In-Home and Supportive Services (46802).....	\$6,822,995	\$6,822,995		
	Domestic Violence Prevention and Support Activities (46803).....	\$11,339,205	\$11,339,205		
	Fund Sources: General.....	\$23,356,141	<del>\$22,856,141</del> \$21,056,141		
	Federal Trust.....	\$16,705,028	\$16,705,028		

Authority: Title 63.2, Chapters 1, 16 and 22, Code of Virginia; Title XVI, federal Social Security Act, as amended.

A.1. Effective January 1, ~~2017~~ 2018, the Department of Social Services, in collaboration with the Department for Aging and Rehabilitative Services, is authorized to base approved licensed assisted living facility rates for individual facilities on an occupancy rate of 85 percent of licensed capacity, not to exceed a maximum rate of ~~\$1,221~~ \$1,236 per month, which rate is also applied to approved adult foster care homes, unless modified as indicated below. The department may add a 15 percent differential to the maximum amount for licensed assisted living facilities and adult foster care homes in Planning District Eight.

2. Effective January 1, 2013, the monthly personal care allowance for auxiliary grant recipients who reside in licensed assisted living facilities and approved adult foster care homes shall be \$82 per month, unless modified as indicated below.

3. The Department of Social Services, in collaboration with the Department for Aging and

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Rehabilitative Services, is authorized to increase the assisted living facility and adult foster care home rates and/or the personal care allowance cited above on January 1 of each year in which the federal government increases Supplemental Security Income or Social Security rates or at any other time that the department determines that an increase is necessary to ensure that the Commonwealth continues to meet federal requirements for continuing eligibility for federal financial participation in the Medicaid program. Any such increase is subject to the prior concurrence of the Department of Planning and Budget. Within thirty days after its effective date, the Department of Social Services shall report any such increase to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees with an explanation of the reasons for the increase.

4. The number of auxiliary grant recipients in a supportive housing setting shall not exceed 60.

B. Out of this appropriation, \$4,185,189 the first year and \$4,185,189 in the second year from the federal Social Services Block Grant shall be allocated to provide adult companion services for low-income elderly and disabled adults.

C. The toll-free telephone hotline operated by the Department of Social Services to receive child abuse and neglect complaints shall also be publicized and used by the department to receive complaints of adult abuse and neglect.

D. Out of this appropriation, \$248,750 the first year and \$248,750 the second year from the general fund and \$1,346,792 the first year and \$1,346,792 the second year from federal Temporary Assistance for Needy Families (TANF) funds shall be provided as a grant to local domestic violence programs for purchase of crisis and core services for victims of domestic violence, including 24-hour hotlines, emergency shelter, emergency transportation, and other crisis services as a first priority.

E. Out of this appropriation, \$75,000 the first year and \$75,000 the second year from the general fund and \$400,000 the first year and \$400,000 the second year from nongeneral funds shall be provided for the purchase of services for victims of domestic violence as stated in § 63.2-1615, Code of Virginia, in accordance with regulations promulgated by the Board of Social Services.

F. Out of this appropriation \$1,100,000 the first year and \$1,100,000 the second year from the general fund and \$2,000,000 the first year and \$2,000,000 the second year from federal Temporary Assistance to Needy Families (TANF) funds shall be provided as a grant to local domestic violence programs for services.

*G. The Director, Department of Planning and Budget, shall unallot in the second year \$250,000 from this item which reflects unused balances in the Auxiliary Grant program.*

346.	Child Welfare Services (46900).....			\$211,602,863	\$219,775,860
	Foster Care Payments (46901).....	\$60,158,124	<del>\$62,104,143</del>		\$226,252,697
			\$66,507,369		
	Supplemental Child Welfare Activities (46902).....	\$28,063,364	<del>\$32,249,287</del>		
			\$32,349,287		
	Adoption Subsidy Payments (46903).....	\$123,381,375	<del>\$125,422,430</del>		
			\$127,396,041		
	Fund Sources: General.....	\$107,582,982	<del>\$109,715,398</del>		
			\$111,958,184		
	Special.....	\$425,030	\$1,425,030		
	Dedicated Special Revenue.....	\$235,265	<del>\$485,265</del>		
			\$585,265		
	Federal Trust.....	\$103,359,586	<del>\$108,150,167</del>		
			\$112,284,218		

Authority: Title 63.2, Chapters 1, 2, 4 and 8 through 15, Code of Virginia; P.L. 100-294, P.L. 101-126, P.L. 101-226, P.L. 105-89, P.L. 110-351, P.L. 111-320, as amended, Federal Code.

A. Expenditures meeting the criteria of Title IV-E of the Social Security Act shall be fully reimbursed except that expenditures otherwise subject to a standard local matching share



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<p>implement a pilot program in the area encompassing Planning District 11 (Amherst, Appomattox, Bedford, Campbell Counties and the City of Lynchburg) for the temporary placements of children for children and families in crisis.</p> <p>The pilot program will allow a parent or legal custodian of a minor, with the assistance of Patrick Henry Family Services, to delegate to another person by a properly executed power of attorney any powers regarding care, custody, or property of the minor for a temporary placement for a period that is not greater than 90 days. The program will allow for an option of a one-time 90 day extension.</p> <p>2. The department shall ensure that this pilot program meets the following specific programmatic and safety requirements outlined in 22 VAC 40-131 and 22 VAC 40-191:</p> <p>(i) The pilot program organization shall meet the background check requirements described in 22 VAC 40-191.</p> <p>(ii) The pilot program organization shall develop and implement written policies and procedures for governing active and closed cases, admissions, monitoring the administration of medications, prohibiting corporal punishment, ensuring that children are not subjected to abuse or neglect, investigating allegations of misconduct toward children, implementing the child's back-up emergency care plan, assigning designated casework staff, management of all records, discharge policies, and the use of seclusion and restraint (22 VAC 40-131-90).</p> <p>(iii) The pilot program organization shall provide pre-service and ongoing training for temporary placement providers and staff (22 VAC 40-131-210 and 22 VAC 40-131-150).</p> <p>3. The Department of Social Services shall evaluate the pilot program and determine if this model of prevention is effective. A report of the evaluation findings and recommendations shall be submitted to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees, and the Commission on Youth by December 1, 2017.</p> <p>L.1. Out of this appropriation, \$1,015,451 the first year and \$2,925,954 the second year from the general fund and \$999,050 the first year and \$2,886,611 the second year from nongeneral funds shall be available for the expansion of foster care and adoption assistance as authorized in the federal Foster Connections to Success and Increasing Adoptions Act of 2008 (P.L. 110-351; P.L. 11-148).</p> <p>2. In order to implement the Fostering Futures program, the Department of Social Services shall set out the requirements for program participation in accordance with 42 U.S.C. 675 (8) (B) (iv) and shall provide the format of an agreement to be signed by the local department of social services and the youth. The definition of a child for the purpose of the Fostering Futures program shall be any natural person who has reached the age of 18 years but has not reached the age of 21. The Department of Social Services shall develop guidance setting out the requirements for local implementation including a requirement for six-month reviews of each case and reasons for termination of participation by a youth. The guidance shall also include a definition of a supervised independent living arrangement which does not include group homes or residential facilities. Implementation of this program includes the extension of adoption assistance to age 21 for youth who were adopted at age 16 or older and who meet the program participation requirements set out in guidance by the Department of Social Services.</p> <p>3. The Department of Social Services shall issue guidance for the program's eligibility requirements and shall be available, on a voluntary basis, to an individual upon reaching the age of 18 who:</p> <p>(i) was in the custody of a local department of social services either:</p> <p>(a) prior to reaching 18 years of age, remained in foster care upon turning 18 years of age; or</p> <p>(b) immediately prior to commitment to the Department of Juvenile Justice and is transitioning from such commitment to self-sufficiency.</p>				

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(ii) and who is:

(a) completing secondary education or an equivalent credential; or

(b) enrolled in an institution that provides post-secondary or vocational education; or

(c) employed for at least 80 hours per month; or

(d) participating in a program or activity designed to promote employment or remove barriers to employment; or

(e) incapable of doing any of the activities described in subdivisions (a) through (d) due to a medical condition, which incapability is supported by regularly updated information in the program participant's case plan.

4. Implementation of extended foster care services shall be available for those eligible youth reaching age 18 on or after July 1, 2016.

M. Out of this appropriation, \$1,417,846 the first year and \$3,103,769 the second year from the general fund and \$2,500,000 the second year from nongeneral funds shall be available for the reinvestment of adoption general fund savings as authorized in title IV, parts B and E of the federal Social Security Act (P.L. 110-351).

*N. The Director, Department of Planning and Budget, shall unallot in the second year \$490,000 from this item which reflects unused balances in adoption subsidy payments.*

347. Not set out.

348. Not set out.

349. Regulation of Public Facilities and Services (56100)..			\$26,784,680	\$26,701,817
Regulation of Adult and Child Welfare Facilities (56101).....	\$23,827,865	<del>\$23,815,498</del> \$24,138,349		\$27,024,668
Interdepartmental Licensure and Certification (56106).....	\$2,956,815	\$2,886,319		
Fund Sources: General.....	\$3,697,640	<del>\$3,630,266</del> \$3,773,345		
Special.....	\$2,376,109	\$2,360,620		
Federal Trust.....	\$20,710,931	<del>\$20,710,931</del> \$20,890,703		

Authority: Title 63.2, Chapters 17 and 18, Code of Virginia.

A. The state nongeneral fund amounts collected and paid into the state treasury pursuant to the provisions of § 63.2-1700, Code of Virginia, shall be used for the development and delivery of training for operators and staff of assisted living facilities, adult day care centers, and child welfare agencies.

B. As a condition of this appropriation, the Department of Social Services shall (i) promptly fill all position vacancies that occur in licensing offices so that positions shall not remain vacant for longer than 120 days and (ii) hire sufficient child care licensing specialists to ensure that all child care facilities receive, at a minimum, the two visits per year mandated by § 63.2-1706, Code of Virginia, and that facilities with compliance problems receive additional inspection visits as necessary to ensure compliance with state laws and regulations.

C. As a condition of this appropriation, the Department of Social Services shall utilize a risk assessment instrument for child and adult care enforcement. This instrument shall include criteria for determining when the following sanctions may be used: (i) the imposition of intermediate sanctions, (ii) the denial of licensure renewal or revocation of license of a licensed facility, (iii) injunctive relief against a child care provider, and (iv) additional inspections and intensive oversight of a facility by the Department of Social Services.

D. Out of this appropriation, the Department of Social Services shall implement training for



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new assisted living facility owners and managers to focus on health and safety issues, and resident rights as they pertain to adult care residences.

E. Out of this appropriation, \$8,853,833 and 79 positions the first year and \$8,853,833 and 79 positions second year from the federal Child Care and Development Fund (CCDF) shall be provided to address the workload associated with licensing, inspecting and monitoring family day homes, pursuant to § 63.2-1704, Code of Virginia. On July 1, 2016, the Director of the Department of Planning and Budget shall unallot \$8,853,833 of this appropriation. At such time as the department demonstrates a sufficient increase in family day home licensure, inspection and monitoring activity to necessitate additional staff, the Director of the Department of Planning and Budget may allot additional resources. The Department of Social Services shall provide a quarterly report on the implementation of this initiative to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees, and the Director, Department of Planning and Budget.

F. The Department of Social Services shall work with localities that currently inspect child day care centers and family day homes to minimize duplication and overlap of inspections pursuant to § 63.2-1701.1, Code of Virginia.

G. No child day center, family day home, or family day system licensed in accordance with Chapter 17, Title 63.2; child day center exempt from licensure pursuant to § 63.2-1716; registered family day home; family day home approved by a family day system; or any child day center or family day home that enters into a contract with the Department of Social Services or a local department of social services to provide child care services funded by the Child Care and Development Block Grant shall employ; continue to employ; or permit to serve as a volunteer who will be alone with, in control of, or supervising children any person who has an offense as defined in § 63.2-1719. All employees and volunteers shall undergo the following background check by July 1, 2017 and every 5 years thereafter, as required by the federal Child Care and Development Block Grant Act of 2014 (CCDBG).

350.	Administrative and Support Services (49900).....			\$129,164,154	\$104,950,417 \$113,401,617
	General Management and Direction (49901).....	\$3,569,258	\$3,527,344		
	Information Technology Services (49902).....	\$104,117,970	<del>\$80,212,078</del> \$88,613,278		
	Accounting and Budgeting Services (49903).....	\$9,185,365	\$9,069,782		
	Human Resources Services (49914).....	\$3,197,729	\$3,150,366		
	Planning and Evaluation Services (49916).....	\$3,674,386	\$3,637,223		
	Procurement and Distribution Services (49918).....	\$2,892,286	<del>\$2,857,397</del> \$2,907,397		
	Public Information Services (49919).....	\$2,175,042	\$2,148,015		
	Financial and Operational Audits (49929).....	\$352,118	\$348,212		
	Fund Sources: General.....	\$50,058,707	<del>\$42,779,307</del> \$47,002,066		
	Special.....	\$175,000	\$175,000		
	Federal Trust.....	\$78,930,447	<del>\$61,996,110</del> \$66,224,551		

Authority: Title 63.2, Chapter 1; § 2.2-4000 et seq., Code of Virginia; P.L. 98-502, P.L. 104-156, P.L. 104-193, P.L. 104-327, P.L. 105-33, as amended, P.L. 105-89, Federal Code; Titles IV-A, IV-B, IV-D, IV-E, XIX, XX, XXI of the federal Social Security Act, as amended.

A. The Department of Social Services shall require localities to report all expenditures on designated social services, regardless of reimbursement from state and federal sources. The Department of Social Services is authorized to include eligible costs in its claim for Temporary Assistance for Needy Families Maintenance of Effort requirements.

B. It is the intent of the General Assembly that the Commissioner, Department of Social Services shall work with localities that seek to voluntarily merge and consolidate their respective local departments of social services. No funds appropriated under this act shall be used to require a locality to merge or consolidate local departments of social services.

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C.1. Out of this appropriation, \$473,844 the first year and \$473,844 the second year from the general fund and \$781,791 the first year and \$781,791 the second year from nongeneral funds shall be provided to support the statewide 2-1-1 Information and Referral System which provides resource and referral information on many of the specialized health and human resource services available in the Commonwealth, including child day care availability and providers in localities throughout the state, and publish consumer-oriented materials for those interested in learning the location of child day care providers.				
2. The Department of Social Services shall request that all state and local child-serving agencies within the Commonwealth be included in the Virginia Statewide Information and Referral System as well as any agency or entity that receives state general fund dollars and provides services to families and youth. The Secretary of Health and Human Resources, the Secretary of Education and Workforce, and the Secretary of Public Safety and Homeland Security shall assist in this effort by requesting all affected agencies within their secretariats to submit information to the statewide Information and Referral System and ensure that such information is accurate and updated annually. Agencies shall also notify the Virginia Information and Referral System of any changes in services that may occur throughout the year.				
3. The Department of Social Services shall communicate with child-serving agencies within the Commonwealth about the availability of the statewide Information and Referral System. This information shall also be communicated via the Department of Social Services' broadcast system on their agency-wide Intranet so that all local and regional offices can be better informed about the Statewide Information and Referral System. Information on the Statewide Information and Referral System shall also be included within the department's electronic mailings to all local and regional offices at least biannually.				
D.1. Out of this appropriation, \$3,452,065 the first year from the general fund and \$961,620 the first year from nongeneral funds shall be provided to complete the base contract to modernize the eligibility determination systems in the Department of Social Services. If any additional funding is needed, the department shall complete modernization efforts within existing resources.				
2. Within 30 days of awarding a contract related to the eligibility project, the Department of Social Services shall provide the Chairmen of House Appropriations and Senate Finance Committees, and Director, Department of Planning and Budget with a copy of the contract including costs.				
3. Beginning July 1, 2012, the Department of Social Services shall also provide semi-annual progress reports that must include a current project summary, implementation status, accounting of project expenditures and future milestones. All reports shall be submitted to the Chairmen of House Appropriations and Senate Finance Committees, and Director, Department of Planning and Budget.				
E.1. The Department of Social Services shall provide to the Chairmen of the House Appropriations and Senate Finance Committees a report on the implementation of the Asset Verification Service that is part of the Eligibility Modernization Project on or before September 1, 2016. It is the intent of the General Assembly to encourage financial institutions with branches in Virginia to work collaboratively with the department and its vendor in order to maximize participation in the Asset Verification Service program.				
2. The Department shall also develop a plan and submit it to the Chairmen of the House Appropriations and Senate Finance Committees to incorporate searchable national real estate records as part of the Asset Verification Service program as soon as the data are available.				
351. Not set out.				
352. Not set out.				
Total for Department of Social Services.....			<b>\$2,022,978,058</b>	<b>\$2,026,415,182</b> <b>\$2,052,013,877</b>

ITEM 352.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
General Fund Positions.....	615.21	618.99 676.99		
Nongeneral Fund Positions.....	1,216.29	1,221.51 1,163.51		
Position Level.....	1,831.50	1,840.50		
Fund Sources: General.....	\$415,809,095	\$411,455,380 \$420,181,314		
Special.....	\$697,974,128	\$698,958,639 \$695,448,849		
Dedicated Special Revenue.....	\$3,235,265	\$3,485,265 \$3,585,265		
Federal Trust.....	\$905,959,570	\$912,515,898 \$932,798,449		
353. Not set out.				
354. Not set out.				
355. Not set out.				
356. Not set out.				
357. Not set out.				
358. Not set out.				
359. Not set out.				
360. Not set out.				
361. Not set out.				
362. Not set out.				
<b>TOTAL FOR OFFICE OF HEALTH AND HUMAN RESOURCES.....</b>			<b>\$14,448,234,397</b>	<b>\$14,915,980,126</b> <b>\$15,266,960,483</b>
General Fund Positions.....	8,498.79	8,540.72 8,618.72		
Nongeneral Fund Positions.....	6,766.23	6,795.30 6,737.30		
Position Level.....	15,265.02	15,336.02 15,356.02		
Fund Sources: General.....	\$6,132,685,639	\$6,437,296,229 \$6,502,009,886		
Special.....	\$1,148,423,255	\$1,142,916,118 \$1,140,106,328		
Enterprise.....	\$55,283,360	\$51,783,360		
Trust and Agency.....	\$1,095,573	\$1,320,573		
Dedicated Special Revenue.....	\$559,455,154	\$524,122,894 \$564,892,687		
Federal Trust.....	\$6,551,291,416	\$6,758,540,952 \$7,006,847,649		

ITEM 363.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

**OFFICE OF NATURAL RESOURCES**

- 363. Not set out.
- 364. Not set out.
- 365. Not set out.
- 366. Not set out.
- 367. Not set out.
- 368. Not set out.
- 369. Not set out.
- 370. Not set out.
- 371. Not set out.

**§ 1-15. DEPARTMENT OF GAME AND INLAND FISHERIES (403)**

- 372. Not set out.
- 373. Not set out.
- 374. Not set out.

375. A. Pursuant to §§ 29.1-101, 58.1-638, and 58.1-1410, Code of Virginia, deposits to the Game Protection Fund include an estimated \$17,700,000 the first year and ~~\$17,700,000~~ \$17,050,000 the second year from revenue originating from the general fund.

B. Pursuant to § 29.1-101.01, Code of Virginia, the Department of Planning and Budget shall transfer such funds as designated by the Board of Game and Inland Fisheries from the Game Protection Fund (§ 29.1-101) to the Capital Improvement Fund (§ 29.1-101.01) up to an amount equal to 50 percent or less of the revenue deposited to the Game Protection Fund by § 3-1.01, subparagraph M, of this act.

C. Out of the amounts transferred pursuant to § 3-1.01, subparagraph K, of this act, \$881,753 the first year and \$881,753 the second year from the Game Protection Fund shall be used for the enforcement of boating laws, boating safety education, and for improving boating access.

Total for Department of Game and Inland Fisheries....			<b>\$62,809,733</b>	<b>\$62,833,365</b>
Nongeneral Fund Positions.....	496.00	496.00		
Position Level.....	496.00	496.00		
Fund Sources: Dedicated Special Revenue.....	\$46,531,590	\$46,555,222		
Federal Trust.....	\$16,278,143	\$16,278,143		

- 376. Not set out.
- 377. Not set out.

**§ 1-16. MARINE RESOURCES COMMISSION (402)**

- 378. Not set out.

ITEM 379.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
379.	Coastal Lands Surveying and Mapping (51000).....		\$1,989,302	\$2,522,423 \$2,346,423
	Coastal Lands and Bottomlands Management (51001).....	\$1,421,913		\$2,027,913 \$1,851,913
	Marine Resources Surveying and Mapping (51002).....	\$567,389		\$494,510
	Fund Sources: General.....	\$972,954		\$1,506,075 \$1,330,075
	Dedicated Special Revenue.....	\$834,348		\$834,348
	Federal Trust.....	\$182,000		\$182,000
	Authority: Title 28.2, Chapters 12, 13, 14, 15 and 16; Title 62.1, Chapters 16 and 19, Code of Virginia.			
	Out of this appropriation, \$22,000 the first year and <del>\$226,000</del> \$50,000 the second year from the general fund is designated for Virginia's share of an Army Corps of Engineers project to construct a seawall to preserve the harbor on Tangier Island.			
380.	Not set out.			
381.	Not set out.			
	Total for Marine Resources Commission.....		\$23,843,664	\$24,965,196 \$24,789,196
	General Fund Positions.....	128.50		135.50
	Nongeneral Fund Positions.....	35.00		28.00
	Position Level.....	163.50		163.50
	Fund Sources: General.....	\$12,029,895		\$12,646,957 \$12,470,957
	Special.....	\$6,653,839		\$7,158,309
	Commonwealth Transportation.....	\$313,768		\$313,768
	Dedicated Special Revenue.....	\$1,415,362		\$1,415,362
	Federal Trust.....	\$3,430,800		\$3,430,800
382.	Not set out.			
	TOTAL FOR OFFICE OF NATURAL RESOURCES.....		\$441,880,424	\$375,356,273 \$375,180,273
	General Fund Positions.....	1,020.50		1,022.50
	Nongeneral Fund Positions.....	1,162.50		1,155.50
	Position Level.....	2,183.00		2,178.00
	Fund Sources: General.....	\$179,419,010		\$109,808,959 \$109,632,959
	Special.....	\$40,801,582		\$41,306,052
	Commonwealth Transportation.....	\$423,603		\$423,603
	Enterprise.....	\$12,938,798		\$12,938,798
	Trust and Agency.....	\$37,508,398		\$37,508,398
	Debt Service.....	\$75,000		\$75,000
	Dedicated Special Revenue.....	\$87,084,262		\$89,665,469
	Federal Trust.....	\$83,629,771		\$83,629,994

ITEM 383.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

**OFFICE OF PUBLIC SAFETY AND HOMELAND SECURITY**

- 383. Not set out.
- 384. Not set out.
- 385. Not set out.
- 386. Not set out.
- 387. Not set out.

**§ 1-17. DEPARTMENT OF CORRECTIONS (799)**

- 388. Not set out.
- 389. Not set out.
- 390. Not set out.
- 391. Not set out.
- 392. Not set out.

393. Operation of Secure Correctional Facilities (39800)....			\$949,074,960	\$961,411,288 \$966,411,288
Supervision and Management of Inmates (39802).....	\$468,061,485	\$470,538,521		
Rehabilitation and Treatment Services - Prisons (39803).....	\$40,675,195	\$41,359,252		
Prison Management (39805).....	\$67,684,260	\$70,457,754		
Food Services - Prisons (39807).....	\$43,053,274	\$43,182,334		
Medical and Clinical Services - Prisons (39810).....	\$198,824,815	\$205,097,496 \$210,097,496		
Agribusiness (39811).....	\$10,051,668	\$10,051,668		
Correctional Enterprises (39812).....	\$49,680,835	\$49,680,835		
Physical Plant Services - Prisons (39815).....	\$71,043,428	\$71,043,428		
Fund Sources: General.....	\$895,573,085	\$907,909,413 \$912,909,413		
Special.....	\$52,580,835	\$52,580,835		
Federal Trust.....	\$921,040	\$921,040		

Authority: §§ 53.1-1, 53.1-5, 53.1-8, and 53.1-10, Code of Virginia.

A. Included in this appropriation is \$1,195,000 in the first year and \$1,195,000 the second year from nongeneral funds for the purposes listed below. The source of the funds is commissions generated by prison commissary operations:

1. \$170,000 the first year and \$170,000 the second year for Assisting Families of Inmates, Inc., to provide transportation for family members to visit offenders in prison and other ancillary services to family members;
2. \$950,000 the first year and \$950,000 the second year for distribution to organizations that work to enhance faith-based services to inmates; and
3. \$75,000 the first year and \$75,000 the second year for the "FETCH" program.

B.1. The Department of Corrections is authorized to contract with other governmental entities to house male and female prisoners from those jurisdictions in facilities operated by the department.

ITEM 393.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
2.	The State Comptroller shall continue to maintain the Contract Prisoners Special Revenue Fund on the books of the Commonwealth to reflect the activities of contracts between the Commonwealth of Virginia and other governmental entities for the housing of prisoners in facilities operated by the Virginia Department of Corrections.			
3.	The Department of Corrections shall determine whether it may be possible to contract to house additional federal inmates or inmates from other states in space available within state correctional facilities. The department may, subject to the approval of the Governor, enter into such contracts, to the extent that sufficient bedspace may become available in state facilities for this purpose.			
C.	The Department of Corrections may enter into agreements with local and regional jails to house state-responsible offenders in such facilities and to effect transfers of convicted state felons between and among such jails. Such agreements shall be governed by the provisions of Item 70 of this act.			
D.	To the extent that the Department of Corrections privatizes food services, the department shall also seek to maximize agribusiness operations.			
E.	Notwithstanding the provisions of § 53.1-45, Code of Virginia, the Department of Corrections is authorized to sell on the open market and through the Virginia Farmers' Market Network any dairy, animal, or farm products of which the Commonwealth imports more than it exports.			
F.	It is the intention of the General Assembly that § 53.1-47, the Code of Virginia, concerning articles and services produced or manufactured by persons confined in state correctional facilities, shall be construed such that the term "manufactured" articles shall include "remanufactured" articles.			
G.	Out of this appropriation, \$921,040 the first year and \$921,040 the second year from nongeneral funds is included for inmate medical costs. The sources of the nongeneral funds are an award from the State Criminal Alien Assistance Program, administered by the U.S. Department of Justice.			
H.1.	The Department of Corrections, in coordination with the Virginia Supreme Court, shall continue to operate a behavioral correction program. Offenders eligible for such a program shall be those offenders: (i) who have never been convicted of a violent felony as defined in § 17.1-805 of the Code of Virginia and who have never been convicted of a felony violation of §§ 18.2-248 and 18.2-248.1 of the Code of Virginia; (ii) for whom the sentencing guidelines developed by the Virginia Criminal Sentencing Commission would recommend a sentence of four years or more in facilities operated by the Department of Corrections; and (iii) whom the court determines require treatment for drug or alcohol substance abuse. For any such offender, the court may impose the appropriate sentence with the stipulation that the Department of Corrections place the offender in an intensive therapeutic community-style substance abuse treatment program as soon as possible after receiving the offender. Upon certification by the Department of Corrections that the offender has successfully completed such a program of a duration of 24 months or longer, the court may suspend the remainder of the sentence imposed by the court and order the offender released to supervised probation for a period specified by the court.			
2.	If an offender assigned to the program voluntarily withdraws from the program, is removed from the program by the Department of Corrections for intractable behavior, fails to participate in program activities, or fails to comply with the terms and conditions of the program, the Department of Corrections shall notify the court, outlining specific reasons for the removal and shall reassign the defendant to another incarceration assignment as appropriate. Under such terms, the offender shall serve out the balance of the sentence imposed by the court, as provided by law.			
3.	The Department of Corrections shall collect the data and develop the framework and processes that will enable it to conduct an in-depth evaluation of the program three years after it has been in operation. The department shall submit a report periodically on the program to the Chief Justice as he may require and shall submit a report on the implementation of the program and its usage to the Secretary of Public Safety and Homeland Security and the Chairmen of the House Appropriations and Senate Finance			

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Committees by June 30 of each year.

I. Included in the appropriation for this Item is \$250,000 the first year and \$250,000 the second year from nongeneral funds for a culinary arts program in which inmates are trained to operate food service activities serving agency staff and the general public. The source of the funds shall be revenues generated by the program. Any revenues so generated by the program shall not be subject to § 4-2.02 of this act and shall be used by the agency for the costs of operating the program. The State Comptroller shall continue to maintain the Inmate Culinary Arts Training Program Fund on the books of the Commonwealth to reflect the revenue and expenditures of this program.

J.1. The Department of Corrections shall continue to coordinate with the Department of Medical Assistance Services and the Department of Social Services to enroll eligible inmates in Medicaid. To the extent possible, the Department of Corrections shall work to identify potentially eligible inmates on a proactive basis, prior to the time inpatient hospitalization occurs. Procedures shall also include provisions for medical providers to bill the Department of Medical Assistance Services, rather than the Department of Corrections, for eligible inmate inpatient medical expenses. Due to the multiple payor sources associated with inpatient and outpatient health care services, the Department of Corrections and the Department of Medical Assistance Services shall consult with the applicable provider community to ensure that administrative burdens are minimized and payment for health care services is rendered in a prompt manner.

2. The Department of Corrections, through its contract with the Virginia Commonwealth University Department of Health Administration, shall review the management of a selected number of inmates who account for the largest share of total inpatient and outpatient medical care costs within the department. The review shall include inmates who have been enrolled in Medicaid for qualifying inpatient hospitalizations; for these individuals, the Department of Medical Assistance shall provide the requisite enrollee data. The review shall address the number and characteristics of these inmates (including demographic background, offense history, and security classification) who account for the highest costs for medical care. The review shall also consider, to the extent available, their medical history and current medical issues and address potential case management strategies and other steps to reduce costs for these inmates in the long term. Copies of the review shall be provided by October 1, 2017, to the Secretary of Public Safety and Homeland Security, the Secretary of Health and Human Resources, the Chairman of the Joint Commission on Health Care, and the Chairmen of the House Appropriations and Senate Finance Committees.

K. Federal funds received by the Department of Corrections from the federal Residential Substance Abuse Treatment Program shall be exempt from payment of statewide and agency indirect cost recoveries into the general fund.

L. Included in the appropriation for this item is funding for the first year and the second year from the general fund for six medical contract monitors. The persons filling these positions shall have the responsibility of closely monitoring the adequacy and quality of inmate medical services in those correctional facilities for which the department has contracted with a private vendor to provide inmate medical services.

M. The Department of Corrections shall continue to operate a separate program for inmates under 18 years old who have been tried and convicted as adults and committed to the Department of Corrections. This separation of these offenders from the general prison population is required by the requirements of the federal Prison Rape Elimination Act.

N. The Department shall provide to the Secretary of Public Safety and Homeland Security, the Directors of the Departments of Planning and Budget and Human Resources Management, and the Chairmen of the House Appropriations and Senate Finance Committees by July 1, 2016, a report assessing:

a. The costs, benefits, and administrative actions required to eliminate the Department's reliance on a private contractor for the delivery of inmate health care at multiple facilities, and to provide the same services internally using either state employees or individual contract medical personnel.

b. The costs, benefits, and administrative actions required to transition to a statewide health



ITEM 393.	Item Details(\$)		Appropriations(\$)	
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<p>care management model that uses best practices and cost containment methods employed by prison health care management and Medicaid managed care organizations to deliver provider-managed and outcome-based comprehensive health care services through a single statewide contract for all of the Department's adult correctional centers.</p> <p>c. A review of the Department's actual cost experience comparing the previous arrangement in which the contractor assumed full financial risk for the payment of off-site inpatient and outpatient services, and the current and proposed arrangement in which the Department assumes that risk and also receives any Medicaid reimbursement for such off-site expenses. For purposes of analyzing the first arrangement, it is assumed that the benefit of any Medicaid or other third-party reimbursement for hospital or other services would accrue to the contractor. This review shall also compare cost trends experienced by other states which have adopted these two arrangements.</p> <p>d. A comparison of the costs and benefits of the Department's current management of inmate health care, including the model envisioned in its August 2014 Request for Proposals, to the alternative models the Department is directed to assess in subsections a, b, and c above.</p> <p>e. The Department of Human Resources Management, the Department of Planning and Budget and other executive branch agencies shall provide technical assistance to the Department as needed.</p>				
394.	Not set out.			
	Total for Department of Corrections.....		<b>\$1,192,539,497</b>	<b><del>\$1,204,873,467</del></b> <b>\$1,209,873,467</b>
	General Fund Positions.....	12,352.00	12,098.00	
	Nongeneral Fund Positions.....	245.50	251.50	
	Position Level.....	12,597.50	12,349.50	
	Fund Sources: General.....	\$1,129,443,465	<del>\$1,142,510,435</del> <del>\$1,147,510,435</del>	
	Special.....	\$58,784,335	\$58,051,335	
	Dedicated Special Revenue.....	\$2,480,379	\$2,480,379	
	Federal Trust.....	\$1,831,318	\$1,831,318	
395.	Not set out.			
396.	Not set out.			
397.	Not set out.			
398.	Not set out.			
399.	Not set out.			
400.	Not set out.			
401.	Not set out.			
402.	Not set out.			
403.	Not set out.			
404.	Not set out.			
405.	Not set out.			
406.	Not set out.			

ITEM 406.		Item Details(\$)		Appropriations(\$)	
		First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
407.	Not set out.				
408.	Not set out.				
409.	Not set out.				

**§ 1-18. DEPARTMENT OF FORENSIC SCIENCE (778)**

410.	Law Enforcement Scientific Support Services (30900).....			\$44,262,469	\$45,600,887
	Biological Analysis Services (30901).....	\$12,722,433	\$12,900,492 \$12,950,492		\$45,725,887
	Chemical Analysis Services (30902).....	\$13,204,085	\$8,239,190 \$8,314,190		
	Toxicology Services (30903).....	\$0	\$7,042,248		
	Physical Evidence Services (30904).....	\$8,804,422	\$8,755,850		
	Training Services (30905).....	\$1,770,681	\$673,022		
	Administrative Services (30906).....	\$7,760,848	\$7,990,085		
	Fund Sources: General.....	\$42,232,539	\$43,570,743 \$43,695,743		
	Federal Trust.....	\$2,029,930	\$2,030,144		

Authority: §§ 9.1-1100 through 9.1-1113, Code of Virginia.

A. Notwithstanding the provisions of § 58.1-3403, Code of Virginia, the Department of Forensic Science shall be exempt from the payment of service charges levied in lieu of taxes by any county, city, or town.

B.1. The Forensic Science Board shall ensure that all individuals who were convicted due to criminal investigations, for which its case files for the years between 1973 and 1988 were found to contain evidence possibly suitable for DNA testing, are informed that such evidence exists and is available for testing. To effectuate this requirement, the Board shall prepare two form letters, one sent to each person whose evidence was tested, and one sent to each person whose evidence was not tested. Copies of each such letter shall be sent to the Chairman of the Forensic Science Board and to the respective Chairmen of the House and Senate Committees for Courts of Justice. The Department of Corrections shall assist the board in effectuating this requirement by providing the addresses for all such persons to whom letters shall be sent, whether currently incarcerated, on probation, or on parole. In cases where the current address of the person cannot be ascertained, the Department of Corrections shall provide the last known address. The Chairman of the Forensic Science Board shall report on the progress of this notification process at each meeting of the Forensic Science Board.

2. Upon a request pursuant to the Virginia Freedom of Information Act for a certificate of analysis that has been issued in connection with the Post Conviction DNA Testing Program and that reflects that a convicted person's DNA profile was not indicated on items of evidence tested, the Department of Forensic Science shall make available for inspection and copying such requested record after all personal and identifying information about the victims, their family members, and consensual partners has been redacted, except where disclosure of the information contained therein is expressly prohibited by law or the Commonwealth's Attorney to whom the certificate was issued states that the certificate is critical to an ongoing active investigation and that disclosure jeopardizes the investigation.

C. The Department of Forensic Science, in cooperation with the Office of the Attorney General, shall pursue funding opportunities including federal grants to ensure that Physical Evidence Recovery Kits, associated with sexual assault reports or other investigations, which were collected but not submitted to the Department between July 1, 2014, and June 30, 2016, are analyzed.

Total for Department of Forensic Science.....				\$44,262,469	\$45,600,887
					\$45,725,887

ITEM 410.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
General Fund Positions.....	318.00	318.00		
Position Level.....	318.00	318.00		
Fund Sources: General.....	\$42,232,539	\$43,570,743		
		\$43,695,743		
Federal Trust.....	\$2,029,930	\$2,030,144		
411. Not set out.				
412. Not set out.				
413. Not set out.				
414. Not set out.				
415. Not set out.				
416. Not set out.				
417. Not set out.				
418. Not set out.				
419. Not set out.				
420. Not set out.				
421. Not set out.				
422. Not set out.				
423. Not set out.				
424. Not set out.				
425. Not set out.				
426. Not set out.				
<b>TOTAL FOR OFFICE OF PUBLIC SAFETY AND HOMELAND SECURITY.....</b>			<b>\$2,911,040,096</b>	<b>\$2,951,528,489</b>
				<b>\$2,956,653,489</b>
General Fund Positions.....	17,609.32	17,378.32		
Nongeneral Fund Positions.....	2,418.18	2,465.18		
Position Level.....	20,027.50	19,843.50		
Fund Sources: General.....	\$1,888,429,090	\$1,911,776,731		
		\$1,916,901,731		
Special.....	\$150,922,290	\$150,421,495		
Commonwealth Transportation.....	\$9,452,754	\$9,452,754		
Enterprise.....	\$679,643,186	\$697,649,841		
Trust and Agency.....	\$4,818,130	\$4,818,130		
Dedicated Special Revenue.....	\$30,407,154	\$30,407,154		
Federal Trust.....	\$147,367,492	\$147,002,384		

ITEM 427.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

**OFFICE OF TECHNOLOGY**

- 427. Not set out.
- 428. Not set out.

**§ 1-19. VIRGINIA INFORMATION TECHNOLOGIES AGENCY (136)**

- 429. Not set out.
- 430. Not set out.
- 431. Not set out.
- 432. Not set out.

433. Information Technology Planning and Quality Control (82800).....			\$4,047,041	\$3,142,189 \$5,394,501
Information Technology Investment Management (ITIM) Oversight Services (82801).....	\$1,653,483	\$1,653,567		
Enterprise Development Services (82803).....	\$2,393,558	<del>\$1,488,622</del> \$3,740,934		
Fund Sources: General.....	\$2,033,955	\$0		
Internal Service.....	\$0	\$2,034,039		
Dedicated Special Revenue.....	\$2,013,086	\$1,108,150		

Authority: Title 2.2, Chapter 20.1, Code of Virginia.

A.1. Notwithstanding the provisions of §§ 2.2-1509, 2.2-2007 and 2.2-2017, Code of Virginia, the scope of formal reporting on major information technology projects in the Recommended Technology Investment Projects (RTIP) report is reduced. The efforts involved in researching, analyzing, reviewing, and preparing the report will be streamlined and project ranking will be discontinued. Project analysis will be targeted as determined by the Chief Information Officer (CIO) and the Secretary of Technology. Information on major information technology investments will continue to be provided General Assembly members and staff. Specifically, the following tasks will not be required, though the task may be performed in a more streamlined fashion: (i) The annual report to the Governor, the Secretary, and the Joint Commission on Technology and Science; (ii) The annual report from the CIO for submission to the Secretary, the Information Technology Advisory Council, and the Joint Commission on Technology and Science on a prioritized list of Recommended Technology Investment Projects (RTIP Report); (iii) The development by the CIO and regular update of a methodology for prioritizing projects based upon the allocation of points to defined criteria and the inclusion of this information in the RTIP Report; (iv) The indication by the CIO of the number of points and how they were awarded for each project recommended for funding in the RTIP Report; (v) The reporting, for each project listed in the RTIP, of all projected costs of ongoing operations and maintenance activities of the project for the next three biennia following project implementation, a justification and description for each project baseline change, and whether the project fails to incorporate existing standards for the maintenance, exchange, and security of data; and (vii) The reporting of trends in current projected information technology spending by state agencies and secretariats, including spending on projects, operations and maintenance, and payments to Virginia Information Technologies Agency.

2. Notwithstanding any other provision of law and effective July 1, 2015, the Virginia Information Technologies Agency (VITA) shall maintain and update quarterly a list of major information technology projects that are active or are expected to become active in the next fiscal year and have been approved and recommended for funding by the Secretary of Technology. Such list shall serve as the official repository for all ongoing information

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technology projects in the Commonwealth and shall include all information required by § 2.2-1509.3 (B)(1)-(8), Code of Virginia. VITA shall make such list publically available on its website, updated on a quarterly basis, and shall submit electronically such quarterly update to the Chairmen of the House Appropriations and Senate Finance Committees and the Director, Department of Planning and Budget, in a format mutually agreeable to them. To ensure such list can be maintained and updated quarterly, state agencies with major information technology projects that are active or are expected to become active in the next fiscal year shall provide in a timely manner all data and other information requested by VITA.

3. The Health Care Reform program office has been established by the Secretary of Health and Human Resources to address the American Recovery and Reinvestment Act (ARRA), the Patient Protection and Patient Affordability Act (PPACA), and the Medicaid Information Technology Architecture (MITA). This program will be generating approximately 23 major as well as non-major projects and the total cost of the program over seven years is expected to be \$93,043,146 with a cost to the Commonwealth of \$9,773,220. Projects will be established over the next four years. The seven year costs include six years of operational expenses associated with the provider incentive program that sunsets in 2021. New recurring Medicaid expenses are also reflected in the seven year cost estimates. The projects and cost estimates in this paragraph include efforts to modernize eligibility determination systems within the Department of Social Services.

*B. Out of this appropriation, \$2,252,312 the first year from the general fund shall be used to pay the outstanding balance of the working capital advance previously provided to the Virginia Enterprise Applications Program for the development of enterprise applications for the Commonwealth.*

434. Not set out.

435.	Information Technology Security Oversight (82900).....			\$6,271,396	\$5,993,126 \$6,715,115
	Technology Security Oversight Services (82901)....	\$4,556,365	\$3,627,206		
	Information Technology Security Service Center (82902).....	\$1,715,031	<del>\$1,740,606</del> \$2,462,595		
	Cloud Based Services Oversight (82903).....	\$0	\$625,314		
	Fund Sources: General.....	\$463,587	\$425,164		
	Special.....	\$129,495	\$285,450		
	Internal Service.....	\$5,678,314	<del>\$5,282,512</del> \$6,004,501		

Authority: Title 2.2, Chapter 20.1, Code of Virginia.

A. Out of this appropriation, \$4,275,798 the first year and \$3,346,639 the second year for Technology Security Oversight Services is sum sufficient and amounts shown are estimates from an internal service fund which shall be paid solely from charges to other programs within this agency.

B.1. The Virginia Information Technologies Agency shall operate an information technology security service center to support the information technology security needs of agencies electing to participate in the information technology security service center. Support for participating agencies shall include, but not be limited to, vulnerability scans, information technology security audits, and Information Security Officer services. Participating agencies shall cooperate with the Virginia Information Technologies Agency by transferring such records and functions as may be required.

2.a. The Virginia Information Technologies Agency shall perform vulnerability scans of all public-facing websites and systems operated by state agencies. All state agencies which operate such websites and systems shall cooperate with the Virginia Information Technologies Agency in order to complete the vulnerability scans.

b. Out of this appropriation, \$312,515 the first year and \$274,092 the second year from the

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general fund shall be used to support vulnerability scanning of public-facing websites and systems of the Commonwealth.

3. Agencies electing to participate in the information technology security service center shall enter into a memorandum of understanding with the Virginia Information Technologies Agency. Such memorandums shall outline the services to be provided by the Virginia Information Technologies Agency and the costs to provide those services. If a participating agency elects to not renew its memorandum of understanding, the agency shall notify the Virginia Information Technologies Agency twelve months prior to the scheduled renewal date of its intent to become a non-participating agency.

4. Non-participating agencies shall be required by July 1 each year to notify the Chief Information Officer of the Commonwealth that the agency has met the requirements of the Commonwealth's information security standards. If the agency has not met the requirements of the Commonwealth's information security standards, the agency shall report to the Chief Information Officer of the Commonwealth the steps and procedures the agency is implementing in order to satisfy the requirements.

5. Out of this appropriation, \$1,402,516 the first year and ~~\$1,466,514~~ \$2,188,503 the second year for Information Technology Security Service Center is sum sufficient and amounts shown are estimates from an internal service fund which shall be paid solely from internal service fund revenues.

6. Notwithstanding any other provision of state law, and to the extent and in the manner permitted by federal law, the Virginia Information Technologies Agency shall have the legal authority to access, use, and view data and other records transferred to or in the custody of the information technology security service center pursuant to this Item. The services of the center are intended to enhance data security, and no state law or regulation imposing data security or dissemination restrictions on particular records shall prevent or burden the custodian agency's authority under this Item to transfer such records to the center for the purpose of receiving the center's services. All such transfers and any access, use, or viewing of data by center personnel in support of the center's provision of such services to the transferring agency shall be deemed necessary to assist in valid administrative needs of the transferring agency's program that received, used, or created the records transferred, and personnel of the center shall, to the extent necessary, be deemed agents of the transferring agency's administrative unit that is responsible for the program. Without limiting the foregoing, no transfer of records under this Item shall trigger any requirement for notice or consent under the Government Data Collection and Dissemination Practices Act (GDCDPA) (§ 2.2-3800 et. seq.) or other law or regulation of the Commonwealth. The transferring agency shall continue to be deemed the custodian of any record transferred to the center for purposes of the GDCDPA, the Freedom Of Information Act, and other laws or regulations of the Commonwealth pertaining to agencies that administer the transferred records and associated programs. Custody of such records for security purposes shall not make the Virginia Information Technologies Agency a custodian of such records. Any memorandum of understanding under authority of this Item shall specify the records to be transferred, security requirements, and permitted use of data provided. VITA and any contractor it uses in the provision of the center's services shall hold such data in confidence and implement and maintain all information security safeguards defined in the memorandum of understanding or required by federal or state laws, regulations, or policies for the protection of sensitive data.

7. The rates required to recover the costs of the information technology security service center shall be provided by the Virginia Information Technologies Agency to the Department of Planning and Budget by September 1 each year for review and approval of the subsequent fiscal year's rate.

Total for Virginia Information Technologies Agency.			<b>\$404,481,857</b>	<b>\$387,991,620</b> <b>\$390,965,921</b>
General Fund Positions.....	16.00	2.00		
Nongeneral Fund Positions.....	218.00	234.00		
Position Level.....	234.00	236.00		
Fund Sources: General.....	\$2,841,248	<del>\$425,164</del> \$2,677,476		

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Special.....	\$9,864,333	\$11,059,855		
Internal Service.....	\$364,363,699	<del>\$349,848,960</del> \$350,570,949		
Dedicated Special Revenue.....	\$27,412,577	\$26,657,641		
TOTAL FOR OFFICE OF TECHNOLOGY.....			<b>\$416,148,707</b>	<del><b>\$399,732,624</b></del> <b>\$402,706,925</b>
General Fund Positions.....	21.00	7.00		
Nongeneral Fund Positions.....	218.00	234.00		
Position Level.....	239.00	241.00		
Fund Sources: General.....	\$14,508,098	<del>\$12,166,168</del> \$14,418,480		
Special.....	\$9,864,333	\$11,059,855		
Internal Service.....	\$364,363,699	<del>\$349,848,960</del> \$350,570,949		
Dedicated Special Revenue.....	\$27,412,577	\$26,657,641		

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**OFFICE OF TRANSPORTATION**

- 436. Not set out.
- 437. Not set out.
- 438. Not set out.
- 439. Not set out.
- 440. Not set out.
- 441. Not set out.

**§ 1-20. DEPARTMENT OF MOTOR VEHICLES (154)**

442.	Ground Transportation Regulation (60100).....			\$178,580,056	\$178,585,157 \$180,085,157
	Customer Service Centers Operations (60101).....	\$122,963,251	<del>\$122,963,251</del> \$124,463,251		
	Ground Transportation Regulation and Enforcement (60103).....	\$41,894,958	\$41,894,958		
	Motor Carrier Regulation Services (60105).....	\$13,721,847	\$13,726,948		
	Fund Sources: Commonwealth Transportation.....	\$171,133,456	<del>\$171,138,557</del> \$172,638,557		
	Trust and Agency.....	\$5,446,600	\$5,446,600		
	Federal Trust.....	\$2,000,000	\$2,000,000		

Authority: Title 46.2, Chapters 1, 2, 3, 6, 8, 10, 12, 15, 16, and 17; §§ 18.2-266 through 18.2-272; Title 58.1, Chapters 21 and 24, Code of Virginia. Title 33, Chapter 4, United States Code.

A. The Commissioner, Department of Motor Vehicles, is authorized to establish, where feasible and cost efficient, contracts with private/public partnerships with commercial operations, to provide for simplification and streamlining of service to citizens through electronic means. Provided, however, that such commercial operations shall not be entitled to compensation as established under § 46.2-205, Code of Virginia, but rather at rates limited to those established by the commissioner.

B. The Department of Motor Vehicles shall work to increase the use of alternative service delivery methods, which may include offering discounts on certain transactions conducted online, as determined by the department. As part of its effort to shift customers to internet usage where applicable, the department shall not charge its customers for the use of credit cards for internet or other types of transactions; however, this restriction shall not apply with respect to any credit or debit card transactions the department conducts on behalf of another agency, provided (i) the other agency is authorized to charge customers for the use of credit or debit cards and (ii) the merchant's fees and other transaction costs imposed by the card issuer are charged to the department.

C. In order to provide citizens of the Commonwealth greater access to the Department of Motor Vehicles, the agency is authorized to enter into an agreement with any local constitutional officer or combination of officers to act as a license agent for the department, with the consent of the chief administrative officer of the constitutional officer's county or city, and to negotiate a separate compensation schedule for such office other than the schedule set out in § 46.2-205, Code of Virginia. Notwithstanding any other provision of law, any compensation due to a constitutional officer serving as a license agent shall be remitted by the department to the officer's county or city on a monthly basis, and not less than 80 percent of the sums so remitted shall be appropriated by such county or city to the office of the constitutional officer to compensate such officer for the additional work involved with processing transactions for the department. Funds appropriated to the constitutional office for



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	such work shall not be used to supplant existing local funding for such office, nor to reduce the local share of the Compensation Board-approved budget for such office below the level established pursuant to general law.			
	D. The base compensation for DMV Select Agents shall be set at 4.5 percent of gross collections for the first \$500,000 and 5.0 percent of all gross collections in excess of \$500,000 made by the entity during each fiscal year on such state taxes and fees in place as a matter of law. The commissioner shall supply the agents with all necessary agency forms to provide services to the public, and shall cause to be paid all freight and postage, but shall not be responsible for any extra clerk hire or other business-related expenses or business equipment expenses occasioned by their duties.			
	E. Out of the amounts identified in this Item, \$299,991 the first year and \$299,991 the second year from the Commonwealth Transportation Fund shall be paid to the Washington Metropolitan Area Transit Commission.			
	F.1. Notwithstanding any other provision of law, the department shall assess a minimum fee of \$10 for all replacement and supplemental titles. The revenue generated from this fee shall be set aside to meet the expenses of the department.			
	2. Notwithstanding any other provision of law, the department shall assess a \$10 late fee on all registration renewal transactions that occur after the expiration date. The late fee shall not apply to those exceptions granted under § 46.2-221.4, Code of Virginia. In assessing the late renewal fee the department shall provide a ten day grace period for transactions conducted by mail to allow for administrative processing. This grace period shall not apply to registration renewals for vehicles registered under the International Registration Plan. The revenue generated from this fee shall be set aside to meet the expenses of the department.			
	3. Notwithstanding any other provision of law, the department shall establish a \$20 minimum fee for original driver's licenses and replacements. The revenue generated from this fee shall be set aside to meet the expenses of the department.			
	G. The Department of Motor Vehicles is hereby granted approval to renew or extend existing capital leases due to expire during the current biennium for existing customer service centers.			
	H. The Department of Motor Vehicles is hereby appropriated revenues from the additional sales tax on fuel in certain transportation districts to recover the direct cost of administration incurred by the department in implementing and collecting this tax as provided by § 58.1-2295, Code of Virginia.			
	I. The Commissioner of the Department of Motor Vehicles, in consultation with the Commissioner of Highways, shall take such steps as may be necessary to expand access to the E-ZPass program through its customer service channels using such locations and methods as are practicable.			
	J. Included in the amounts for this item is \$350,000 in the first year and \$350,000 in the second year to support the on-going costs associated with the regulation of Transportation Network Companies in Virginia pursuant to the provisions of Chapter 2, 2015 Session of the General Assembly.			
	K. Notwithstanding the provisions of Chapter 21 of Title 46.2, Code of Virginia, the Commissioner of the Department of Motor Vehicles shall be authorized to grant temporary authority to a motor carrier to transport property for compensation on an intrastate basis utilizing a digital platform that connects persons seeking a property transportation service with persons authorized by the motor carrier to transport property. Such temporary authority shall be subject to such reasonable conditions as the Commissioner may impose, and shall be valid only for passenger cars and pickup or panel trucks, as those terms are defined in § 46.2-100, Code of Virginia, which vehicles shall not be required to be issued for-hire license plates under the provisions of § 46.2-711, Code of Virginia. Such temporary authority, unless suspended or revoked, shall be valid for such time as the Department shall specify, but such authority shall not extend beyond January 1, 2018, and shall create no presumption that corresponding permanent authority will be			

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granted thereafter.				
L. The Department of Motor Vehicles is hereby granted approval to distribute the transactional charges of the Cardinal accounting system to state agencies, when the transactions involve funds passed through the department to the benefiting agency.				
M. The Department of Motor Vehicles is hereby granted approval to distribute a portion of its indirect cost allocation charge to another state agency when the charge is related to revenue collected and transferred by the department to the state agency. Such transfers shall be based on the agency's proportionate share of the department's total transactions in the immediately preceding fiscal year. The Department shall annually submit to the Department of Planning and Budget a summary of the transfer amounts and the transaction volumes used to allocate the internal cost amounts.				
N. Notwithstanding § 46.2-688, Code of Virginia, the Department of Motor Vehicles shall not be required to refund a proration of the total cost of a motor vehicle registration when less than six months remain in the registration period. Any resulting savings shall be retained and used to meet the expenses of the Department.				
O. Notwithstanding § 46.2-342, Code of Virginia, the Department of Motor Vehicles shall not be required to include organ donation brochures with every driver's license renewal notice or application mailed to licensed drivers.				
P. The Commissioner shall only refuse to issue or renew any vehicle registration pursuant to subsection L of § 46.2-819.3:1 of an operator or owner of a vehicle who has no prior convictions for offenses under § 46.2-819.3:1 if, in addition to the conditions set forth in subsection L of § 46.2-819.3:1 for such refusal, the toll operator has offered the individual a settlement of no more than \$2,200.				
<i>Q.1. Pursuant to § 3-2.03 of this act, a line of credit up to \$10,500,000 is provided to the Department of Motor Vehicles as a temporary cash flow advance. The Department shall transfer such related funds to its special fund. Funds received from the line of credit shall be used to support operational costs related to the implementation and issuance of REAL ID compliant credentials. The Department is authorized to impose a \$10 surcharge on all first issuances of REAL ID compliant credentials that are acceptable for federal purposes. The surcharge shall be used to reimburse the line of credit. The request for the line of credit shall be prepared in the formats as approved by the Secretary of Finance and the Secretary of Transportation.</i>				
<i>2. The Secretary of Finance and Secretary of Transportation shall approve the draw downs from this line of credit prior to the expenditure of funds. At least 10 days prior to any draw downs from this line of credit, the Secretaries of Finance and Transportation shall report to the Chairmen of the House Appropriations and Senate Finance Committees the amount of the proposed draw down and its intended usage.</i>				
<i>R. Notwithstanding any other provision of law, the Commissioner may divulge tax information collected pursuant to § 58.1-2291 et seq., Code of Virginia, to the executive director or designee of the Northern Virginia Transportation Commission, the Potomac and Rappahannock Transportation Commission, and the Hampton Roads Transportation Accountability Commission for their confidential use of such tax information as may be necessary to facilitate the collection of the taxes collected in the respective member jurisdictions. Any person to whom tax information is divulged pursuant to this section shall be subject to the prohibitions and penalties prescribed in § 58.1-3, Code of Virginia, as though that person were a tax official as defined in that section.</i>				
443.	Not set out.			
444.	Not set out.			
	Total for Department of Motor Vehicles.....		\$257,163,185	\$257,257,483 \$258,757,483

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Nongeneral Fund Positions.....	2,038.00	<del>2,038.00</del> 2,053.00		
Position Level.....	2,038.00	<del>2,038.00</del> 2,053.00		
Fund Sources: Commonwealth Transportation.....	\$245,747,261	<del>\$245,841,559</del> \$247,341,559		
Trust and Agency.....	\$5,446,600	\$5,446,600		
Federal Trust.....	\$5,969,324	\$5,969,324		
445. Not set out.				
446. Not set out.				
Grand Total for Department of Motor Vehicles.....			<b>\$369,109,714</b>	<b>\$369,204,012</b> <del>\$370,704,012</del>
Nongeneral Fund Positions.....	2,038.00	<del>2,038.00</del> 2,053.00		
Position Level.....	2,038.00	<del>2,038.00</del> 2,053.00		
Fund Sources: Commonwealth Transportation.....	\$246,138,761	<del>\$246,233,059</del> \$247,733,059		
Trust and Agency.....	\$10,946,600	\$10,946,600		
Dedicated Special Revenue.....	\$79,800,000	\$79,800,000		
Federal Trust.....	\$32,224,353	\$32,224,353		
447. Not set out.				
448. Not set out.				
449. Not set out.				
450. Not set out.				
<b>§ 1-21. DEPARTMENT OF TRANSPORTATION (501)</b>				
451. Environmental Monitoring and Evaluation (51400).			\$13,534,237	<del>\$14,386,580</del> \$13,688,075
Environmental Monitoring and Compliance for Highway Projects (51408).....	\$10,888,957	<del>\$11,645,641</del> \$10,700,185		
Environmental Monitoring Program Management and Direction (51409).....	\$2,645,280	<del>\$2,740,939</del> \$2,987,890		
Fund Sources: Commonwealth Transportation.....	\$13,534,237	<del>\$14,386,580</del> \$13,688,075		
452. Ground Transportation Planning and Research (60200).....			\$72,784,885	<del>\$73,224,297</del> \$73,774,836
Ground Transportation System Planning (60201)....	\$58,541,924	<del>\$60,147,213</del> \$60,671,030		
Ground Transportation System Research (60202)....	\$10,440,699	<del>\$9,147,341</del> \$9,197,341		
Ground Transportation Program Management and Direction (60204).....	\$3,802,262	<del>\$3,929,743</del> \$3,906,465		
Fund Sources: Commonwealth Transportation.....	\$72,784,885	<del>\$73,224,297</del> \$73,774,836		

Authority: Title 33.2, Code of Virginia.

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A. Included in the amount for ground transportation system planning and research is no less than \$6,500,000 the first year and no less than \$6,500,000 the second year from the highway share of the Transportation Trust Fund for the planning and evaluation of options to address transportation needs.

B. In addition, the Commonwealth Transportation Board may approve the expenditures of up to \$500,000 the first year and \$500,000 the second year from the highway share of the Transportation Trust Fund for the completion of advance activities, prior to the initiation of an individual project's design along existing highway corridors, to determine short-term and long-term improvements to the corridor. Such activities shall consider safety, access management, alternative modes, operations, and infrastructure improvements. Such funds shall be used for, but are not limited to, the completion of activities prior to the initiation of an individual project's design or to benefit identification of needs throughout the state or the prioritization of those needs. For federally eligible activities, the activity or item shall be included in the Commonwealth Transportation Board's annual update of the Six-Year Improvement program so that (i) appropriate federal funds may be allocated and reimbursed for the activities and (ii) all requirements of the federal Statewide Transportation Improvement Program can be achieved.

C. Notwithstanding the provisions of Chapter 729 and Chapter 733 of the 2012 Acts of Assembly, the Commonwealth Transportation Board shall not reallocate any funds from projects on roadways controlled by any county that has withdrawn or elects to withdraw from the secondary system of state highways, nor from any roadway controlled by a city or town as part of the state's urban roadway system, based on a determination of nonconformity with the Commonwealth Transportation Board's Statewide Transportation Plan or the Six-Year Improvement Program. In jurisdictions that maintain roadways within their boundaries, the provisions of § 33.2-214, Code of Virginia, shall apply only to highways controlled by the Department of Transportation.

D. The prioritization process developed under subsection B of Chapter 726 of the 2014 Virginia Acts of Assembly shall not apply to use of funds provided in this item from the federal apportionments in the State Planning and Research Program.

453.	Highway Construction Programs (60300).....			\$2,382,394,166	<del>\$1,855,638,761</del> \$2,211,532,373
	Highway Construction Program Management (60315).....	\$27,001,888	\$39,005,784		
	State of Good Repair Program (60320).....	\$171,957,974	<del>\$87,123,374</del> \$87,690,068		
	High Priority Projects Program (60321).....	\$119,895,765	<del>\$35,415,609</del> \$107,937,754		
	Construction District Grant Programs (60322).....	\$119,895,763	<del>\$35,415,609</del> \$89,405,123		
	Specialized State and Federal Programs (60323).....	\$1,290,988,660	<del>\$1,001,678,305</del> \$1,384,041,851		
	Legacy Construction Formula Programs (60324).....	\$652,654,116	<del>\$657,000,080</del> \$503,451,793		
	Fund Sources: Commonwealth Transportation.....	\$1,993,401,084	<del>\$1,612,338,761</del> \$1,975,131,385		
	Trust and Agency.....	\$388,993,082	<del>\$243,300,000</del> \$236,400,988		

Authority: Title 33.2, Chapter 3; Code of Virginia; Chapters 8, 9, and 12, Acts of Assembly of 1989, Special Session II.

A. From the appropriation for specialized state and federal programs funds shall be distributed as follows:

- \$99,958,646 the first year and \$105,299,506 the second year in federal state and matching funds shall be allocated for regional Surface Transportation Funds and distributed to applicable metropolitan planning organizations pursuant to 23 USC 133;
- \$53,871,340 the first year and \$55,272,403 the second year in federal and state matching funds shall be allocated for the Highway Safety Improvement Program pursuant to 23 USC

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148;				
3.	\$70,981,544	\$69,805,236		
the first year and \$69,805,236 the second year in federal and state matching funds shall be allocated for the Congestion Mitigation Air Quality program pursuant to 23 USC 149;				
4.	\$150,000,000	\$100,000,000		
the first year and \$100,000,000 the second year shall be allocated for the Revenue Sharing Program pursuant to § 33.2-357, Code of Virginia;				
5.	\$20,481,315	\$20,104,007		
the first year and \$20,104,007 the second year in federal funds shall be allocated for the Surface Transportation Block Grant Program Set-Aside to 23 USC 133(h).				
6.	\$2,736,051	\$4,183,261		
the first year and \$4,183,261 the second year in state funds shall be allocated to the Virginia Transportation Infrastructure Bank pursuant to § 33.2-1500 et seq, Code of Virginia.				
7.	\$1,368,025	\$2,091,630		
the first year and \$2,091,630 the second year in state funds shall be allocated to the Transportation Partnership Opportunity Fund pursuant to § 33.2-1529.1, Code of Virginia.				
B. Notwithstanding § 33.2-358, Code of Virginia, the proceeds from the lease or sale of surplus and residue property purchased under this program in excess of related costs shall be applied to the State of Good Repair Program pursuant to § 33.2-369, Code of Virginia. Proceeds must be used on Federal Title 23 eligible projects.				
C. The Director of the Department of Planning and Budget is authorized to increase the appropriation as needed to utilize amounts available from prior year balances in the dedicated funds and adjust items to the most recent Commonwealth Transportation Board budget.				
D. Funds appropriated for legacy formula construction programs shall be used for the purposes enumerated in subsection C of § 33.2-358, Code of Virginia, or as previously appropriated.				
E. Included in the amounts for specialized state and federal programs is the reappropriation of \$145,700,000 the first year and \$131,300,000 the second year from bond proceeds or dedicated special revenues for anticipated expenditure of amounts collected in prior years. The amounts will be provided from balances in the Capital Projects Revenue Bond Fund, Federal Transportation Grant Anticipation Revenue Bond Fund, Northern Virginia Transportation District Fund, State Route 28 Highway Improvement District Fund, U.S. Route 58 Corridor Development Fund and the Priority Transportation Fund. These amounts were originally appropriated when received or forecasted and are not related to FY 2017 and FY 2018 estimated revenues.				
F. Revenue collected through innovative revenue efforts authorized by § 33.2-213, Code of Virginia, shall be dedicated to State of Good Repair efforts as outlined in § 33.2-369, Code of Virginia, after all related program and collection costs incurred by the Department are considered.				
G. 1. Of the amounts provided in Item 449.10, Chapter 847 of the 2007 Acts of Assembly, \$31,070,647 was dedicated to enumerated projects funded from the Transportation Partnership Opportunity Fund. This amount represents available authorization remaining after the completed advancement of acquisition and construction of the projects in the Item. Of this amount, \$23,110,000 is now directed to Road Improvements at military installations in the Commonwealth. As part of the ongoing negotiations of a memorandum of agreement between the Department of the U.S. Army and the U.S. Department of Transportation and the Virginia Department of Transportation for the delivery of transportation projects as in-kind payments for parcel A-2 and A-3 at the former Ft. Monroe under the economic development conveyance in the Commonwealth of Virginia, the Virginia Department of Transportation shall request that the Department of the U.S. Army consider the reservation of funding included in this paragraph for improvements to the Ft. Eustis Boulevard interchange with I-64 at mile marker 250 which directly benefits Joint Base Langley-Eustis and the United States Army Training and Doctrine Command. Of this amount, \$7,960,647 is now directed to Improvements at interstate rest areas				

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throughout the Commonwealth.

2. Pursuant to the provisions of Item 449.10, 1., Chapter 847 of the 2007 Acts of Assembly, \$20,000,000 was deposited to the Transportation Partnership Opportunity Fund (TPOF) for the purpose of purchasing right of way owned by Norfolk Southern Corporation and located between Newtown Road and the Oceanfront. The subsequent contract for the TPOF award signed between the Department of Transportation and the City of Virginia Beach, specified that if such funds were not utilized to extend light rail along the corridor to Virginia Beach, the funds were to be repaid to the Department of Transportation and redeposited into the TPOF for allocations for other eligible transportation projects. Based on the failure of the project to move forward, as evidenced by the failure of the voter referendum on the Virginia Beach ballot in the November 2016 election, the City of Virginia Beach is required to repay to the Department of Transportation the full amount in four annual payments of \$5,000,000 by September 1 of each year for the next four years beginning in fiscal year 2018. To the extent the annual payment is not made as required by September 1 in each year for the next four years, the Department of Transportation is directed to withhold the payment amount due from funds provided to the City of Virginia Beach pursuant to § 33.2-319, Code of Virginia. It is the intent of the General Assembly that these sums are hereby made available to the department to reallocate to eligible TPOF projects as they become available.

H. For funds allocated in § 58.1-1741, Code of Virginia, to state of good repair purposes for fiscal year 2017 and fiscal year 2018, the distribution of funding in subsections (B) and (C) of § 33.2-369, Code of Virginia, will not apply. The Commonwealth Transportation Board may allocate funds to state of good repair purposes for reconstruction and replacement of structurally deficient state and locally owned bridges and reconstruction and rehabilitation of pavement on the interstate system and primary state highway system determined to be deteriorated by the board, including municipality-maintained primary extensions, as well as to work related to the condition assessment and pavement rehabilitation of secondary highways and other related work to improve secondary highways. Prior to this allocation, the Commonwealth Transportation Board will provide \$11,929,353 for Improvements at Interstate Rest Areas throughout the Commonwealth.

I. The Secretary may establish a pilot program for unpaved roads sections that (i) are more than 2 miles in length, (ii) is not a dead-end, (iii) intersects with existing paved roads at both ends and (iv) have a traffic volume of 100 or more vehicles in a context sensitive manner. Up to \$1,000,000 in the first year and \$1,000,000 in the second year from funds available under subdivision (C)(v) of § 33.2-358, Code of Virginia, may be used for this pilot program.

J. Notwithstanding the provisions of § 33.2-358, Code of Virginia, the unanticipated amounts available for construction from the December 2015 revenue forecast and from the increased federal funding from the passage of the Fixing America's Surface Transportation (FAST) Act shall be distributed following the new construction formula defined by § 33.2-358, Code of Virginia, advancing the distribution of funds under this formula and provide 45 percent of the additional funding to the State of Good Repair Program, 27.5 percent to the High Priority Projects Program, and 27.5 percent to the District Grant Program.

K.1. Notwithstanding any other provision of the Code of Virginia, as a condition on the expenditure of all amounts included in this item, the Commonwealth Transportation Board shall include all amounts needed, not to exceed \$140,000,000, in the fiscal year 2017 through fiscal year 2022 Six-Year Improvement Program adopted pursuant to § 33.2-214, for improvements to the Interstate 66 corridor inside the Capitol Beltway, including but not limited to the addition of a third eastbound travel lane on Interstate 66 from the Dulles Connector Road to State Route 237, North Fairfax Drive/N. Glebe Road exit of Interstate 66.

2. Environmental work pursuant to the National Environmental Policy Act for the project outlined in paragraph J.1. shall commence no later than July 15, 2016, and the Department shall complete a minimum of 30 percent of the design work for such capacity expansion by November 1, 2017. Amounts dedicated to such project shall not reduce amounts made available to the High Priority Projects Program or the District Grant Program.

3. It is the intent of the General Assembly that tolling on Interstate 66 inside the Capitol Beltway shall not extend beyond four hours during the morning rush hour and four hours during the evening rush hour on Mondays, Tuesdays, Wednesdays, Thursdays and Fridays, exclusive of national holidays, and tolling shall not apply on weekends.

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	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
L. It is the intent of the General Assembly that the Commissioner, Department of Transportation, with the cooperation of the Secretary of Finance, shall set-aside any federal funding specifically authorized by Congress for projects on the Coalfields Expressway in a special sub-account of the Transportation Trust Fund to ensure such funds are used exclusively to advance the Coalfields Expressway project.				
454.	Highway System Maintenance and Operations (60400).....		\$1,674,434,950	\$1,688,854,039 \$1,689,365,163
	Interstate Maintenance (60401).....	\$337,737,740		\$356,080,156 \$314,805,078
	Primary Maintenance (60402).....	\$481,225,945		\$485,842,962 \$463,485,268
	Secondary Maintenance (60403).....	\$588,025,446		\$583,280,567 \$638,720,317
	Transportation Operations Services (60404).....	\$185,082,091		\$182,551,595 \$193,969,234
	Highway Maintenance Operations, Program Management and Direction (60405).....	\$82,363,728		\$81,098,759 \$78,385,266
	Fund Sources: Commonwealth Transportation.....	\$1,674,434,950		\$1,688,854,039 \$1,689,365,163
A. The department is authorized to enter into agreements with state and local law enforcement officials to facilitate the enforcement of high occupancy vehicle (HOV) restrictions throughout the Commonwealth and metropolitan planning regions.				
B. Should federal law be changed to permit privatization of rest area operations, the department is hereby authorized to accept or solicit proposals for their development and/or operation.				
C. The Director, Department of Planning and Budget, is authorized to increase the appropriation in this Item as needed to utilize amounts available from prior year balances in the dedicated funds.				
D. The Commissioner's annual report pursuant to § 33.2-232, Code of Virginia, shall include an assessment of whether the department has met its secondary road pavement targets, by district and on a statewide basis.				
E. Notwithstanding the provisions of § 4-3.02 of this act, the Secretary of Finance may provide the Department of Transportation interest-free treasury loans in an amount not to exceed \$1,700,000 in the first year and \$1,700,000 in the second year which may be extended for a period longer than twelve months. The loan amounts would be provided to the City of Portsmouth to offset losses in personal property tax collections generated by the City due to the transfer of personal property from the Virginia International Gateway to the Commonwealth. The specific terms and structure of any loan shall be approved by the Secretary of Finance, after consultation with the Chairmen of the House Appropriations and Senate Finance Committees, or their designees. A treasury loan for this purpose shall be considered as bridge financing until the planned expansion of the Virginia International Gateway Facility commences and additional equipment is purchased which will generate personal property taxes that the City of Portsmouth shall use to repay the loan. To the extent the loan is not repaid as required by the specific terms of the loan, the Department of Transportation is directed to withhold the payment amount due from funds provided to the City of Portsmouth pursuant to § 33.2-319, Code of Virginia, to repay the loan.				
455.	Commonwealth Toll Facilities (60600).....		\$90,948,250	\$47,094,150 \$69,214,833
	Toll Facility Acquisition and Construction (60601).	\$55,000,000		\$10,000,000 \$12,700,000
	Toll Facility Debt Service (60602).....	\$3,188,200		\$3,193,400
	Toll Facility Maintenance And Operation (60603)...	\$12,912,050		\$13,000,750 \$23,671,433

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	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
Toll Facilities Revolving Fund (60604).....	\$19,848,000	<del>\$20,900,000</del> \$29,650,000		
Fund Sources: Commonwealth Transportation.....	\$84,948,250	<del>\$41,050,750</del> \$63,214,833		
Trust and Agency.....	\$6,000,000	<del>\$6,043,400</del> \$6,000,000		

Authority: §§ 33.2-1524 and 33.2-1700 through 33.2-1729, Code of Virginia.

A. Included in this Item are funds for the installation and implementation of a statewide Electronic Toll Customer Service/Violation Enforcement System.

B. Funds as appropriated are provided for other toll facility initiatives as needed during the biennium including but not limited to funding activities to advance projects pursuant to the Public-Private Transportation Act.

C. Outstanding obligations due to the Toll Facility Revolving Account that were to be repaid from future Urban Construction allocations are hereby released.

D. The Department of Transportation, in consultation with various stakeholders, shall provide to the Chairmen of the House Appropriations, Senate Finance, and House and Senate Transportation Committees by November 15, 2017, its recommendations regarding reporting to the General Assembly toll transaction data, including total toll road violation charges and administrative fees, levied and collected, as well as the feasibility of providing such information on an annual, facility-wide basis for all toll facilities in the Commonwealth.

456. Financial Assistance to Localities for Ground Transportation (60700).....			\$948,976,395	<del>\$947,678,871</del> \$948,987,982
Financial Assistance for City Road Maintenance (60701).....	\$371,138,361	<del>\$375,355,526</del> \$374,481,970		
Financial Assistance for County Road Maintenance (60702).....	\$66,000,705	<del>\$66,752,742</del> \$66,775,844		
Financial Assistance for Planning, Access Roads, and Special Projects (60704).....	\$15,737,329	<del>\$15,370,603</del> \$15,230,168		
Distribution of Northern Virginia Transportation Authority Fund Revenues (60706).....	\$327,200,000	<del>\$330,600,000</del> \$332,900,000		
Distribution of Hampton Roads Transportation Fund Revenues (60707).....	\$168,900,000	\$159,600,000		
Fund Sources: Commonwealth Transportation.....	\$452,876,395	<del>\$457,478,871</del> \$456,487,982		
Dedicated Special Revenue.....	\$496,100,000	<del>\$490,200,000</del> \$492,500,000		

Authority: Title 33.2, Chapter 1, Code of Virginia.

A. Out of the amounts for Financial Assistance for Planning, Access Road, and Special Projects, \$7,000,000 the first year and \$7,000,000 the second year from the Commonwealth Transportation Fund shall be allocated for purposes set forth in §§ 33.2-1509, 33.2-1600, and 33.2-1510, Code of Virginia. Of this amount, the allocation for Recreational Access Roads shall be \$1,500,000 the first year and \$1,500,000 the second year, of which an amount up to \$1,000,000 each year may be provided to repair or upgrade highway signage for Virginia State Parks, State Boat Landing Sites and Highway Historical Markers throughout the Commonwealth. The department will work with the Department of Conservation and Recreation, the Department of Game and Inland Fisheries and the Department of Historic Resources to identify the related signage needs.

B. The Department of Transportation is encouraged to promote the construction and improvement of highways and transit facilities by localities, whether or not such improvements are contained in the Six-Year Improvement Program or Plan. If such improvements are not contained in the Six-Year Improvement Program or Plan, the localities



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may not seek reimbursement from the department for the improvements.

C. Distribution of Northern Virginia Transportation Authority Fund Revenues represents direct payments, of the revenue collected and deposited into the Fund, to the Northern Virginia Transportation Authority for uses contained in Chapter 766, 2013 Acts of Assembly. Notwithstanding any other provision of law, moneys deposited into the Hampton Roads Transportation Fund shall be transferred to the Hampton Roads Transportation Accountability Commission for use in accordance with § 33.2-2611, Code of Virginia, which use may include as a source of funds for administrative expenses of the Hampton Roads Transportation Accountability Commission.

D. The prioritization process developed under subsection B of Chapter 726 of the 2014 Virginia Acts of Assembly shall not apply to use of funds provided in this item from federal apportionments in the Metropolitan Planning Program.

*E. It is the intent of the General Assembly that the toll revenues, including any bond proceeds or concession payments backed by such toll revenues, derived from the express lanes on Interstate 64 between the interchange of Interstate 64 with Interstate 664 and the interchange of Interstate 64 with Interstate 564 be used to reduce the necessary contribution from the Hampton Roads Transportation Accountability Commission established pursuant Chapter 26 of Title 33.2, Code of Virginia, for a project to expand the capacity of Interstate 64 between the interchange of Interstate 64 with Interstate 664 and the interchange of Interstate 64 with Interstate 564.*

*F. Consistent with § 33.2-366, Code of Virginia, the Commonwealth Transportation Board, when establishing annual rates of payments to Counties that have elected to withdraw from the secondary highway system, shall adjust such rate annually with i) procedures established for adjusting payments to cities, and ii) lane mileage adjustments. It is the express intent of the General Assembly, that under no circumstance shall the addition of lane miles to one jurisdiction result in the direct or indirect reduction in the calculation of payment to any other jurisdiction receiving payment from funds appropriated for Financial Assistance for County Road Maintenance (60702).*

457.	Non-Toll Supported Transportation Debt Service (61200).....			\$331,019,981	\$375,461,840 \$353,956,294
	Highway Transportation Improvement District Debt Service (61201).....	\$7,215,019	\$7,212,269		
	Designated Highway Corridor Debt Service (61202).....	\$66,919,646	\$66,747,178 \$65,747,176		
	Commonwealth Transportation Capital Projects Bond Act Debt Service (61204).....	\$166,313,599	\$190,531,533 \$170,025,974		
	Federal Transportation Grant Anticipation Revenue Notes Debt Service (61205).....	\$90,571,717	\$110,970,860 \$110,970,875		
	Fund Sources: General.....	\$40,000,000	\$40,000,000		
	Commonwealth Transportation.....	\$90,592,573	\$110,970,860 \$110,970,875		
	Trust and Agency.....	\$192,810,046	\$217,105,229 \$195,572,035		
	Federal Trust.....	\$7,617,362	\$7,385,751 \$7,413,384		

Authority: Titles 15.2, 33.2, and 58.1 of the Code of Virginia; Chapters 827 and 914, Acts of Assembly of 1990; Chapters 233 and 662, Acts of Assembly of 1994; Chapter 8, as amended by Chapter 538, Acts of Assembly of 1999; Chapters 1019 and 1044, Acts of Assembly of 2000; Chapter 799, Acts of Assembly of 2002; Chapter 896, Acts of Assembly of 2007; and Chapters 830 and 868, Acts of Assembly of 2011

A.1. The amount shown for Highway Transportation Improvement District Construction shall be derived from payments made to the Transportation Trust Fund pursuant to the

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<p>Contract between the State Route 28 Highway Transportation Improvement District and the Commonwealth Transportation Board dated September 1, 1988 as amended by the Amended and Restated District Contract by and among the Commonwealth Transportation Board, the Fairfax County Economic Development Authority and the State Route 28 Highway Transportation Improvement District Commission (the "District Commission") dated August 30, 2002, and May 1, 2012 (the "District Contract").</p>				
<p>2. There is hereby appropriated for payment immediately upon receipt to a third party approved by the Commonwealth Transportation Board, or a bond trustee selected by such third party, a sum sufficient equal to the special tax revenues collected by the Counties of Fairfax and Loudoun within the State Route 28 Highway Transportation Improvement District and paid to the Commonwealth Transportation Board by or on behalf of the District Commission (the "contract payments") pursuant to § 15.2-4600 et seq., Code of Virginia, and the District Contract between the Commonwealth Transportation Board and the District Commission.</p>				
<p>3. The contract payments may be supplemented from the Construction District Grant Program pursuant to § 33.2-371 allocated to the highway construction district in which the project financed is located, or any other lawfully available revenues of the Transportation Trust Fund, as may be necessary to meet debt service obligations. The payment of debt service shall be for the bonds (the Series 2012 Bonds) issued under the "Commonwealth of Virginia Transportation Contract Revenue Bond Act of 1988" (Chapters 653 and 676, Acts of Assembly of 1988 as amended by Chapters 827 and 914 of the Acts of Assembly of 1990). Funds required to pay the total debt service on the Series 2012 Bonds shall be made available in the amounts indicated in paragraph E of this Item.</p>				
<p>B.1. Out of the amounts for Designated Highway Corridor Construction, \$40,000,000 the first year and \$40,000,000 the second year from the general fund shall be paid to the U.S. Route 58 Corridor Development Fund, hereinafter referred to as the "Fund", established pursuant to § 33.2-2300, Code of Virginia. This payment shall be in lieu of the deposit of state recordation taxes to the Fund, as specified in the cited Code section. Said recordation taxes which would otherwise be deposited to the Fund shall be retained by the general fund. Additional appropriations required for the U.S. Route 58 Corridor Development Fund, an amount estimated at \$9,000,000 the first year and \$9,000,000 the second year shall be transferred from the highway share of the Transportation Trust Fund.</p>				
<p>2. Pursuant to the "U.S. Route 58 Commonwealth of Virginia Transportation Revenue Bond Act of 1989" (as amended by Chapter 538 of the 1999 Acts of Assembly and Chapter 296 of the 2013 Acts of Assembly), the amounts shown in paragraph E of this Item shall be available from the Fund for debt service for the bonds previously issued and additional bonds issued pursuant to said act.</p>				
<p>C.1. The Commonwealth Transportation Board shall maintain the Northern Virginia Transportation District Fund, hereinafter referred to as the "Fund." Pursuant to § 33.2-2400, Code of Virginia, and for so long as the Fund is required to support the issuance of bonds, the Fund shall include at least the following elements:</p>				
<p>a. Amounts transferred from Item 266 of this act to this Item.</p>				
<p>b. Any public right-of-way use fees allocated by the Department of Transportation pursuant to § 56-468.1 of the Code of Virginia and attributable to the counties of Fairfax, Loudoun, and Prince William, the amounts estimated at \$5,209,445 the first year and \$5,209,445 the second year.</p>				
<p>c. Any amounts which may be deposited into the Fund pursuant to a contract between the Commonwealth Transportation Board and a jurisdiction or jurisdictions participating in the Northern Virginia Transportation District Program, the amounts estimated to be \$816,000 the first year and \$816,000 the second year.</p>				
<p>2. The Fund shall support the issuance of bonds at a total authorized level of \$500,200,000 for the purposes provided in the "Northern Virginia Transportation District, Commonwealth of Virginia Revenue Bond Act of 1993," Chapter 391, Acts of Assembly of 1993 as amended by Chapters 470 and 597 of the Acts of Assembly of 1994, Chapters 740 and 761 of the Acts of Assembly of 1998, Chapter 538 of the 1999 Acts of Assembly, Chapter 799 of the 2002 Acts</p>				

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of Assembly, and Chapter 621 of the 2005 Acts of Assembly.

3. Pursuant to the Northern Virginia Transportation District, Commonwealth of Virginia Revenue Bond Act of 1993, Chapter 391, Acts of Assembly of 1993, and as amended by Chapters 470 and 597 of the Acts of Assembly of 1994, Chapters 740 and 761 of the Acts of Assembly of 1998, Chapter 538 of the 1999 Acts of Assembly, Chapter 799 of the 2002 Acts of Assembly, and Chapter 621 of the 2005 Acts of Assembly, amounts shown in paragraph E of this Item shall be available from the Fund for debt service for the bonds previously issued and additional bonds issued pursuant to said act.

4. Should the actual distribution of recordation taxes to the localities set forth in § 33.2-2400, Code of Virginia, exceed the amount required for debt service on the bonds issued pursuant to the above act, such excess amount shall be transferred to the Northern Virginia Transportation District Fund in furtherance of the program described in § 33.2-2401, Code of Virginia.

5. Should the actual distribution of recordation taxes to said localities be less than the amount required to pay debt service on the bonds, the Commonwealth Transportation Board is authorized to meet such deficiency, to the extent required, from funds identified in Enactment No. 1, Section 11, of Chapter 391, Acts of Assembly of 1993.

D.1. The Commonwealth Transportation Board shall maintain the City of Chesapeake account of the Set-aside Fund, pursuant to § 58.1-816.1, Code of Virginia, which shall include funds transferred from Item 261 of this act to this Item, and an amount estimated at \$1,500,000 the first year and \$1,500,000 the second year received from the City of Chesapeake pursuant to a contract or other alternative mechanism for the purpose provided in the "Oak Grove Connector, City of Chesapeake Commonwealth of Virginia Transportation Program Revenue Bond Act of 1994," Chapters 233 and 662, Acts of Assembly of 1994 (hereafter referred to as the "Oak Grove Connector Act").

2. The amounts shown in paragraph E of this Item shall be available from the City of Chesapeake account of the Set-aside Fund for debt service for the bonds issued pursuant to the Oak Grove Connector Act.

3. Should the actual distribution of recordation taxes and such local revenues from the City of Chesapeake as may be received pursuant to a contract or other alternative mechanism to the City of Chesapeake account of the Set-aside Fund be less than the amount required to pay debt service on the bonds, the Commonwealth Transportation Board is authorized to meet such deficiency, pursuant to Enactment No. 1, Section 11 of the Oak Grove Connector Act.

E. Pursuant to various Payment Agreements between the Treasury Board and the Commonwealth Transportation Board, funds required to pay the debt service due on the following Commonwealth Transportation Board bonds shall be transferred to the Treasury Board as follows:

	FY 2017	FY 2018
Transportation Contract Revenue Refund Bonds, Series 2012 (Refunding Route 28)	\$7,215,019	\$7,212,269
Commonwealth of Virginia Transportation Revenue Bonds: U.S. Route 58 Corridor Development Program:		
Series 2006C	\$3,173,000	\$3,173,000
Series 2007B	\$15,031,750	\$15,032,500
Series 2012B (Refunding)	\$6,380,700	\$6,380,100
Series 2014B (Refunding)	\$24,141,750	\$24,140,250
Series 2016C (Refunding)	\$2,592,750	\$2,592,750
Northern Virginia Transportation District Program:		

ITEM 457.	Item Details(\$)		Appropriations(\$)	
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Series 2006B		\$816,750		\$2,871,750
Series 2007A		\$4,588,150		\$4,600,900
Series 2009A-2		\$5,451,178		\$5,416,203
Series 2012A (Refunding)		\$11,831,538		\$9,792,038
Series 2014A (Refunding)		\$9,647,250		\$9,645,750
Series 2016B (Refunding)		\$639,500		\$2,354,500
Transportation Program Revenue Bonds:				
Series 2016A (Oak Grove Connector, City of Chesapeake)		\$1,990,000		\$1,990,750
Capital Projects Revenue Bonds:				
Series 2010 A-2		\$36,296,593		\$36,092,710
Series 2011		\$42,108,863		\$42,110,113
Series 2012		\$40,279,000		\$40,276,000
Series 2014		\$18,223,950		\$18,226,200
Series 2016		\$16,704,231		\$16,798,750

F. Out of the amounts provided for in this Item, an estimated \$75,595,668 the first year and \$110,970,859 the second year from federal reimbursements shall be provided for debt service payments on the Federal Transportation Grant Anticipation Revenue Notes.

G. Out of the amounts provided for this Item, an estimated \$153,612,636 the first year and \$153,503,773 the second year from the Priority Transportation Fund shall be provided for debt service payments on the Commonwealth Transportation Capital Projects Revenue Bonds. Any additional amounts needed to offset the debt service payment requirements attributable to the issuance of the Capital Projects Revenue Bonds shall be provided from the Transportation Trust Fund.

H. The Commonwealth Transportation Board is hereby authorized, by and with the consent of the Governor, to issue, pursuant to the applicable provisions of the Transportation Development and Revenue Bond Act (§ 33.2-1700 et seq., Code of Virginia) as amended from time to time, revenue obligations of the Commonwealth to be designated "Commonwealth of Virginia Transportation Capital Projects Revenue Bonds, Series XXXX" at one or more times in an aggregate principal amount not to exceed \$180,000,000, after all costs. The net proceeds of the bonds shall be used exclusively for the purpose of providing funds for paying the costs incurred or to be incurred for construction or funding of transportation projects set forth in Item 449.10 of Chapter 847 of the Acts of Assembly of 2007, including but not limited to environmental and engineering studies; rights-of-way acquisition; improvements to all modes of transportation; acquisition, construction and related improvements; and any financing costs and other financing expenses. Such costs may include the payment of interest on the bonds for a period during construction and not exceeding one year after completion of construction of the projects. Notwithstanding the provisions of Item 449.10 of Chapter 847 of the acts of Assembly 2007, any remaining funding may be used for the purposes set forth in subsection G of Item 453 of Chapter 665, 2015 Acts of Assembly.

458.	Administrative and Support Services (69900).....			\$266,051,608	\$262,124,502
	General Management and Direction (69901).....	\$142,662,181	\$136,218,719		\$263,439,502
			\$137,533,719		
	Information Technology Services (69902).....	\$88,723,194	\$90,923,268		
	Facilities and Grounds Management Services (69915).....	\$16,235,764	\$16,668,596		
	Employee Training and Development (69924).....	\$18,430,469	\$18,313,919		

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Fund Sources: Commonwealth Transportation.....	\$266,051,608	\$262,124,502 \$263,439,502		

Authority: Title 33.2, Code of Virginia.

A. Notwithstanding any other provision of law, the highway share of the Transportation Trust Fund shall be used for highway maintenance and operation purposes prior to its availability for new development, acquisition, and construction.

B. Administrative and Support Services shall include funding for management, direction, and administration to support the department's activities that cannot be directly attributable to individual programs and/or projects.

C. Out of the amounts for General Management and Direction, allocations shall be provided to the Commonwealth Transportation Board to support its operations, the payment of financial advisory and legal services, and the management of the Transportation Trust Fund.

D. Notwithstanding any other provision of law, the department may assess and collect the costs of providing services to other entities, public and private. The department shall take all actions necessary to ensure that all such costs are reasonable and appropriate, recovered, and understood as a condition to providing such service.

E. Each year, as part of the six-year financial planning process, the commissioner shall implement a long-term business strategy that considers appropriate staffing levels for the department. In addition, the commissioner shall identify services, programs, or projects that will be evaluated for devolution or outsourcing in the upcoming year. In undertaking such evaluations, the commissioner is authorized to use the appropriate resources, both public and private, to competitively procure those identified services, programs, or projects and shall identify total costs for such activities.

F. Notwithstanding § 4-2.03 of this act, the Virginia Department of Transportation shall be exempt from recovering statewide and agency indirect costs from the Federal Highway Administration until an indirect cost plan can be evaluated and developed by the agency and approved by the Federal Highway Administration.

G. The Director, Department of Planning and Budget, is authorized to adjust appropriations and allotments for the Virginia Department of Transportation to reflect changes in the official revenue estimates for commonwealth transportation funds.

H. Out of the amounts for General Management and Direction, allocations shall be provided to support the capital lease agreement with Fairfax County for the Northern Virginia District building. An amount estimated at \$7,800,000 the first year and \$7,800,000 the second year from Commonwealth Transportation Funds shall be provided.

I. Notwithstanding any other provisions of law, the Commonwealth Transportation Commissioner may enter into a contract with homeowner associations for grounds-keeping, mowing, and litter removal services.

J. The prioritization process developed under subsection B of Chapter 726 of the 2014 Virginia Acts of Assembly shall not apply to use of funds provided in this item from federal apportionments out of the Surface Transportation Program utilized for Employee Training and Development.

K. Notwithstanding the provisions § 2.2-2402 of the Code of Virginia, no construction, erection, repair, upgrade, removal or demolition of any building, fixture or structure located or to be located on property of the Commonwealth of Virginia under the control of the Virginia Department of Transportation (VDOT) and within the secured area of a residency, area headquarters or district complex shall be subject to review or approval by the Art and Architectural Review Board as contemplated by that section. However, for changes to any building or fixture located on property owned or controlled by VDOT that has been designated or is under consideration for designation as a historic property, then VDOT shall submit such changes to the Art and Architectural Review Board for review and approval by the Board.

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459.	Not set out.				
	Total for Department of Transportation.....			<b>\$5,780,144,472</b>	<b>\$5,264,463,040</b> <i>\$5,623,959,058</i>
	Nongeneral Fund Positions.....	7,725.00	7,735.00		
	Position Level.....	7,725.00	7,735.00		
	Fund Sources: General.....	\$40,000,000	\$40,000,000		
	Commonwealth Transportation.....	\$4,648,623,982	<del>\$4,260,428,660</del> <i>\$4,646,072,651</i>		
	Trust and Agency.....	\$587,803,128	<del>\$466,448,629</del> <i>\$437,973,023</i>		
	Dedicated Special Revenue.....	\$496,100,000	<del>\$490,200,000</del> <i>\$492,500,000</i>		
	Federal Trust.....	\$7,617,362	<del>\$7,385,751</del> <i>\$7,413,384</i>		
460.	Not set out.				
461.	Not set out.				
462.	Not set out.				
463.	Not set out.				
464.	Not set out.				
465.	Not set out.				
	TOTAL FOR OFFICE OF TRANSPORTATION.....			<b>\$6,988,449,208</b>	<b>\$6,487,251,959</b> <i>\$6,848,247,977</i>
	Nongeneral Fund Positions.....	10,103.00	<del>10,117.00</del> <i>10,132.00</i>		
	Position Level.....	10,103.00	<del>10,117.00</del> <i>10,132.00</i>		
	Fund Sources: General.....	\$41,030,253	\$41,030,253		
	Special.....	\$155,249,541	\$162,623,203		
	Commonwealth Transportation.....	\$5,569,777,971	<del>\$5,188,693,170</del> <i>\$5,575,837,161</i>		
	Trust and Agency.....	\$598,749,728	<del>\$477,395,229</del> <i>\$448,919,623</i>		
	Dedicated Special Revenue.....	\$575,900,000	<del>\$570,000,000</del> <i>\$572,300,000</i>		
	Federal Trust.....	\$47,741,715	<del>\$47,510,104</del> <i>\$47,537,737</i>		

ITEM 466.	Item Details(\$)		Appropriations(\$)	
	First Year	Second Year	First Year	Second Year
	FY2017	FY2018	FY2017	FY2018

**OFFICE OF VETERANS AND DEFENSE AFFAIRS**

- 466. Not set out.
- 467. Not set out.
- 468. Not set out.
- 469. Not set out.
- 470. Not set out.
- 471. Not set out.
- 472. Not set out.
- 472.05 Not set out.

**TOTAL FOR OFFICE OF VETERANS AND DEFENSE AFFAIRS.....**

**\$79,711,932      \$82,240,624**

General Fund Positions.....	165.00	206.00
Nongeneral Fund Positions.....	602.00	602.00
Position Level.....	767.00	808.00
Fund Sources: General.....	\$18,669,282	\$21,126,970
Special.....	\$34,151,883	\$34,162,776
Dedicated Special Revenue.....	\$735,000	\$795,000
Federal Trust.....	\$26,155,767	\$26,155,878

ITEM 472.10.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

**CENTRAL APPROPRIATIONS**

**§ 1-22. CENTRAL APPROPRIATIONS (995)**

472.10	Omitted.				
473.	Not set out.				
474.	Not set out.				
475.	Compensation and Benefit Adjustments (75700).....			\$42,887,042	\$203,767,366 \$203,568,592
	Adjustments to Employee Compensation (75701).....	\$700,000	\$116,171,354		
	Adjustments to Employee Benefits (75702).....	\$42,187,042	<del>\$87,596,012</del> \$87,397,238		
	Fund Sources: General.....	\$42,887,042	<del>\$203,767,366</del> \$203,568,592		

Authority: Discretionary Inclusion.

A. Transfers to or from this Item may be made to decrease or supplement general fund appropriations to state agencies for:

1. Adjustments to base rates of pay;
2. Adjustments to rates of pay for budgeted overtime of salaried employees;
3. Salary changes for positions with salaries listed elsewhere in this act;
4. Salary changes for locally elected constitutional officers and their employees;
5. Employer costs of employee benefit programs when required by salary-based pay adjustments;
6. Salary changes for local employees supported by the Commonwealth, other than those funded through appropriations to the Department of Education; and
7. Adjustments to the cost of employee benefits to include but not limited to health insurance premiums and retirement and related contribution rates.

B. Transfers from this Item may be made when appropriations to the state agencies concerned are insufficient for the purposes stated in paragraph A of this Item, as determined by the Department of Planning and Budget, and subject to guidelines prescribed by the department. Further, the Department of Planning and Budget may transfer appropriations within this Item from the second year of the biennium to the first year, when necessary to accomplish the purposes stated in paragraph A of this Item.

C. Except as provided for elsewhere in this Item, agencies supported in whole or in part by nongeneral fund sources, shall pay the proportionate share of changes in salaries and benefits as required by this Item, subject to the rules and regulations prescribed by the appointing or governing authority of such agencies. Nongeneral fund revenues and balances required for this purpose are hereby appropriated.

D. Any supplemental salary payment to a state employee or class of state employees by a local governing body shall be governed by a written agreement between the agency head of the employee or class of employees receiving the supplement and the chief executive officer of the local governing body. Such agreement shall also be reviewed and approved by the Director of the State Department of Human Resource Management. At a minimum, the agreement shall specify the percent of state salary or fixed amount of the supplement, the resultant total salary of the employee or class of employees, the frequency and method of payment to the agency of the supplement, and whether or not such supplement shall be included in the employee's state benefit calculations. A copy of the agreement shall be made available annually to all employees receiving the supplement. The receipt of a local salary



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<p>supplement shall not subject employees to any personnel or payroll rules and practices other than those promulgated by the State Department of Human Resource Management.</p>				
<p>E. The Governor is hereby authorized to transfer funds from agency appropriations to the accounts of participating state employees in such amounts as may be necessary to match the contributions of the qualified participating employees, consistent with the requirements of the Code of Virginia governing the deferred compensation cash match program. Such transfers shall be made consistent with the following:</p>				
<p>1. The maximum cash match provided to eligible employees shall not be less than \$20.00 per pay period, or \$40.00 per month, in each year of the biennium. The Governor may direct the agencies of the Commonwealth to utilize funds contained within their existing appropriations to meet these requirements.</p>				
<p>2. The Governor may direct agencies supported in whole or in part with nongeneral funds to utilize existing agency appropriations to meet these requirements. Such nongeneral revenues and balances are hereby appropriated for this purpose, subject to the provisions of § 4-2.01 b of this act. The use of such nongeneral funds shall be consistent with any existing conditions and restrictions otherwise placed upon such nongeneral funds.</p>				
<p>3. The procurement of services related to the implementation of this program shall be governed by standards set forth in § 51.1-124.30 C, Code of Virginia, and shall not be subject to the provisions of Chapter 7 (§ 11-35 et seq.), Title 11, Code of Virginia.</p>				
<p>F. The Secretary of Administration, in conjunction with the Secretary of Finance, may establish a program that allows for the sharing of cost savings from improved productivity, efficiency, and performance with agencies and employees. Such gain sharing programs require a management philosophy of open communication encouraging employee participation; a system which seeks, evaluates and implements employee input on increasing productivity; and a formula for measuring productivity gains and sharing these gains between employees and the agency. The Department of Human Resource Management, in conjunction with the Department of Planning and Budget, shall develop specific gain sharing program guidelines for use by agencies. The Department of Human Resource Management shall provide to the Governor, the Chairmen of the House Appropriations and Senate Finance Committees an annual report no later than October 1 of each year detailing identified savings and their usage.</p>				
<p>G.1. Out of the appropriation for this Item, amounts estimated at \$45,312,041 the first year and \$91,173,497 the second year from the general fund shall be transferred to state agencies and institutions of higher education to support the general fund portion of costs associated with changes in the employer's share of premiums paid for the Commonwealth's health benefit plans.</p>				
<p>2. Notwithstanding any contrary provision of law, the health benefit plans for state employees resulting from the additional funding in this Item shall allow for a portion of employee medical premiums to be charged to employees.</p>				
<p>3. The Department of Human Resource Management shall explore options within the health insurance plan for state employees to promote value-based health choices aimed at creating greater employee satisfaction with lower overall health care costs. It is the General Assembly's intent that any savings associated with this employee health care initiative be retained and used towards funding state employee salary or fringe benefit cost increases.</p>				
<p>4. Notwithstanding any other provision of law, it shall be the sole responsibility and authority of the Department of Human Resource Management to establish and enforce employer contribution rates for any health insurance plan established pursuant to §2.2-2818, Code of Virginia.</p>				
<p>5. The Department of Human Resource Management is prohibited from establishing a retail maintenance network for maintenance drugs that includes penalties for non-use of the retail maintenance network.</p>				
<p>6. The Department of Human Resource Management shall not increase the annual out-of-pocket maximum included in the plans above the limits in effect for the plan year which</p>				

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began on July 1, 2014.

7. The Department of Human Resource Management shall develop and implement a pilot program beginning on July 1, 2017 for a single payment per episode for all services and costs spanning multiple providers across multiple settings for musculoskeletal injury claims to the maximum extent possible. The results of this pilot program, to include changes in return-to-work following injury times and costs of single payment per episode versus traditional payment per visit claim payments, shall be reported to the Governor, the Chairmen of the House Appropriations Committee and the Senate Finance Committee by August 1, 2018.

H.1. Contribution rates paid to the Virginia Retirement System for the retirement benefits of public school teachers, state employees, state police officers, state judges, and state law enforcement officers eligible for the Virginia Law Officers Retirement System shall be based on a valuation of retirement assets and liabilities that are consistent with the provisions of Chapters 701 and 823, Acts of Assembly of 2012.

2. Retirement contribution rates, excluding the five percent employee portion, shall be as set out below and include both the regular contribution rate and for the public school teacher plan the rate calculated by the Virginia Retirement System actuary for the 10-year payback of the retirement contribution payments deferred for the 2010-12 biennium:

	FY 2017	FY2018
Public school teachers	14.66%	16.32%
State employees	13.49%	13.49%
State Police Officers' Retirement System	28.54%	28.54%
Virginia Law Officers' Retirement System	21.05%	21.05%
Judicial Retirement System	41.97%	41.97%

3. Payments to the Virginia Retirement System shall be made no later than the tenth day following the close of each month of the fiscal year.

4. The Director of Department of Planning and Budget shall withhold and transfer to this item, amounts estimated at \$10,022,276 the first year and \$10,458,009 the second year, from the general fund appropriations of state agencies and institutions of higher education, representing the net savings resulting from the changes in employer contributions for state employee retirement as provided for in this paragraph.

5. The funding necessary to support the cost of reimbursements to Constitutional Officers for retirement contributions are appropriated elsewhere in this act under the Compensation Board.

6. The funding necessary to support the cost of the employer retirement contribution rate for public school teachers is appropriated elsewhere in this act under Direct Aid to Public Education.

I.1. Except as authorized in Paragraph I.2. of this Item, rates paid to the Virginia Retirement System on behalf of employees of participating (i) counties, (ii) cities, (iii) towns, (iv) local public school divisions (only to the extent that the employer contribution rate is not otherwise specified in this act), and (v) other political subdivisions shall be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to § 51.1-145(I), Code of Virginia.

2. Rates paid to the VRS on behalf of employees of participating (i) counties, (ii) cities, (iii) towns, (iv) local public school divisions (only to the extent that the employer contribution rate is not otherwise specified in this act), and (v) other political subdivisions shall be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to § 51.1-145(I), Code of Virginia, unless the participating employer notifies VRS that it has opted to base the employer contribution rate on the higher of: a) the contribution rate in effect for FY 2012, or b) seventy percent of the results of the June 30, 2011 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2012-14 biennium, eighty percent of the results of the June 30, 2013 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2014-16 biennium, ninety percent of the results of the June 30, 2015 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of

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Trustees for the 2016-18 biennium, and one-hundred percent of the results of the June 30, 2017 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2018-20 biennium.

3. Every participating employer that opts not to use the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to § 51.1-145(I), Code of Virginia, must certify to the board of the Virginia Retirement System by resolution adopted by its local governing body that it: has reviewed and understands the information provided by the Virginia Retirement System outlining the potential future fiscal implications of electing or not electing to utilize the employer contribution rates certified by the Virginia Retirement System Board of Trustees, as provided for in paragraph I.1.

4. Local public school divisions must receive the concurrence of the local governing body if electing to pay the alternate contribution rate set out in paragraph I.2. Such concurrence must be documented by a resolution of the governing body.

5. The board of the Virginia Retirement System shall provide all employers participating in the Virginia Retirement System with a summary of the implications inherent in the use of the employer contribution rates certified by the Virginia Retirement System (VRS) Board of Trustees set out in paragraph I.1, and the alternate employer contribution rates set out in paragraph I.2.

J.1. The Virginia Retirement System Board of Trustees shall account for the employer retirement contribution payments deferred for the 2010-2012 biennium based on limiting employer retirement contributions to the Virginia Retirement System to the actuarial normal cost. In setting the employer retirement contribution rates for subsequent biennia, the board shall calculate a separate, supplemental employer contribution rate that will amortize such deferred payments over a period of ten years using the board's assumed long-term rate of return. The Governor shall include funds to support payment of such board-approved, supplemental employer contribution rates in the budget submitted to the General Assembly.

2. For purposes of setting rates for the 2014-16 biennium, and future biennia, the board shall treat any lump-sum deposits into the retirement system as an expedited repayment of the 2010-2012 deferred contributions for the appropriate system. Should these deposits exceed the remaining amounts owed for the deferred contributions, the balance shall remain in these specific systems to address the overall unfunded liability.

K.1. Contribution rates paid to the Virginia Retirement System for other employee benefits to include the public employee group life insurance program, the Virginia Sickness and Disability Program, the state employee retiree health insurance credit, and the public school teacher retiree health insurance credit, shall be based on a valuation of assets and liabilities that assume an investment return of seven percent and an amortization period of 30 years.

2. Contribution rates paid on behalf of public employees for other programs administered by the Virginia Retirement System shall be:

	FY 2017	FY 2018
State employee retiree health insurance credit	1.18%	1.18%
Public school teacher retiree health insurance credit	1.11%	1.23%
State employee group life insurance program	1.31%	1.31%
Employer share of the public school teacher group life insurance program	0.52%	0.52%
Virginia Sickness and Disability Program	0.66%	0.66%

3. Funding for the Virginia Sickness and Disability Program is calculated on a rate of 0.55 percent of total payroll.

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4. Out of the general fund appropriation for this Item is included \$6,055,177 the first year and \$6,318,390 the second year to support the general fund portion of the net costs resulting from changes in employer contributions for state employee benefits as provided for in this paragraph.				
5. The funding necessary to support the cost of reimbursements to Constitutional Officers for public employee group life insurance contributions is appropriated elsewhere in this act under the Compensation Board.				
6. The funding necessary to support the cost of the employer public school teacher group life insurance and retiree health insurance credit rates is appropriated elsewhere in this act under Direct Aid to Public Education.				
L.1. The retiree health insurance credit contribution rates for the following groups of state supported local public employees shall be: 0.36 percent for constitutional officers and employees of constitutional officers, 0.42 percent for employees of local social services boards, and 0.41 percent for General Registrars and employees of General Registrars.				
2. Out of the general fund appropriation for this Item is included \$661,062 the first year and \$661,062 the second year to support the general fund portion of the net costs resulting from changes in the retiree health insurance credit contribution rates for state supported local public employees through the Compensation Board, the Department of Social Services, and the Department of Elections pursuant to § 51.1-1403, Code of Virginia.				
M.1. Notwithstanding the provisions of § 2.2-3205(A), Code of Virginia, the terminating agency shall not be required to pay the Virginia Retirement System the costs of enhanced retirement benefits provided for in § 2.2-3204(A), Code of Virginia for employees who are involuntarily separated from employment with the Commonwealth if the Director of the Department of Planning and Budget certifies that such action results from 1. budget reductions enacted in the Appropriation Act, 2. budget reductions executed in response to the withholding of appropriations by the Governor pursuant to §4-1.02 of the Act, 3. reorganization or reform actions taken by state agencies to increase efficiency of operations or improve service delivery provided such actions have been previously approved by the Governor, or 4. downsizing actions taken by state agencies as the result of the loss of federal or other grants, private donations, or other nongeneral fund revenue, and if the Director of the Department of Human Resource Management certifies that the action comports with personnel policy. Under these conditions, the entire cost of such benefits for involuntarily separated employees shall be factored into the employer contribution rates paid to the Virginia Retirement System.				
2. Notwithstanding the provisions of § 2.2-3205(A), Code of Virginia, the terminating agency shall not be required to pay the Virginia Retirement System the costs of enhanced retirement benefits provided for in § 2.2-3204(A), Code of Virginia, for employees who are involuntarily separated from employment with the Commonwealth if the Speaker of the House of Delegates and the Chairman of the Senate Committee on Rules have certified on or after July 1, 2016, that such action results from 1. budget reductions enacted in the Appropriation Act pertaining to the Legislative Department; 2. reorganization or reform actions taken by agencies in the legislative branch of state government to increase efficiency of operations or improve service delivery provided such actions have been approved by the Speaker of the House of Delegates and the Chairman of the Senate Committee on Rules; or 3. downsizing actions taken by agencies in the legislative branch of state government as the result of the loss of federal or other grants, private donations, or other nongeneral fund revenue and if the applicable agency certifies that the actions comport with the provisions of and related policies associated with the Workforce Transition Act. Under these conditions, the entire cost of such benefits for involuntarily separated employees shall be factored into the employer contribution rates paid to the Virginia Retirement System.				
N. The purpose of this paragraph is to provide a transitional severance benefit, under the conditions specified, to eligible city, county, school division or other political subdivision employees who are involuntarily separated from employment with their employer.				
1.a. "Involuntary separation" includes, but is not limited to, terminations and layoffs from employment with the employer, or being placed on leave without pay-layoff or equivalent				

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status, due to budget reductions, employer reorganizations, workforce downsizings, or other causes not related to the job performance or misconduct of the employee, but shall not include voluntary resignations. As used in this paragraph, a "terminated employee" shall mean an employee who is involuntarily separated from employment with his employer.

b. The governing authority of a city, county, school division or other political subdivision electing to cover its employees under the provisions of this paragraph shall adopt a resolution, as prescribed by the Board of Trustees of the Virginia Retirement System, to that effect. An election by a school division shall be evidenced by a resolution approved by the Board of such school division and its local governing authority.

2.a. Any (i) "eligible employee" as defined in § 51.1-132, (ii) "teacher" as defined in § 51.1-124.3, and (iii) any "local officer" as defined in § 51.1.124.3 except for the treasurer, commissioner of the revenue, attorney for the Commonwealth, clerk of a circuit court, or sheriff of any county or city, and (a) for whom reemployment with his employer is not possible because there is no available position for which the employee is qualified or the position offered to the employee requires relocation or a reduction in salary and (b) whose involuntary separation was due to causes other than job performance or misconduct, shall be eligible, under the conditions specified, for the transitional severance benefit conferred by this paragraph. The date of involuntary separation shall mean the date an employee was terminated from employment or placed on leave without pay-layoff or equivalent status.

b. Eligibility shall commence on the date of involuntary separation.

3.a. On his date of involuntary separation, an eligible employee with (i) two years' service or less to the employer shall be entitled to receive a transitional severance benefit equivalent to four weeks of salary; (ii) three years through and including nine years of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to four weeks of salary plus one additional week of salary for every year of service over two years; (iii) ten years through and including fourteen years of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to twelve weeks of salary plus two additional weeks of salary for every year of service over nine years; or (iv) fifteen years or more of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to two weeks of salary for every year of service, not to exceed thirty-six weeks of salary.

b. Transitional severance benefits shall be computed by the terminating employer's payroll department. Partial years of service shall be rounded up to the next highest year of service.

c. Transitional severance benefits shall be paid by the employer in the same manner as normal salary. In accordance with § 60.2-229, transitional severance benefits shall be allocated to the date of involuntary separation. The right of any employee who receives a transitional severance benefit to also receive unemployment compensation pursuant to § 60.2-100 et seq. shall not be denied, abridged, or modified in any way due to receipt of the transitional severance benefit; however, any employee who is entitled to unemployment compensation shall have his transitional severance benefit reduced by the amount of such unemployment compensation. Any offset to a terminated employee's transitional severance benefit due to reductions for unemployment compensation shall be paid in one lump sum at the time the last transitional severance benefit payment is made.

d. For twelve months after the employee's date of involuntary separation, the employee shall continue to be covered under the (i) health insurance plan administered by the employer for its employees, if he participated in such plan prior to his date of involuntary separation, and (ii) group life insurance plan administered by the Virginia Retirement System pursuant to Chapter 5 (§ 51.1-500 et seq.) of Title 51.1, or such other group life insurance plan as may be administered by the employer. During such twelve months, the terminating employer shall continue to pay its share of the terminated employee's premiums. Upon expiration of such twelve month period, the terminated employee shall be eligible to purchase continuing health insurance coverage under COBRA.

e. Transitional severance benefit payments shall cease if a terminated employee is reemployed or hired in an individual capacity as an independent contractor or consultant by the employer during the time he is receiving such payments.

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f. All transitional severance benefits payable pursuant to this section shall be subject to applicable federal laws and regulations.				
4.a. In lieu of the transitional severance benefit provided in subparagraph 3 of this paragraph, any otherwise eligible employee who, on the date of involuntary separation, is also (i) a vested member of a defined benefit plan within the Virginia Retirement System, including the hybrid retirement program described in § 51.1-169, and including a member eligible for the benefits described in subsection B of § 51.1-138, and (ii) at least fifty years of age, may elect to have the employer purchase on his behalf years to be credited to either his age or creditable service or a combination of age and creditable service, except that any years of credit purchased on behalf of a member of the Virginia Retirement System, including a member eligible for the benefits described in subsection B of § 51.1-138, who is eligible for unreduced retirement shall be added to his creditable service and not his age. The cost of each year of age or creditable service purchased by the employer shall be equal to fifteen percent of the employee's present annual compensation. The number of years of age or creditable service to be purchased by the employer shall be equal to the quotient obtained by dividing (i) the cash value of the benefits to which the employee would be entitled under subparagraphs 3.a. and 3.d. of this paragraph by (ii) the cost of each year of age or creditable service. Partial years shall be rounded up to the next highest year. Deferred retirement under the provisions of subsection C of §§ 51.1-153 and disability retirement under the provisions of § 51.1-156 et seq., shall not be available under this paragraph.				
b. In lieu of the (i) transitional severance benefit provided in subparagraph 3 of this paragraph and (ii) the retirement program provided in this subsection, any employee who is otherwise eligible may take immediate retirement pursuant to §§ 51.1-155.1 or 51.1-155.2.				
c. The retirement allowance for any employee electing to retire under this paragraph who, by adding years to his age, is between ages fifty-five and sixty-five, shall be reduced on the actuarial basis provided in subdivision A. 2. of § 51.1-155.				
d. The retirement program provided in this subparagraph shall be otherwise governed by policies and procedures developed by the Virginia Retirement System.				
e. Costs associated with the provisions of this subparagraph shall be factored into the employer contribution rates paid to the Virginia Retirement System.				
f. Notwithstanding the foregoing, the provisions of this paragraph N shall apply to an otherwise eligible employee who is a person who becomes a member on or after July 1, 2010, a person who does not have 60 months of creditable service as of January 1, 2013, or a person who is enrolled in the hybrid retirement program described in § 51.1-169, mutatis mutandis.				
O. The final sentence of § 51.1-145 (N), Code of Virginia providing that the employer contribution rate established for each employer may include the annual rate of contribution payable by such employer with respect to employees enrolled in optional defined contribution retirement plans, shall not apply to optional defined retirement plans established under § 51.1-126 for employees engaged in teaching, administrative or research duties at institutions of higher education, § 51.1-126.1 for employees of teaching hospitals other than VCU and UVA Medical Centers, and § 51.1-126.3 for University of Virginia Medical Center employees.				
T. 1. Notwithstanding the provisions of § 17.1-327, Code of Virginia, any justice, judge, member of the State Corporation Commission, or member of the Virginia Workers' Compensation Commission who is retired under the Judicial Retirement System and who is temporarily recalled to service shall be reimbursed for actual expenses incurred during such service and shall be paid a per diem of \$250 for each day the person actually sits, exclusive of travel time.				
2. Out of the general fund appropriation for this Item, \$500,000 in the first year and \$500,000 in the second year is provided to support the costs resulting from the changes in the per diem amounts provided for in paragraph T.1. The Director, Department of Planning and Budget, shall disburse funding from this Item to all affected judicial and independent agencies upon request.				
U. The Director, Department of Planning and Budget, shall transfer from this Item, general fund amounts estimated at \$181,038 the first year and <i>shall withhold and transfer to this Item</i>				

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	<i>an amount estimated at <del>\$181,038</del> \$17,736 the second year to from state agencies and institutions of higher education to support the general fund portion of costs of Line of Duty Act premiums based on the latest enrollment update from the Virginia Retirement System.</i>			
	V. The Director, Department of Planning and Budget, shall withhold and transfer to this Item, an amount estimated at \$279,966 the second year from the general fund appropriations of state agencies and institutions of higher education, representing savings from the workers' compensation premiums provided by the Department of Human Resource Management.			
	W. Out of the appropriation for this Item, \$200,000 the first year and \$50,000 the second year from the general fund is provided for the potential state agency cost of legislative or regulatory changes that impact the personnel practices of state government.			
	X.1. The base salary of the following employees shall be increased by three percent on July 10, 2017:			
	a. Full-time and other classified employees of the Executive Department subject to the Virginia Personnel Act, excluding faculty and appointed officials at institutions of higher education;			
	b. Full-time employees of the Executive Department not subject to the Virginia Personnel Act, except officials elected by popular vote;			
	c. Any official whose salary is listed in § 4-6.01 of this act, subject to the ranges specified in the agency head salary levels in § 4-6.01 c, except appointed officials at institutions of higher education;			
	d. Full-time staff of the Governor's Office, the Lieutenant Governor's Office, the Attorney General's Office, Cabinet Secretaries' Offices, including the Deputy Secretaries, the Virginia Liaison Office, and the Secretary of the Commonwealth's Office;			
	e. Heads of agencies in the Legislative Department;			
	f. Full-time employees in the Legislative Department, other than officials elected by popular vote;			
	g. Legislative Assistants as provided for in Item 1 of this act;			
	h. Judges and Justices in the Judicial Department;			
	i. Heads of agencies in the Judicial Department;			
	j. Full-time employees in the Judicial Department;			
	k. Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission, the Chief Executive Officer of the Virginia College Savings Plan, and the Directors of the Virginia Lottery, and the Virginia Retirement System; and			
	l. Full-time employees of the State Corporation Commission, the Virginia College Savings Plan, the Virginia Lottery, Virginia Workers' Compensation Commission, and the Virginia Retirement System.			
	2.a. Employees in the Executive Department subject to the Virginia Personnel Act shall receive the salary increases authorized in this paragraph only if they attained at least a rating of "Contributor" on their latest performance evaluation.			
	b. Salary increases authorized in this paragraph for employees in the Judicial and Legislative Departments, employees of Independent agencies, and employees of the Executive Department not subject to the Virginia Personnel Act shall be consistent with the provisions of this paragraph, as determined by the appointing or governing authority. The appointing or governing authority shall certify to the Department of Human Resource Management that employees receiving the awards are performing at levels at least comparable to the eligible employees as set out in subparagraph 2.a. of this paragraph.			

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3. The Department of Human Resource Management shall increase the minimum for each band within the Commonwealth's Classified Compensation Plan by three percent and the maximum salary for each band by three percent plus \$6,793 on July 10, 2017 . No salary increase shall be granted to any employee as a result of this action. The department shall develop policies and procedures to be used in instances when employees fall below the entry level for a job classification due to poor performance. Movement through the revised pay band shall be based on employee performance.				
4. Out of the amounts for Supplements to Employee Compensation is included \$64,753,370 the second year from the general fund to support the general fund portion of costs associated with the salary increase provided in this paragraph.				
5.The following agency heads, at their discretion, may utilize agency funds or the funds provided pursuant to this paragraph to implement the provisions of new or existing performance-based pay plans:				
a. The heads of agencies in the Legislative and Judicial Departments;				
b. The Commissioners of the State Corporation Commission and the Virginia Workers' Compensation Commission;				
c. The Attorney General;				
d. The Director of the Virginia Retirement System;				
e. The Director of the Virginia Lottery;				
f. The Director of the University of Virginia Medical Center;				
g. The Chief Executive Officer of the Virginia College Savings Plan;				
h. The Executive Director of the Virginia Port Authority; and				
i. The Chief Executive Officer of the Virginia Alcoholic Beverage Control Authority.				
6. The base rates of pay, and related employee benefits, for wage employees may be increased up to three percent no earlier than July 10, 2017. The cost of such increases for wage employees shall be borne by existing funds appropriated to each agency.				
Y.1. The appropriations in this item include funds to increase the base salary of the following employees by two percent on August 1, 2017, provided that the governing authority of such employees use such funds to support salary increases for the following listed employees:				
a. Locally-elected constitutional officers;				
b. General Registrars and members of local electoral boards;				
c. Full-time employees of locally-elected constitutional officers and,				
d. Full-time employees of Community Services Boards, Centers for Independent Living, secure detention centers supported by Juvenile Block Grants, juvenile delinquency prevention and local court service units, local social services boards, local pretrial services act and comprehensive community corrections act employees, and local health departments where a memorandum of understanding exists with the Virginia Department of Health.				
2. Out of the appropriation for Supplements to Employee Compensation is included \$15,590,949 the second year from the general fund to support the costs associated with the salary increase provided in this paragraph.				
Z.1. The base salaries of faculty members at institutions of higher education shall be increased by two percent on July 10, 2017. The general fund share of the two percent salary adjustment shall be distributed to the following institutions in the amounts indicated below:				
<b>Institution</b>				<b>GF Amount</b>
George Mason University				\$1,973,365
Old Dominion University				\$1,199,470



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	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
University of Virginia				\$1,589,837
Virginia Commonwealth University				\$2,099,109
Virginia Tech				\$1,940,479
College of William and Mary				\$710,236
Christopher Newport University				\$368,566
University of Virginia - Wise				\$112,200
James Madison University				\$1,061,224
Longwood University				\$327,291
University of Mary Washington				\$317,856
Norfolk State University				\$328,641
Radford University				\$610,932
Virginia Military Institute				\$111,859
Virginia State University				\$295,548
Richard Bland College				\$55,117
Virginia Community College System				\$3,186,371
Virginia Institute of Marine Science				\$169,332
Virginia Tech Extension				\$524,979
Virginia State University Extension				\$10,987
<b>Total</b>				<b>\$16,993,399</b>

2. Nothing in this act shall preclude institutions of higher education from providing base salary increases or bonuses to faculty or staff.

3. Salary increases authorized in paragraph Z. 1. for employees of the Executive Department not subject to the Virginia Personnel Act shall be consistent with the provisions of this paragraph, as determined by the appointing or governing authority. However, notwithstanding anything herein to the contrary, the governing authorities of those state institutions of higher education with employees not subject to the Virginia Personnel Act may implement salary increases for such employees that may vary based on performance and other employment-related factors. The appointing or governing authority shall certify to the Department of Human Resource Management that employees receiving the awards are performing at levels at least comparable to the eligible employees as set out in paragraph X.1., subparagraph 2.a. of this item.

4. The base salaries of faculty members at select institutions of higher education that did not provide a supplement to faculty salaries in fiscal year 2017 shall be provided an additional one percent salary adjustment, in addition to the two percent raise provided to all faculty members at higher education institutions within this paragraph. The additional one percent salary adjustment shall be calculated using the base salary of faculty members at the applicable higher education institutions prior to application of the two percent salary adjustment. The general fund share of the additional one percent salary adjustment shall be distributed to the following institutions in the amounts indicated below:

Institution	GF Amount
Virginia Military Institute	\$55,930
Virginia State University	\$147,774
Norfolk State University	\$164,320
James Madison University	\$530,612
Radford University	\$305,466
Cooperative Extension and Agricultural Research Services (VSU)	\$5,494
Richard Bland College	\$27,558
Christopher Newport University	\$184,283
<b>Total</b>	<b>\$1,421,437</b>

5. Out of the appropriation for Adjustments to Employee Compensation is included \$18,414,836 the second year from the general fund to support the costs associated with the salary increases provided in this paragraph.

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	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
<p>AA. The Director of the Department of Planning and Budget shall transfer \$14,308,309 the second year from the general fund from this item to the Department of State Police to provide each sworn officer of the state police an increase in their annual salary equal to \$6,793 effective July 10, 2017. This increase shall be effectuated prior to any percentage salary increase authorized in this act with the same effective date.</p> <p>BB.1. Out of the amounts for compensation supplements in this item \$2,553,890 from the general fund in the second year is provided for an additional two percent adjustment to the base salary of state employees in the following high turnover job roles effective September 10, 2017 for the purposes of relieving salary compression and maintaining market relevance:</p> <ul style="list-style-type: none"> <li>a. Direct Service Associate I</li> <li>b. Direct Service Associate II</li> <li>c. Direct Service Associate III</li> <li>d. Housekeeping and/or Apparel Worker I</li> <li>e. Registered Nurse I</li> <li>f. Registered Nurse II/Nurse Practitioner I/Physician's Assistant</li> <li>g. Licensed Practical Nurse</li> <li>h. Therapy Assistant/Therapist I</li> <li>i. Therapist II</li> </ul> <p>2.a. Employees in the Executive Department subject to the Virginia Personnel Act shall receive the salary increases authorized in this paragraph only if they attained at least a rating of "Contributor" on their latest performance evaluation.</p> <p>b. Salary increases authorized in this paragraph for employees in the Judicial and Legislative Departments, employees of Independent agencies, and employees of the Executive Department not subject to the Virginia Personnel Act shall be consistent with the provisions of this paragraph, as determined by the appointing or governing authority. The governing authorities of those agencies and state institutions of higher education with employees not subject to the Virginia Personnel Act shall certify to the Department of Human Resource Management that employees receiving the awards are performing at levels at least comparable to the eligible employees as set out in subparagraph 2.a. of this paragraph.</p> <p>3. The salary increase authorized in this paragraph is intended to be in addition to any other salary increase authorized in this act.</p>				
475.10	Not set out.			
475.20	Not set out.			
476.	Payments for Special or Unanticipated Expenditures (75800).....		\$15,846,364	\$19,090,835 \$16,324,953
	Miscellaneous Contingency Reserve Account (75801).....	\$2,300,000		<del>\$2,300,000</del> \$2,800,000
	Undistributed Support for Designated State Agency Activities (75806).....	\$13,546,364		<del>\$16,790,835</del> \$13,524,953
	Fund Sources: General.....	\$15,846,364		<del>\$18,590,835</del> \$15,824,953
	Dedicated Special Revenue.....	\$0		\$500,000

Authority: Discretionary Inclusion.

A. The Governor is hereby authorized to allocate sums from this appropriation, in addition to

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<p>an amount not to exceed \$3,500,000 from the unappropriated balance derived by subtracting the general fund appropriations from the projected general fund revenues in this act, to provide for supplemental funds pursuant to paragraph D hereof. Transfers from this Item shall be made only when (1) sufficient funds are not available within the agency's appropriation and (2) additional funds must be provided prior to the end of the next General Assembly Session.</p>				
<p>B.1. The Governor is authorized to allocate from the unappropriated general fund balance in this act such amounts as are necessary to provide for unbudgeted cost increases to state agencies incurred as a result of actions to enhance homeland security, combat terrorism, and to provide for costs associated with the payment of a salary supplement for state classified employees ordered to active duty as part of a reserve component of the Armed Forces of the United States or the Virginia National Guard. Any salary supplement provided to state classified employees ordered to active duty, shall apply only to employees who would otherwise earn less in salary and other cash allowances while on active duty as compared to their base salary as a state classified employee. Guidelines for such payments shall be developed by the Department of Human Resource Management in conjunction with the Departments of Accounts and Planning and Budget.</p>				
<p>2. The Governor shall submit a report within thirty days to the Chairmen of House Appropriations and Senate Finance Committees which itemizes any disbursements made from this Item for such costs.</p>				
<p>3. The governing authority of the agencies listed in this subparagraph may, at its discretion and from existing appropriations, provide such payments to their employees ordered to active duty as part of a reserve component of the Armed Forces of the United States or the Virginia National Guard, as are necessary to provide comparable pay supplements to its employees.</p>				
<p>a. Agencies in the Legislative and Judicial Departments;</p>				
<p>b. The State Corporation Commission, the Virginia Workers' Compensation Commission, the Virginia Retirement System, the Virginia Lottery, Virginia College Savings Plan, and the Virginia Office for Protection and Advocacy;</p>				
<p>c. The Office of the Attorney General and the Department of Law; and</p>				
<p>d. State-supported institutions of higher education.</p>				
<p>C. The Governor is authorized to expend from the unappropriated general fund balance in this act such amounts as are necessary, up to \$1,500,000, to provide for indemnity payments to growers, producers, and owners for losses sustained as a result of an infectious disease outbreak or natural disaster in livestock and poultry populations in the Commonwealth. These indemnity payments will compensate growers, producers, and owners for a portion of the difference between the appraised value of each animal destroyed or slaughtered or animal product destroyed in order to control or eradicate an animal disease outbreak and the total of any salvage value plus any compensation paid by the federal government.</p>				
<p>D. Out of the appropriation for this item is included \$2,000,000 the first year and \$2,000,000 the second year from the general fund to be used by the Governor as he may determine to be needed for the following purposes:</p>				
<p>1. To address the six conditions listed in § 4-1.03 c 5 of this act.</p>				
<p>2. To provide for unbudgeted and unavoidable increases in costs to state agencies for essential commodities, services, and training which cannot be absorbed within agency appropriations including unbudgeted benefits associated with Workforce Transition Act requirements.</p>				
<p>3. To secure federal funds in the event that additional matching funds are needed for Virginia to participate in the federal Superfund program.</p>				
<p>4. To provide a payment of up to \$100,000 to the Military Order of the Purple Heart, for the continued operation of the National Purple Heart Hall of Honor, provided that at least</p>				

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	half of other states have made similar grants.			
	5. In addition, if the amounts appropriated in this Item are insufficient to meet the unanticipated events enumerated, the Governor may utilize up to \$1,000,000 the first year and \$1,000,000 the second year from the general fund amounts appropriated for the Commonwealth's Opportunity Fund for the unanticipated purposes set forth in paragraph D.1. through paragraph D.5. of this Item.			
	6. In addition, to provide for payment of monetary rewards to persons who have disclosed information of wrongdoing or abuse under the Fraud and Abuse Whistle Blower Protection Act.			
	7. The Department of Planning and Budget shall submit a quarterly report of any disbursements made from, commitments made against, and requests made for such sums authorized for allocation pursuant to this paragraph to the Chairmen of the House Appropriations and Senate Finance Committees. This report shall identify each of the conditions specified in this paragraph for which the transfer is made.			
	E. Included in this appropriation is \$300,000 the first year and \$300,000 the second year from the general fund to pay for private legal services and the general fund share of unbudgeted costs for enforcement of the 1998 Tobacco Master Settlement Agreement. Transfers for private legal services shall be made by the Director, Department of Planning and Budget upon prior written authorization of the Governor or the Attorney General, pursuant to § 2.2-510, Code of Virginia or Item 59, Paragraph D of this act. Transfers for enforcement of the Master Settlement Agreement shall be made by the Director, Department of Planning and Budget at the request of the Attorney General, pursuant to Item 59, Paragraph B of this act.			
	F. Notwithstanding the provisions of § 58.1-608.3B.(v), Code of Virginia, any municipality which has issued bonds on or after July 1, 2001, but before July 1, 2006, to pay the cost, or portion thereof, of any public facility pursuant to § 58.1-608.3, Code of Virginia, shall be entitled to all sales tax revenues generated by transactions taking place in such public facility.			
	G. The Director, Department of Planning and Budget, shall transfer from this Item, general fund amounts estimated at \$5,915,424 the first year and <del>\$6,231,160</del> \$1,579,381 the second year to state agencies and institutions of higher education to support the general fund portion of costs resulting from the estimated usage of technology services provided by the Virginia Information Technologies Agency.			
	H.1. <i>Out of this appropriation, \$1,209,209 the second year from the general fund shall be provided to the City of Richmond for expenses incurred for the development of the Slavery and Freedom Heritage Site in Richmond, including Lumpkin's Pavilion and Slave Trail improvements. Any unexpended general fund balances as of June 30, 2017 2018 that were appropriated for the purpose of supporting the City of Richmond in the development of the Slavery and Freedom Heritage Site in Richmond shall not revert to the general fund, but instead be reappropriated for its original purpose. Out of the <del>\$2,000,000</del> originally appropriated amounts authorized in paragraph H.1., up to \$1,000,000 shall be used for improvements to the Slave Trail, and up to \$1,000,000 for costs associated with Lumpkin's Pavilion. On or before June 30, 2017, the Director, Department of Planning and Budget, shall revert to the general fund an amount estimated at \$1,500,000 from the appropriation authorized in Item 468 I.1. of Chapter 2, 2014 Special Session 1. The Governor is authorized to transfer up to \$500,000 from the unappropriated balance for improvements to the Slave Trail or for costs associated with Lumpkin's Pavilion if reimbursement requests exceed the amounts available in the fiscal year 2016-2018 biennium. It is the intent of the General Assembly to fully meet its commitment to the project as reimbursement requests are made and funding to meet such requests shall be included by the Governor in any budget submission made pursuant to the provisions of §§ 2.2-1508 and 2.2-1509, Code of Virginia.</i>			
	2. Prior to the receipt of state funds for the purpose set out in paragraph H.1., the Richmond City Council shall pass a resolution outlining its approval of and financial commitment to the proposed project and local matching funds in an amount totaling at least \$5,000,000 which shall be appropriated by the City of Richmond for the project prior to receipt of any state funds. Release of state funding for Lumpkin's Pavilion shall also require evidence that the City of Richmond has raised at least fifty percent of the remaining funding required for that portion of the project from private or other sources.			

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3. At such time that the City of Richmond has completed construction of the respective improvements, the City of Richmond shall be eligible for reimbursement from the Commonwealth of an amount not to exceed \$9,000,000, or up to twenty five percent of the total costs of each project.

4. State funding appropriated in paragraph H.1. and future appropriations considered in paragraph H.3., shall be allocated only as follows: no more than \$5,000,000 shall be allocated for the planning, design, and construction of the Pavilion at Lumpkin's Jail, no more than \$1,000,000 shall be allocated for improvements to the Richmond Slave Trail, and no more than \$5,000,000 shall be allocated for the planning, design and construction of a slavery museum.

5. The City of Richmond shall provide documentation to the Department of General Services on the progress of this project and actual expenditures incurred for it in a form acceptable to the Secretaries of Finance and Administration.

6. In addition to the matching requirements set out in paragraph H.2., the City of Richmond shall provide and dedicate appropriate contiguous real estate prior to the receipt of any state funding for the purposes outlined in paragraph H.1 above.

7. The Department of General Services shall act as the fiscal agent for these funds. The director shall oversee the expenditure of state appropriations to ensure that payments to the City of Richmond are made consistent with the purposes set out in paragraphs H.1. and H.4. The Director, Department of Planning and Budget, is authorized to transfer these funds to the Department of General Services to implement this appropriation.

8. This appropriation shall be exempt from the disbursement procedures specified in § 4-5.05 of the act

I. Out of this appropriation, the Director, Department of Planning and Budget, is authorized to transfer an amount up to \$5,000,000 the first year, to the Department of State Police for unanticipated costs associated with mitigating security threats, information technology (IT) security gaps, and the data stored on IT systems used by the Department. The costs eligible for reimbursement shall be for information technology and telecommunications goods and services that have been procured in accordance with the regulations, policies, procedures, standards, and guidelines of the Virginia Information Technologies Agency. These funds may not be transferred until the requirements of Paragraph I.2. of this item have been fulfilled.

2. The Superintendent of State Police shall develop a prioritized list of information technology projects for the Department of State Police, justify the need for the projects, and identify costs associated with such projects. The Superintendent shall also identify the potential or expected projects to be addressed using the appropriation provided in Paragraph I.1. of this item. The Superintendent shall report the list of projects to the Chairmen of the House Appropriations and Senate Finance Committees no later than August 15, 2016.

3.a. Notwithstanding the provisions of § 2.2-2011, Code of Virginia, the Department of State Police is authorized to procure, develop, operate, and manage the cyber security and management tools required to protect the information technology used by the Department that is defined as out-of-scope from the Virginia Information Technologies Agency pursuant to the Memorandum of Understanding (MOU) between the two agencies dated August 30, 2013. The Department of State Police shall be solely responsible for securing all aspects of information technology defined as out-of-scope in the current MOU.

b. Costs expended by the Department of State Police for cyber security and management tools shall be reimbursed by the Director, Department of Planning and Budget from unexpended funds provided in paragraph I.1. of this item, after such expenses have been approved by the Chief Information Office and determined to be in compliance with the regulations, policies, procedures, standards, and guidelines of the Virginia Information Technologies Agency.

4.a. The Superintendent of State Police shall develop and report to the Chairmen of the House Committee on Appropriations and Senate Committee on Finance a detailed

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	<p>transition plan addressing the steps required for the Department of State Police to assume responsibility for the development, operation, and management of all of its information technology infrastructure and services. The Department of State Police is authorized to procure consulting services to assist in the development of the detailed transition plan. The Virginia Information Technologies Agency shall assist in the development and drafting of the detailed transition plan.</p>			
	<p>b. The report shall, at a minimum, include a detailed transition plan that: (i) identifies and evaluates anticipated transition timelines, tasks, activities, and responsible parties; (ii) identifies any one-time and ongoing costs of transitioning responsibility for information technology services from the Virginia Information Technologies Agency to the Department of State Police, including the estimated costs to obtain existing information technology assets or transition services from Northrop Grumman; (iii) identifies the ongoing costs of staffing, services, and contracts related to enterprise security and management tools, legacy system replacements or upgrades, construction or lease of facilities including data centers, labor costs and workload analyses, and training costs; (iv) identifies any other such factors deemed necessary for discussion as identified by the Superintendent of State Police or Chief Information Officer of the Commonwealth; (v) identifies necessary statutory changes required to effectuate the transition and modernize current statutes related to basic State Police communication systems consistent with the Criminal Justice Information Services Security Policy Version 5.5, or its successor; and (vi) provides a jointly developed and agreed upon MOU between the Department of State Police and the Virginia Information Technologies Agency that certifies the information.</p>			
	<p>c. Costs expended by the Department of State Police for the development of the detailed transition plan shall be reimbursed by the Director, Department of Planning and Budget from unexpended funds provided in paragraph I.1 of this item, after such expenses have been approved by the Chief Information Office and determined to be in compliance with the regulations, policies, procedures, standards, and guidelines of the Virginia Information Technologies Agency.</p>			
	<p>d. The report and accompanying Memorandum shall be provided to the Chairmen of the House Committee on Appropriations and Senate Committee on Finance no later than September 15, 2017. The Chief Information Officer of the Commonwealth shall review the report and provide an analysis of the detailed transition plan no later than 30 days after submission of the report to the Chairmen of the House Committee on Appropriations and Senate Committee on Finance.</p>			
	<p>5. Included within the appropriation for this item, up to \$2,900,000 the second year from the general fund is provided to reimburse the Department of State Police for costs associated with mitigating information technology security threats and gaps required to protect and manage out-of-scope information technology that is not addressed in paragraph 3.b. All such costs shall be eligible for reimbursement if they have been procured in accordance with the regulations, policies, procedures, standards, and guidelines of the Virginia Information Technologies Agency. The Director, Department of Planning and Budget is authorized to release this funding following certification by the Chief Information Officer that these costs address cyber security threats and gaps, including upgrades to legacy applications to remediate audit findings by the Auditor of Public Accounts or Commonwealth Security and Risk Management.</p>			
	<p>J. Out of this appropriation, \$3,018,677 the first year and \$3,163,956 the second year from the general fund shall be provided to state agencies to support the costs of information technology security audits and information security officer services. With such funding, agencies are encouraged to work with the Virginia Information Technologies Agency's information technology shared security center created pursuant to Item 435 of this act.</p>			
	<p>K. It is the intent of the General Assembly that relief shall be provided to localities for qualifying damages resulting from the tornadoes of February 24, 2016, in accordance with state law and the provisions of Item 57 of this act. Such relief is hereby appropriated in accordance with the provisions of Item 57 of this act from the unexpended balances of the general fund.</p>			
	<p>L. The Director, Department of Planning and Budget, shall withhold and transfer to this Item, amounts estimated at \$387,737 the first year and \$78,479 the second year from the general</p>			

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fund appropriations of state agencies and institutions of higher education, representing savings from agency charges for the Cardinal financial system operated by the Department of Accounts.

M.1. Out of the general fund appropriation for this Item, \$1,845,800 the second year is provided to support the transition offices established as a result of the 2017 elections for Governor, Lieutenant Governor, and Attorney General. Out of this amount, up to \$530,800 shall be transferred, based on actual expenses, to the Department of General Services, \$90,000 to the Division of Selected Agency Support Services, and \$1,225,000 to the Virginia Information Technologies Agency for the provision of facilities, equipment, services, and supplies required to support the transition activity.

2. The Commonwealth's financial support for the transition is to be allocated as follows:  
Office of the Governor: \$1,570,155

Office of the Lieutenant Governor: \$116,440

Office of the Attorney General: \$159,205

N. Included in this Item is \$492,638 the second year from the general fund to be transferred, based on actual expenditures, to the Department of General Services to support anticipated costs for the inauguration in January 2018.

O. The Director, Department of Planning and Budget, shall transfer from this Item, \$935,760 the second year from the general fund to executive branch agencies to support the costs of the Personnel Management Information System.

P. Out of the general fund appropriation in this Item for the second year, \$800,000 is provided for a joint internship and management training pilot program to assist in improving leadership, management, and succession planning capabilities of all branches of state government. The Secretary of Finance shall convene a work group consisting of representatives from each branch of state government for the purposes of establishing program details. The work group shall consider opportunities to collaborate with Virginia public colleges and universities on an internship, management training and succession planning program by which students in their final year of undergraduate school work, or those attending graduate programs may be considered for opportunities for state employment on a temporary basis, whereby they may earn academic credit for hours worked while participating in the program. No funds shall be distributed from this Item for the purposes described in this Paragraph prior to the creation of a plan for program implementation to be submitted to the Governor, the Chairman of the Commission on Employee Retirement Security and Pension Reform, and the Chairmen of the House Appropriations and Senate Finance committees. *Any balances remaining from the appropriation identified in this paragraph shall not revert to the general fund at the end of the fiscal year, but shall be brought forward and made available to support the Virginia Management Fellows program in the subsequent fiscal year.*

**I VETO THIS ITEM. /s/ Terence R. McAuliffe (04/28/17) (Vetoed item is enclosed in brackets.)**

Q. In addition to the amounts provided in paragraphs C.1., 2. and 3. of Item 109 of this act, the Virginia Coalfields Economic Development Authority shall provide up to \$500,000 of its nongeneral fund balances to the Lenowisco and Cumberland Plateau Planning District Commissions who shall serve as fiscal agents for coordinated economic development activities in the Lenowisco and Cumberland Plateau Planning Districts. The funding provided in this paragraph is contingent upon equal matching funds being awarded by the Tobacco Region Revitalization Commission.

R.1. *Out of the general fund appropriation in this Item for the second year, \$500,000 is provided for the Commonwealth Center for Advanced Manufacturing for rent and operating support.*

2. *These funds are in addition to the Center's annual appropriation specified in Chapter 836, Item 125 (P) and may not be utilized for salary increases of any kind, including providing raises or bonuses, to current employees of the Commonwealth Center for Advanced Manufacturing, or incentives designed to attract potential future employees.*

3. *The Executive Director of the Commonwealth Center for Advanced Manufacturing shall certify that no raises or bonuses of any kind shall be paid to any current or potential*

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employees of the Center until such a time as the Board and Executive Director have submitted to the Governor, Chairman of the House Appropriations Committee and Chairman of the Senate Finance Committee a viable and self-sustaining business plan for the Center's operations.

4. No bond proceeds for any reason, including those referenced in Item C-50 of this act, shall be released to the Commonwealth Center for Advanced Manufacturing until the aforementioned business plan in paragraph 3. above has been submitted by the Board and Executive Director.

S. Any nonlegislative citizen member appointed by either the Speaker of the House, the Senate Committee on Rules or the Joint Rules Committee to any Authority, Board, Commission, Committee, or other deliberative body in the Commonwealth shall serve at the pleasure of such appointing authority. Any such member may be relieved of his appointment at any time, with or without cause.

T. Out of the general fund amounts included in this item, \$176,688 the second year shall be transferred to the Department of Taxation to enable the Department to hire 12 additional audit staff during fiscal year 2018. The Department shall be authorized to administratively increase their maximum employment level as needed for this initiative.

U. On or before June 30, 2018, the Committee on Joint Rules shall authorize the reversion to the general fund of \$526,952, representing savings generated by legislative agencies in the second year. The total savings amount includes estimated savings within the following legislative agencies:

Legislative Agency	Estimated Savings
Division of Legislative Services (107)	\$100,000
Joint Commission on Technology and Science (845)	\$101,192
Virginia Disability Commission (837)	\$18,701
State Water Commission (971)	\$11,859
Virginia Coal & Energy Commission (118)	\$21,618
Virginia Housing Commission (840)	\$14,459
Commission on Unemployment Compensation	\$16,066
Small Business Commission (862)	\$34,746
Joint Commission on Administrative Rules (865)	\$31,558
Autism Advisory Council (871)	\$5,409
Virginia Conflicts of Interest and Ethics Advisory Council (876)	\$85,000
Joint Commission on Transportation Accountability (875)	\$26,697
Comm, on Economic Opportunity for Virginians in Aspiring & Diverse Communities (877)	\$9,647
Joint Commission on Health Care (844)	\$35,000
The Virginia Commission on Youth (839)	\$15,000

V. On or before June 30, 2018, the Director of the Department of Planning and Budget shall authorize the reversion to the general fund of \$146,890 in unexpended general fund year end balances from the State Corporation Commission.

W. On or before June 30, 2018, the Committee on Joint Rules shall authorize the reversion to the general fund of \$675,000 in unexpended year end balances from the Joint Legislative Audit and Review Commission.

477. Omitted.



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478. Not set out.

478.10 A.1: For each year of the biennium, there is hereby appropriated from the general fund of the state treasury an amount as specified in paragraphs A.3: and A.4: below; to fund certain capital projects that are presently authorized for funding from debt issuances by either the Virginia College Building Authority or the Virginia Public Building Authority; to the extent that the existing debt for such capital projects has not been issued: The Governor shall recommend an equivalent reduction in the amount of debt authorization for the affected projects so that overall; there is no decrease or increase in total funding for such projects:

2: It is the intent of the General Assembly that any appropriation pursuant to this Item only be used to reduce the total authorized but unissued debt such that general fund cash becomes the funding source for certain capital outlay projects rather than debt: In making this substitution; priority shall be given to maintenance reserve or other small capital outlay projects that are better suited to be funded from cash or to taxable debt projects which offer the opportunity to obtain greater debt service cost savings; if funded by cash rather than debt:

3: For the first fiscal year of the biennium; the appropriation specified in paragraph A.1: above shall be equal to the lesser of \$181,900,000 or the actual total general fund revenue collections for fiscal year ending June 30; 2016; reduced by any amounts needed to meet the Constitutional or statutory deposit to the Revenue Stabilization Fund and the statutory deposit concerning surplus revenue to the Water Quality Improvement Fund; as certified by the State Comptroller; minus the "official revenue estimate" for general fund revenues for the second year of the biennium as contained in the second enactment of Senate Bill 29 of the 2016 General Assembly; as enacted:

4: For the second year of the biennium the appropriation specified in paragraph A.1: above shall be equal to the lesser of \$188,200,000 or the actual total general fund revenue collections for fiscal year ending June 30; 2017; reduced by any amounts needed to meet the Constitutional or statutory deposit to the Revenue Stabilization Fund and the statutory deposit concerning surplus revenue to the Water Quality Improvement Fund; as certified by the State Comptroller; minus the "official revenue estimate" for general fund revenues for the first year of the biennium as contained in the first enactment of this Act:

B: The State Comptroller shall make a commitment for any amount appropriated in this Item pursuant to paragraph A.3: above on the balance sheet of the Commonwealth for June 30; 2016: The State Comptroller shall make a commitment for any amount appropriated in this Item pursuant to paragraph A.4: above on the balance sheet of the Commonwealth for June 30; 2017:

C.1: The Director of the Department of Planning and Budget shall report quarterly to the State Treasurer and to the Six Year Capital Outlay Planning Advisory Committee; established by § 2.2-1516 Code of Virginia; identifying the projects for which the debt authorization was replaced by appropriations pursuant to paragraph A1: above:

2: Upon notification from the Director of the Department of Planning and Budget that appropriations pursuant to paragraph A1: above have been made; the State Treasurer shall not issue any debt for the affected projects:

478.20 Not set out.

478.30	Revenue Cash Reserve (23700).....			\$0	\$35,000,000 \$156,395,372
	Appropriated Revenue Reserve (23701).....	\$0	\$35,000,000 \$156,395,372		
	Fund Sources: General.....	\$0	\$35,000,000 \$156,395,372		

Authority: Discretionary Inclusion.

ITEM 478.30.	Item Details(\$)		Appropriations(\$)	
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<p>A. There is hereby appropriated in this item <del>\$35,000,000</del> \$156,395,372 from the general fund the second year to establish a Revenue Cash Reserve to mitigate any potential revenue shortfalls that may arise during the remainder of the biennium. This appropriation includes an amount, estimated at \$31,306,555; anticipated to be generated by the Virginia Tax Amnesty Program authorized by House Bill 2246 and Senate Bill 1438; 2017 Session of the General Assembly above the amounts anticipated to be collected by such program in the revenue forecast contained in the first enactment of House Bill 1500 and Senate Bill 900 as introduced.</p>				
<p>B. Any additional collections generated by the Virginia Tax Amnesty Program exceeding the revenue estimate of such program included within the official fiscal year 2018 revenue estimate contained in the first enactment of this act also shall be deposited into the cash reserve.</p>				
<p>C. To determine the amounts that are to be deposited into such reserve; the comptroller shall first determine the tax amnesty program revenues that were collected in excess of the revenues forecast from such program in House Bill 1500 and Senate Bill 900 as enacted.</p>				
<p>D. The comptroller shall then reflect the excess revenues as a commitment on the preliminary balance sheet entitled Revenue Cash Reserve to be held solely for the purposes of mitigating any loss of general fund revenues in fiscal year 2018 from the official forecast contained in this act.</p>				
<p>E. The comptroller may draw against the balances of the Revenue Cash Reserve for an amount equal to any shortfall in general fund revenue <i>or transfer</i> collections from the official forecast contained in this act for fiscal year 2018.</p>				
<p><i>F. Any amounts appropriated in this item that are unexpended on June 30, 2018, shall be reappropriated to this reserve in the next fiscal year to be used for the same purposes identified in this item.</i></p>				
Total for Central Appropriations.....			\$182,823,208	\$369,774,777 \$488,205,493
Fund Sources: General.....	\$63,495,303	\$249,946,872 \$368,377,588		
Trust and Agency.....	\$119,327,905	\$119,327,905		
Dedicated Special Revenue.....	\$0	\$500,000		
TOTAL FOR CENTRAL APPROPRIATIONS.....			\$182,823,208	\$369,774,777 \$488,205,493
Fund Sources: General.....	\$63,495,303	\$249,946,872 \$368,377,588		
Trust and Agency.....	\$119,327,905	\$119,327,905		
Dedicated Special Revenue.....	\$0	\$500,000		
TOTAL FOR EXECUTIVE DEPARTMENT.....			\$51,003,873,417	\$50,720,610,107 \$51,390,004,687
General Fund Positions.....	48,492.92	48,302.35 48,380.35		
Nongeneral Fund Positions.....	64,047.82	64,540.89 64,497.89		
Position Level.....	112,540.74	112,843.24 112,878.24		
Fund Sources: General.....	\$19,549,120,905	\$19,784,449,728 \$19,879,761,365		
Special.....	\$1,667,547,567	\$1,676,086,252 \$1,673,446,462		
Higher Education Operating.....	\$8,541,179,807	\$8,249,002,756		
Commonwealth Transportation.....	\$5,585,951,483	\$5,204,941,790 \$5,591,800,781		
Enterprise.....	\$1,215,067,094	\$1,262,573,839 \$1,307,309,332		

ITEM 478.30.	Item Details(\$)		Appropriations(\$)	
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	FY2017	FY2018	FY2017	FY2018
Internal Service.....	\$2,077,103,387	<del>\$2,174,937,786</del> <i>\$1,975,159,775</i>		
Trust and Agency.....	\$2,299,781,502	<del>\$2,099,963,234</del> <i>\$2,153,465,371</i>		
Debt Service.....	\$329,454,313	\$337,468,916		
Dedicated Special Revenue.....	\$1,816,192,407	<del>\$1,786,783,284</del> <i>\$1,829,853,077</i>		
Federal Trust.....	\$7,922,474,952	<del>\$8,144,402,522</del> <i>\$8,392,736,852</i>		

ITEM 479.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

**INDEPENDENT AGENCIES**

**§ 1-23. STATE CORPORATION COMMISSION (171)**

479.	Regulation of Business Practices (55200).....			\$63,405,897	<del>\$64,509,235</del> \$69,934,563
	Corporation Commission Clerk's Services (55203).....	\$11,977,276	<del>\$13,077,954</del> \$15,252,542		
	Regulation of Investment Companies, Products and Services (55210).....	\$7,360,191	<del>\$7,360,574</del> \$7,739,189		
	Regulation of Financial Institutions (55215).....	\$15,410,623	<del>\$15,411,285</del> \$16,070,072		
	Regulation of Insurance Industry (55216).....	\$28,657,807	<del>\$28,659,422</del> \$30,872,760		
	Fund Sources: Special.....	\$63,405,897	<del>\$64,509,235</del> \$69,934,563		

Authority: Article IX, Constitution of Virginia; Title 8.9A, Part 4; Title 12.1, Chapter 4; Title 13.1; Title 55, Chapter 6, Article 6; Title 56, Chapter 15, Article 5; Title 58.1, Chapter 28; Title 59.1, Chapter 6.1, Code of Virginia; Title 13.1, Chapter 3.1; Title 38.2; Title 58.1, Chapter 25; and Title 65.2, Chapter 8, Code of Virginia.

A. Out of this appropriation, the State Corporation Commission is authorized to expend an amount not to exceed \$10,000 the first year and \$10,000 the second year for the payment of annual membership dues to the National Conference of Insurance Legislators.

B. Out of this appropriation, \$3,000,000 the first year and ~~\$3,000,000~~ \$4,528,836 the second year is designated for replacement of the Clerk's Information System.

C. Out of the amounts for this item, \$1,100,000 the second year is provided to effectuate the provisions of House Bill 2111 of the 2017 General Assembly Session which allows the Commission to absorb the credit card and eCheck convenience fees as opposed to passing them on to the filers and also grants the Commission the discretion to not charge a fee for providing copies of certain documents.

480.	Regulation of Public Utilities (56300).....			\$28,927,754	<del>\$29,268,938</del> \$30,370,097
	Regulation of Utility Companies (56301).....	\$28,927,754	<del>\$29,268,938</del> \$30,370,097		
	Fund Sources: Special.....	\$23,716,317	<del>\$24,056,551</del> \$25,117,467		
	Dedicated Special Revenue.....	\$1,861,437	<del>\$1,862,387</del> \$1,902,630		
	Federal Trust.....	\$3,350,000	\$3,350,000		

Authority: Title 56, Chapter 10, Code of Virginia.

- 481. Not set out.
- 482. Not set out.
- 483. Not set out.

	Total for State Corporation Commission.....			<b>\$99,391,848</b>	<b><del>\$100,836,406</del></b> <b>\$107,362,893</b>
	Nongeneral Fund Positions.....	665.00	<del>669.00</del> 675.00		
	Position Level.....	665.00	<del>669.00</del> 675.00		
	Fund Sources: General.....	\$201,256	\$201,292		

ITEM 483.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
Special.....	\$87,122,214	\$88,565,786 \$95,052,030		
Trust and Agency.....	\$6,856,941	\$6,856,941		
Dedicated Special Revenue.....	\$1,861,437	\$1,862,387 \$1,902,630		
Federal Trust.....	\$3,350,000	\$3,350,000		
484. Not set out.				
485. Not set out.				
486. Not set out.				
487. Not set out.				
488. Not set out.				

**§ 1-24. VIRGINIA RETIREMENT SYSTEM (158)**

489. Not set out.				
490. Not set out.				
491. Administrative and Support Services (79900).....			\$37,953,411	\$34,907,746 \$36,726,132
General Management and Direction (79901).....	\$20,280,930	\$18,387,404 \$20,205,790		
Information Technology Services (79902).....	\$17,672,481	\$16,520,342		
Fund Sources: Trust and Agency.....	\$37,953,411	\$34,907,746 \$36,726,132		

Authority: Title 51.1, Chapters 1, 2, 2.1, and 3, Code of Virginia.

A. Out of the amounts appropriated to this Item, the director is authorized to expend an amount not to exceed \$25,000 the first year and \$25,000 the second year for expenses commonly borne by business enterprises. Such expenses shall be recorded separately by the agency.

B. Out of the amounts appropriated to this item, an amount not to exceed \$300,000 the first year and \$300,000 the second year is designated to provide retirement-related services in support of the Commission on Employee Retirement Security and Pension Reform created pursuant to the passage of House Bill 665 of the 2016 General Assembly Session.

492. Not set out.				
Total for Virginia Retirement System.....			<b>\$85,500,544</b>	<b>\$82,879,694</b> <b>\$84,698,080</b>
Nongeneral Fund Positions.....	337.00	337.00		
Position Level.....	337.00	337.00		
Fund Sources: General.....	\$32,585	\$50,000		
Trust and Agency.....	\$85,467,959	\$82,829,694 \$84,648,080		
493. Not set out.				
494. Not set out.				
TOTAL FOR INDEPENDENT AGENCIES.....			<b>\$582,976,870</b>	<b>\$608,400,747</b> <b>\$616,745,620</b>

ITEM 494.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
Nongeneral Fund Positions.....	1,717.00	<del>1,724.00</del> 1,730.00		
Position Level.....	1,717.00	<del>1,724.00</del> 1,730.00		
Fund Sources: General.....	\$1,233,841	\$251,292		
Special.....	\$87,122,214	<del>\$88,565,786</del> \$95,052,030		
Enterprise.....	\$350,820,944	\$376,874,652		
Trust and Agency.....	\$92,324,900	<del>\$89,686,635</del> \$91,505,021		
Dedicated Special Revenue.....	\$46,624,971	<del>\$48,172,382</del> \$48,212,625		
Federal Trust.....	\$4,850,000	\$4,850,000		

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**STATE GRANTS TO NONSTATE ENTITIES**

495. Not set out.

TOTAL FOR STATE GRANTS TO NONSTATE ENTITIES.....			\$0	\$0
TOTAL FOR PART 1: OPERATING EXPENSES.			\$52,186,885,006	\$51,935,526,343
				\$52,613,575,796
General Fund Positions.....	52,353.13	52,163.56		52,241.56
Nongeneral Fund Positions.....	65,895.32	66,397.39		66,360.39
Position Level.....	118,248.45	118,560.95		118,601.95
Fund Sources: General.....	\$20,113,732,383	\$20,354,616,519		\$20,449,928,156
Special.....	\$1,767,233,155	\$1,777,155,539		\$1,781,311,993
Higher Education Operating.....	\$8,541,179,807	\$8,249,002,756		
Commonwealth Transportation.....	\$5,585,951,483	\$5,204,941,790		\$5,591,800,781
Enterprise.....	\$1,565,888,038	\$1,639,448,491		\$1,684,183,984
Internal Service.....	\$2,077,103,387	\$2,174,937,786		\$1,975,159,775
Trust and Agency.....	\$2,392,222,119	\$2,189,765,586		\$2,245,086,109
Debt Service.....	\$329,454,313	\$337,468,916		
Dedicated Special Revenue.....	\$1,885,150,986	\$1,857,291,479		\$1,900,401,515
Federal Trust.....	\$7,928,969,335	\$8,150,897,481		\$8,399,231,811

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## PART 2: CAPITAL PROJECT EXPENSES

### § 2-0. GENERAL CONDITIONS

A.1. The General Assembly hereby authorizes the capital projects listed in this act. The amounts hereinafter set forth are appropriated to the state agencies named for the indicated capital projects. Amounts so appropriated and amounts reappropriated pursuant to paragraph G of this section shall be available for expenditure during the current biennium, subject to the conditions controlling the expenditures of capital project funds as provided by law. Reappropriated amounts, unless otherwise stated, are limited to the unexpended appropriation balances at the close of the previous biennium, as shown by the records of the Department of Accounts.

2. The Director, Department of Planning and Budget, may transfer appropriations listed in Part 2 of this act from the second year to the first year in accordance with § 4-1.03 a 5 of this act.

B. The five-digit number following the title of a project is the code identification number assigned for the life of the project.

C. Except as herein otherwise expressly provided, appropriations or reappropriations for structures may be used for the purchase of equipment to be used in the structures for which the funds are provided, subject to guidelines prescribed by the Governor.

D. Notwithstanding any other provisions of law, appropriations for capital projects shall be subject to the following:

1. Appropriations or reappropriations of funds made pursuant to this act for planning of capital projects shall not constitute implied approval of construction funds in a future biennium. Funds, other than the reappropriations referred to above, for the preparation of capital project proposals must come from the affected agency's existing resources.

2. No capital project for which appropriations for planning are contained in this act, nor any project for which appropriations for planning have been previously approved, shall be considered for construction funds until preliminary plans and cost estimates are reviewed by the Department of General Services. The purpose of this review is to avoid unnecessary expenditures for each project, in the interest of assuring the overall cost of the project is reasonable in relation to the purpose intended, regardless of discrete design choices.

E.1. Expenditures from Items in this act identified as "Maintenance Reserve" are to be made only for the maintenance of property, plant, and equipment as defined in § 4-4.01c of this act to the extent that funds included in the appropriation to the agency for this purpose in Part 1 of this act are insufficient.

2. Agencies and institutions of higher education can expend up to \$1,500,000 for a single repair or project through the maintenance reserve appropriation. Such expenditures shall be subject to rules and regulations prescribed by the Governor. To the extent an agency or institution of higher education has identified a potential project that exceeds this threshold, the Director, Department of Planning and Budget, can provide exemptions to the threshold as long as the project still meets the definition of a maintenance reserve project as defined by the Department of Planning and Budget.

3. Only facilities supported wholly or in part by the general fund shall utilize general fund maintenance reserve appropriations. Facilities supported entirely by nongeneral funds shall accomplish maintenance through the use of nongeneral funds.

F. Conditions Applicable to Bond Projects

1. The capital projects listed in §§ 2-53 and 2-54 for the indicated agencies and institutions of higher education are hereby authorized and sums from the sources and in the amount indicated are hereby appropriated and reappropriated. The issuance of bonds in a principal amount plus amounts needed to fund issuance costs, reserve funds, and other financing expenses, including capitalized interest for any project listed in §§ 2-53 and 2-54 is hereby authorized.

2. The issuance of bonds for any project listed in § 2-53 is to be separately authorized pursuant to Article X, Section 9 (c), Constitution of Virginia.

3. The issuance of bonds for any project listed in §§ 2-53 or 2-54 shall be authorized pursuant to § 23.1-1106, Code of Virginia.

4. In the event that the cost of any capital project listed in §§ 2-53 and 2-54 shall exceed the amount appropriated therefore, the Director, Department of Planning and Budget, is hereby authorized, upon request of the affected institution, to approve an increase in appropriation authority of not more than ten percent of the amount designated in §§ 2-53 and 2-54 for such project, from any available nongeneral fund revenues, provided that such increase shall not constitute an increase in debt issuance authorization for such capital project. Furthermore, the Director, Department of Planning and Budget, is hereby authorized to approve the expenditure of all interest earnings derived from the investment of bond proceeds in addition to the amount designated in §§ 2-53 and 2-54 for such capital project.



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5. The interest on bonds to be issued for these projects may be subject to inclusion in gross income for federal income tax purposes.

6. Inclusion of a project in this act does not imply a commitment of state funds for temporary construction financing. In the absence of such commitment, the institution may be responsible for securing short-term financing and covering the costs from other sources of funds.

7. In the event that the Treasury Board determines not to finance all or any portion of any project listed in § 2-53 of this act with the issuance of bonds pursuant to Article X, Section 9 (c), Constitution of Virginia, and notwithstanding any provision of law to the contrary, this act shall constitute the approval of the General Assembly to finance all or such portion of such project under the authorization of § 2-54 of this act.

8. The General Assembly further declares and directs that, notwithstanding any other provision of law to the contrary, 50 percent of the proceeds from the sale of surplus real property pursuant to § 2.2-1147 et seq., Code of Virginia, which pertain to the general fund, and which were under the control of an institution of higher education prior to the sale, shall be deposited in a special fund set up on the books of the State Comptroller, which shall be known as the Higher Education Capital Projects Fund. Such sums shall be held in reserve, and may be used, upon appropriation, to pay debt service on bonds for the 21st Century College Program as authorized in Item C-7.10 of Chapter 924 of the Acts of Assembly of 1997.

G. Upon certification by the Director, Department of Planning and Budget, there is hereby reappropriated the appropriations unexpended at the close of the previous biennium for all authorized capital projects which meet any of the following conditions:

1. Construction is in progress.
2. Equipment purchases have been authorized by the Governor but not received.
3. Plans and specifications have been authorized by the Governor but not completed.
4. Obligations were outstanding at the end of the previous biennium.

#### H. Alternative Financing

1. Any agency or institution of the Commonwealth that would construct, purchase, lease, or exchange a capital asset by means of an alternative financing mechanism, such as the Public Private Education Infrastructure Act, or similar statutory authority, shall provide a report to the Governor and the Chairmen of the Senate Finance and House Appropriations Committees no less than 30 days prior to entering into such alternative financing agreement. This report shall provide:

- a. a description of the purpose to be achieved by the proposal;
- b. a description of the financing options available, including the alternative financing, which will delineate the revenue streams or client populations pledged or encumbered by the alternative financing;
- c. an analysis of the alternatives clearly setting out the advantages and disadvantages of each for the Commonwealth;
- d. an analysis of the alternatives clearly setting out the advantages and disadvantages of each for the clients of the agency or institution; and
- e. a recommendation and planned course of action based on this analysis.

#### I. Conditions Applicable to Alternative Financing

The following authorizations to construct, purchase, lease or exchange a capital asset by means of an alternative financing mechanism, such as the Public Private Education Infrastructure Act, or similar statutory authority, are continued until revoked:

##### 1. James Madison University

a. Subject to the provisions of this act, the General Assembly authorizes James Madison University, with the approval of the Governor, to explore and evaluate an alternative financing scenario to provide additional parking, student housing, and/or operational related facilities. The project shall be consistent with the guidelines of the Department of General Services and comply with Treasury Board Guidelines issued pursuant to § 23.1-1106 C.1.d, Code of Virginia.

b. The General Assembly authorizes James Madison University to enter into a written agreement with a public or private entity to design, construct, and finance a facility or facilities to provide additional parking, student housing, and/or operational related facilities. The facility or facilities may be located on property owned by the Commonwealth. All project proposals and approvals shall be in accordance with the guidelines cited in paragraph 1 of this item. James Madison University is also authorized to enter into a written agreement with the public or private entity to lease all or a portion of the facilities.

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c. The General Assembly further authorizes James Madison University to enter into a written agreement with the public or private entity for the support of such parking, student housing, and/or operational related facilities by including the facilities in the University's facility inventory and managing their operation and maintenance; by assigning parking authorizations, students, and/or operations to the facility or facilities in preference to other University facilities; by restricting construction of competing projects; and by otherwise supporting the facilities consistent with law, provided that the University shall not be required to take any action that would constitute a breach of the University's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

d. James Madison University is further authorized to convey fee simple title in and to one or more parcels of land to James Madison University Foundation (JMUF), which will develop and use the land for the purpose of developing and establishing residential housing for students and/or faculty and staff, office, retail, athletics, dining, student services, and other auxiliary activities and commercial land use in accordance with the University's Master Plan.

## 2. Longwood University

a. Subject to the provisions of this act, the General Assembly authorizes Longwood University to enter into a written agreement or agreements with the Longwood University Real Estate Foundation (LUREF) for the development, design, construction and financing of student housing projects, a convocation center, parking, and operational and recreational facilities through alternative financing agreements including public-private partnerships. The facility or facilities may be located on property owned by the Commonwealth.

b. Longwood is further authorized to enter into a written agreement with the LUREF for the support of such student housing, convocation center, parking, and operational and recreational facilities by including the facilities in the University's facility inventory and managing their operation and maintenance; by assigning parking authorizations, students and/or operations to the facility or facilities in preference to other University facilities; by restricting construction of competing projects; and by otherwise supporting the facilities consistent with law, provided that the University shall not be required to take any action that would constitute a breach of the University's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

c. The General Assembly further authorizes Longwood University to enter into a written agreement with a public or private entity to plan, design, develop, construct, finance, manage and operate a facility or facilities to provide additional student housing and/or operational-related facilities. Longwood University is also authorized to enter into a written agreement with the public or private entity to lease all or a portion of the facilities. The State Treasurer is authorized to make Treasury loans to provide interim financing for planning, construction and other costs of any of the projects. Revenue bonds issued by or for the benefit of LUREF will provide construction and/or permanent financing.

d. Longwood University is further authorized to convey fee simple title in and to one or more parcels of land to LUREF, which will develop and use the land for the purpose of developing and establishing residential housing for students and/or faculty and staff, office, retail, athletics, dining, student services, and other auxiliary activities and commercial land use in accordance with the University's Master Plan.

## 3. Christopher Newport University

a. Subject to the provisions of this act, the General Assembly authorizes Christopher Newport University to enter into, continue, extend or amend written agreements with the Christopher Newport University Educational Foundation (CNUEF) or the Christopher Newport University Real Estate Foundation (CNUREF) in connection with the refinancing of certain housing and office space projects.

b. Christopher Newport University is further authorized to enter into, continue, extend or amend written agreements with CNUEF or CNUREF to support such facilities including agreements to (i) lease all or a portion of such facilities from CNUEF or CNUREF, (ii) include such facilities in the University's building inventory, (iii) manage the operation and maintenance of the facilities, including collection of any rental fees from University students in connection with the use of such facilities, and (iv) otherwise support the activities at such facilities consistent with law, provided that the University shall not be required to take any action that would constitute a breach of the University's obligation under any documents or instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

## 4. Radford University

a. Subject to the provisions of this act, the General Assembly authorizes Radford University, with the approval of the Governor, to explore and evaluate an alternative financing scenario to provide additional parking, student housing, and/or operational related facilities. The project shall be consistent with the guidelines of the Department of General Services and comply with Treasury Board Guidelines issued pursuant to § 23.1-1106 C.1.d, Code of Virginia.

b. The General Assembly authorizes Radford University to enter into a written agreement with a public or private entity to design, construct, and finance a facility or facilities to provide additional parking, student housing, and/or operational related facilities. The facility or facilities may be located on property owned by the Commonwealth. All project proposals and approvals shall be in

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accordance with the guidelines cited in paragraph 1 of this item. Radford University is also authorized to enter into a written agreement with the public or private entity to lease all or a portion of the facilities.

c. The General Assembly further authorizes Radford University to enter into a written agreement with the public or private entity for the support of such parking, student housing, and/or operational related facilities by including the facilities in the University's facility inventory and managing their operation and maintenance; by assigning parking authorizations, students, and/or operations to the facility or facilities in preference to other University facilities; by restricting construction of competing projects; and by otherwise supporting the facilities consistent with law, provided that the University shall not be required to take any action that would constitute a breach of the University's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

#### 5. University of Mary Washington

a. Subject to the provisions of this act, the General Assembly authorizes the University of Mary Washington to enter into a written agreement or agreements with the University of Mary Washington Foundation (UMWF) to support student housing projects and/or operational-related facilities through alternative financing agreements including public-private partnerships.

b. The University of Mary Washington is further authorized to enter into written agreements with UMWF to support such student housing facilities; the support may include agreements to (i) include the student housing facilities in the University's students housing inventory; (ii) manage the operation and maintenance of the facilities, including collection of rental fees as if those students occupied University-owned housing; (iii) assign students to the facilities in preference to other University-owned facilities; (iv) seek to obtain police power over the student housing as provided by law; and (v) otherwise support the students housing facilities consistent with law, provided that the University's obligation under any documents or other instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

c. The General Assembly further authorizes the University of Mary Washington to enter into a written agreement with a public or private entity to design, construct, and finance a facility or facilities to provide additional student housing and/or operational-related facilities. The facility or facilities may or may not be located on property owned by the Commonwealth. The University of Mary Washington is also authorized to enter into a written agreement with the public or private entity to lease all or a portion of the facilities. The State Treasurer is authorized to make Treasury loans to provide interim financing for planning, construction and other costs of any of the projects. Revenue bonds issued by or for UMWF will provide construction and/or permanent financing.

#### 6. Norfolk State University

a. Subject to the provisions of this act, the General Assembly authorizes Norfolk State University to enter into a written agreement or agreements with a Foundation of the University for the development of one or more student housing projects on or adjacent to campus, subject to the conditions outlined in the Public-Private Education Facilities Infrastructure Act of 2002.

b. Norfolk State University is further authorized to enter into written agreements with a Foundation of the University to support such student housing facilities; the support may include agreements to (i) include the student housing facilities in the University's student housing inventory; (ii) manage the operation and maintenance of the facilities, including collection of rental fees as if those students occupied University-owned housing; (iii) assign students to the facilities in preference to other University-owned facilities; (iv) restrict construction of competing student housing projects; (v) seek to obtain police power over the student housing as provided by law; and (vi) otherwise support the student housing facilities consistent with law, provided that the University shall not be required to take any action that would constitute a breach of the University's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the University or the Commonwealth of Virginia.

#### 7. Northern Virginia Community College - Alexandria Campus

The General Assembly authorizes Northern Virginia Community College, Alexandria Campus to enter into a written agreement either with its affiliated foundation or a private contractor to construct a facility to provide on-campus housing on College land to be leased to said foundation or private contractor for such purposes. Northern Virginia Community College, Alexandria Campus, is also authorized to enter into a written agreement with said foundation or private contractor for the support of such student housing facilities and management of the operation and maintenance of the same.

#### 8. Virginia State University

a. Subject to the provisions of this act, the General Assembly authorizes Virginia State University (University) to enter into a written agreement or agreements with the Virginia State University Foundation (VSUF), Virginia State University Real Estate Foundation (VSUREF), and other entities owned or controlled by the university for the development, design, construction, financing, and management of a mixed-use economic development corridor comprising student housing, parking, and dining facilities through alternative financing agreements including public-private partnerships. The facility or facilities may be located on property owned by the Commonwealth.

b. Virginia State University is further authorized to enter into a written agreement with the VSUREF, VSUF, and other entities owned

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or controlled by the university for the support of such a mixed-use economic development corridor comprising student housing, parking, and dining facilities by including these projects in the university's facility inventory and managing their operation and maintenance; by assigning parking authorizations, students and/or operations to the facility or facilities in preference to other university facilities; by restricting construction of competing projects; and by otherwise supporting the facilities consistent with law, provided that the university shall not be required to take any action that would constitute a breach of the university's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the university or the Commonwealth of Virginia.

#### 9. College of William and Mary

a. Subject to the provisions of this act, the General Assembly authorizes the College of William and Mary, with the approval of the Governor, to explore and evaluate alternative financing scenarios to provide additional parking, student or faculty/staff housing, recreational, athletic and/or operational related facilities. The project shall be consistent with the guidelines of the Department of General Services and comply with Treasury Board guidelines issued pursuant to § 23.1-1106 C.1. (d), Code of Virginia.

b. The General Assembly authorizes the College of William and Mary to enter into written agreements with public or private entities to design, construct, and finance a facility or facilities to provide additional parking, student or faculty/staff housing, recreational, athletic, and/or operational related facilities. The facility or facilities may be on property owned by the Commonwealth. All project proposals and approvals shall be in accordance with the guidelines cited in paragraph 1 of this item. The College of William and Mary is also authorized to enter into a written agreement with the public or private entity to lease all or a portion of the facility.

c. The General Assembly further authorizes the College of William and Mary to enter into written agreements with the public or private entities for the support and operation of such parking, student or faculty/staff housing, recreational, athletic, and /or operational related facilities by including the facilities in the College's facility inventory and managing their operation and maintenance including the assignment of parking authorizations, students, faculty or staff, and operations to the facility in preference to other university facilities, limiting construction of competing projects, and by otherwise supporting the facilities consistent with law, provided that the College shall not be required to take any action that would constitute a breach of the University's obligations under any documents or other instruments constituting or securing bonds or other indebtedness of the College or the Commonwealth of Virginia.

d. The College of William and Mary is further authorized to convey fee simple title in and to one or more parcels of land to the William and Mary Real Estate Foundation (WMREF) which will develop and use the land for the purpose of developing and establishing residential housing for students, faculty, or staff, recreational, athletic, and/or operational related facilities including office, retail and commercial, student services, or other auxiliary activities.

10. The following individuals, and members of their immediate family, may not engage in an alternative financing arrangement with any agency or institution of the Commonwealth, where the potential for financial gain, or other factors may cause a conflict of interest:

a. A member of the agency or institution's governing body;

b. Any elected or appointed official of the Commonwealth or its agencies and institutions who has, or reasonably can be assumed to have, a direct influence on the approval of the alternative financing arrangement; or

c. Any elected or appointed official of a participating political subdivision, or authority who has, or reasonably can be assumed to have, a direct influence on the approval of the alternative financing arrangement.

J. Appropriations contained in this act for capital project planning shall be used as specified for each capital project and construction funding for the project shall be considered by the General Assembly after determining that (1) project cost is reasonable; (2) the project remains a highly-ranked capital priority for the Commonwealth; and (3) the project is fully justified from a space and programmatic perspective.

K. Any capital project that has received a supplemental appropriation due to cost overruns must be completed within the revised budget provided. If a project requires an additional supplement, the Governor should also consider reduction in project scope or cancelling the project before requesting additional appropriations. Agencies and institutions with nongeneral funds may bear the costs of additional overruns from nongeneral funds.

L. The Governor shall consider the project life cycle cost that provides the best long-term benefit to the Commonwealth when conducting capital project reviews, design and construction decisions, and project scope changes.

M. No structure, improvement or renovation shall occur on the state property located at the Carillon in Byrd Park in the City of Richmond without the approval of the General Assembly.

N. All agencies of the Commonwealth and institutions of higher education shall provide information and/or use systems and processes in the method and format as directed by the Director, Department of General Services, on behalf of the Six-Year Capital Outlay Plan Advisory Committee, to provide necessary information for state-wide reporting. This requirement shall apply to all projects, including those funded from general and nongeneral fund sources.

O. The Department of General Services, with the cooperation and support of the Workers' Compensation Commission, is hereby

	<b>Item Details(\$)</b>		<b>Appropriations(\$)</b>	
	<b>First Year</b>	<b>Second Year</b>	<b>First Year</b>	<b>Second Year</b>
	<b>FY2017</b>	<b>FY2018</b>	<b>FY2017</b>	<b>FY2018</b>

directed to manage acquisition or, construction, or leasing under a capital lease of a new headquarters facility for the commission out of such funds appropriated for such purposes by Item C-38.10, Chapter 1, 2014 Special Session I. Upon completion of the new facility, the department shall transfer the existing headquarters facility located at 1000 DMV Drive in Richmond, Virginia to the Science Museum of Virginia.

P. The Director, Department of Planning and Budget, in consultation with the Six-Year Capital Outlay Plan Advisory Committee, is authorized to transfer bond appropriations and bond proceeds between and among the capital pool projects listed in the table below, in order to address any shortfall in appropriation in one or more of such projects:

<b>Pool Project No.</b>	<b>Pool Project Title</b>	<b>Authorization</b>
17775	Public Education Institutions Capital Account	Enactment Clause 2, § 4, Chapter 1, 2008 Special Session I Acts of Assembly
17776	State Agency Capital Account	Enactment Clause 2, § 2, Chapter 1, 2008 Special Session I Acts of Assembly
17861	Supplements for Previously Authorized Higher Education Capital Projects	Item C-85, Chapter 874, 2010 Acts of Assembly; amended by Item C-85, Chapter 890, 2011 Acts of Assembly
17862	Energy Conservation	Item C-86, Chapter 890, 2011 Acts of Assembly
17967	Capital Outlay Project Pool	Item C-38.10, Chapter 3, 2012 Special Session I Acts of Assembly; amended by: Item C-38.10, Chapter 806, 2013 Acts of Assembly; by Item C-38.10, Chapter 1, 2014 Special Session I Acts of Assembly; Item C-43, Chapter 2, 2014 Special Session I Acts of Assembly; and Item C-43, Chapter 665, 2015 Acts of Assembly
18049	Comprehensive Capital Outlay Program	Item C-39.40, Chapter 806, 2013 Acts of Assembly; amended by: Item C-39.40, Chapter 1, 2014 Special Session I Acts of Assembly; Item C-46.10, Chapter 2, 2014 Special Session I Acts of Assembly, and Item 46.10, Chapter 665, 2015 Acts of Assembly
18196	Capital Outlay Renovation Pool	Item 46.15, Chapter 665, 2015 Acts of Assembly
18300	2016 VPBA Capital Construction Pool	§ 1, Chapters 759 and 769, 2016 Acts of Assembly
18301	2016 VCBA Capital Construction Pool	§ 2, Chapters 759 and 769, 2016 Acts of Assembly

**EXECUTIVE DEPARTMENT**

**OFFICE OF AGRICULTURE AND FORESTRY**

C-1. Omitted.

TOTAL FOR OFFICE OF AGRICULTURE AND FORESTRY .....	<b>\$0</b>	<b>\$0</b>
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**OFFICE OF ADMINISTRATION**

C-1.50 Not set out.

TOTAL FOR OFFICE OF ADMINISTRATION.....	<b>\$0</b>	<b>\$2,500,000</b>
Fund Sources: Bond Proceeds.....	\$0	\$2,500,000

**OFFICE OF COMMERCE AND TRADE**

C-2. Not set out.

TOTAL FOR OFFICE OF COMMERCE AND TRADE.....	<b>\$683,000</b>	<b>\$175,000</b>
Fund Sources: Special.....	\$683,000	\$175,000

**OFFICE OF EDUCATION**

ITEM C-2.50.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
C-2.50	Not set out.			
C-2.60	Not set out.			
C-3.	Not set out.			
C-4.	Not set out.			
C-5.	Not set out.			
C-5.10	Not set out.			
C-5.20	Not set out.			
C-6.	Not set out.			
C-7.	Not set out.			
C-8.	Not set out.			
C-8.10	Not set out.			
C-8.20	Not set out.			
C-9.	Not set out.			
C-10.	Not set out.			
C-10.10	Not set out.			
C-10.20	Not set out.			

**§ 2-1. LONGWOOD UNIVERSITY (214)**

C-11.	Not set out.			
C-12.	Omitted.			
C-13.	Omitted.			
C-13.10	Not set out.			
			<b>\$3,000,000</b>	<b>\$3,192,000</b>
	Total for Longwood University.....			
		\$3,000,000		\$0
		\$0	\$3,192,000	
	Fund Sources: Higher Education Operating.....			
	Bond Proceeds.....			
C-14.	Not set out.			

**§ 2-2. OLD DOMINION UNIVERSITY (221)**

C-14.50	New Construction: Reconstruct the Stadium at Foreman Field (18303).....		\$0	\$55,000,000 \$65,000,000
		\$0	\$10,000,000 \$20,000,000	
	Fund Sources: Higher Education Operating.....			

ITEM C-14.50.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
Bond Proceeds.....	\$0	\$45,000,000		
<p>Old Dominion University is authorized to reconstruct the Stadium at Foreman Field. Any debt service for the project that is supported by subsidy may be excluded from the subsidy calculations defined under § 23.1-1309 A., Code of Virginia. The institution shall not raise athletic fees to support the construction of this facility.</p>				
Total for Old Dominion University.....			\$0	\$55,000,000 \$65,000,000
Fund Sources: Higher Education Operating.....	\$0	\$10,000,000 \$20,000,000		
Bond Proceeds.....	\$0	\$45,000,000		
C-14.80	Not set out.			
C-15.	Not set out.			
C-16.	Not set out.			
C-17.	Not set out.			

**§ 2-3. VIRGINIA COMMONWEALTH UNIVERSITY (236)**

C-18.	Not set out.			
C-19.	New Construction: Construct School of Engineering Research Expansion (18243).....		\$41,341,000	\$0 \$1,118,000
	Fund Sources: Bond Proceeds.....	\$41,341,000	\$0 \$1,118,000	
	Total for Virginia Commonwealth University.....		\$52,141,000	\$0 \$1,118,000
	Fund Sources: Bond Proceeds.....	\$52,141,000	\$0 \$1,118,000	
C-20.	Not set out.			
C-21.	Not set out.			
C-22.	Not set out.			
C-22.10	Not set out.			
C-22.20	Not set out.			
C-22.30	Not set out.			

**§ 2-4. VIRGINIA STATE UNIVERSITY (212)**

C-22.60	Not set out.		
C-22.70	Not set out.		
C-22.80	Not set out.		
C-23.	Omitted.		

ITEM C-24.		Item Details(\$)		Appropriations(\$)	
		First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
C-24.	Omitted.				
C-24.10	Not set out.				

**§ 2-5. JAMESTOWN-YORKTOWN FOUNDATION (425)**

C-24.15	Improvements: Jamestown Settlement Pier (18383)....			\$0	\$3,140,000
	Fund Sources: Bond Proceeds.....	\$0	\$3,140,000		
	Total for Jamestown-Yorktown Foundation.....			\$0	\$3,140,000
	Fund Sources: Bond Proceeds.....	\$0	\$3,140,000		
C-24.20	Not set out.				
	TOTAL FOR OFFICE OF EDUCATION.....			\$321,899,000	\$137,332,000
	Fund Sources: General.....	\$500,000	\$0		
	Higher Education Operating.....	\$92,480,000	\$31,050,000		\$41,050,000
	Bond Proceeds.....	\$228,919,000	\$106,282,000		\$110,540,000

**OFFICE OF HEALTH AND HUMAN RESOURCES**

C-24.50	Not set out.				
	TOTAL FOR OFFICE OF HEALTH AND HUMAN RESOURCES.....			\$0	\$3,600,000
	Fund Sources: Bond Proceeds.....	\$0	\$3,600,000		

**OFFICE OF NATURAL RESOURCES**

C-25.	Not set out.				
C-26.	Not set out.				
C-27.	Not set out.				
C-28.	Not set out.				
C-29.	Not set out.				
C-30.	Not set out.				
C-31.	Not set out.				
	TOTAL FOR OFFICE OF NATURAL RESOURCES.....			\$8,426,000	\$11,054,000
	Fund Sources: Special.....	\$525,000	\$1,000,000		
	Dedicated Special Revenue.....	\$3,778,000	\$5,291,000		
	Federal Trust.....	\$4,123,000	\$4,763,000		

**OFFICE OF PUBLIC SAFETY AND HOMELAND SECURITY**

C-31.50	Omitted.				
C-32.	Not set out.				



ITEM C-32.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
C-33.	Not set out.			
C-34.	Not set out.			
C-34.10	Not set out.			
C-34.20	Not set out.			
C-34.30	Not set out.			
C-34.40	Not set out.			
C-34.50	Not set out.			

**§ 2-6. DEPARTMENT OF STATE POLICE (156)**

C-35.	Not set out.			
C-35.10	Omitted.			
C-35.20	Not set out.			
	Total for Department of State Police.....		<b>\$10,000</b>	<b>\$0</b>
	Fund Sources: Special.....	\$10,000	\$0	
	<b>TOTAL FOR OFFICE OF PUBLIC SAFETY AND HOMELAND SECURITY .....</b>		<b>\$3,128,000</b>	<b>\$8,000,000</b>
	Fund Sources: Special.....	\$40,000	\$0	
	Dedicated Special Revenue.....	\$25,000	\$0	
	Federal Trust.....	\$1,000,000	\$0	
	Bond Proceeds.....	\$2,063,000	\$8,000,000	

**OFFICE OF TRANSPORTATION**

- C-36. Not set out.
- C-37. Not set out.
- C-38. Not set out.
- C-39. Not set out.
- C-40. Not set out.
- C-41. Not set out.
- C-41.10 Not set out.

**§ 2-7. VIRGINIA PORT AUTHORITY (407)**

C-42.	Not set out.			
C-43.	Omitted.			
	Total for Virginia Port Authority.....		<b>\$3,000,000</b>	<b>\$3,000,000</b>

ITEM C-43.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
Fund Sources: Commonwealth Transportation.....	\$3,000,000	\$3,000,000		
TOTAL FOR OFFICE OF TRANSPORTATION.....			\$51,766,700	\$43,671,000
Fund Sources: Commonwealth Transportation.....	\$51,766,700	\$43,671,000		

**OFFICE OF VETERANS AND DEFENSE AFFAIRS**

C-43.50 Not set out.

TOTAL FOR OFFICE OF VETERANS AND DEFENSE AFFAIRS.....			\$0	\$10,000,000
Fund Sources: Bond Proceeds.....	\$0	\$10,000,000		

**CENTRAL APPROPRIATIONS**

**§ 2-8. CENTRAL CAPITAL OUTLAY (949)**

C-44. Not set out.

C-45. Omitted.

C-45.10 Not set out.

C-46. Omitted.

C-47. Omitted.

C-48. Omitted.

C-48.10 Not set out.

C-48.50 Not set out.

C-49. Omitted.

C-49.20 Not set out.

C-50. The provisions of Item C-46.10, Chapter 665, 2015 Acts of Assembly, as it relates to the Advanced Manufacturing Apprentice Academy Center and Regional Centers of Excellence are hereby extended without change for the 2016-2018 Biennium except for paragraph D.

*D.1.* Upon certification from the Virginia Economic Development Partnership and the Commonwealth Center for Advanced Manufacturing that one or more federal grants have been awarded or contributions from other non-governmental sources, including but not limited to in-kind donations of land, equipment, software or services, have been received by the Commonwealth Center for Advanced Manufacturing, the Director, Department of Planning and Budget shall release ~~all or a portion of \$25~~ up to \$12.5 million from this item to the Virginia Economic Development Partnership (VEDP) for the Commonwealth Center for Advanced Manufacturing to develop an Advanced Manufacturing Apprentice Academy Center to support existing and future Regional Centers of Excellence. In-kind donations shall not exceed more than 40 percent of the total match that is required.

*2.* Upon passage of this act, the bond authorization provided for this project in Item C-46.10, Chapter 665, 2015 Acts of Assembly, is reduced from \$25 million to \$12.5 million.

C-51. Not set out.

ITEM C-52.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
C-52.	Not set out.			
C-52.10	Not set out.			
C-52.20	Omitted.			
C-52.30	Omitted.			
C-52.40	Not set out.			
C-52.45	Planning: Planning funding for the Acquisition or Construction of ABC Central Office and Warehouse Facility (18323).....		\$500,000	\$0
	Fund Sources: General.....	\$500,000	\$0	
	<p>A. The Department of Alcoholic Beverage Control (ABC) and the Department of General Services (DGS) shall develop and deliver a plan to provide capital project options for a new ABC warehouse and ABC administrative offices.</p> <p>B. The plan will be a comprehensive plan for an ABC warehouse and administrative offices. At a minimum the plan will include real estate development approaches to achieve operationally ready, "turn-key", cost effective and efficient solutions to meet ABC's operational and business requirements. Solutions may include, but not be limited to, lease or construction of new facilities, acquiring existing facilities through lease or purchase, a combination of new construction and existing facilities, and must include at least one option for using the existing location for the new or retrofitted warehouse and administrative office building.</p> <p>C. In developing a new construction option for office space, an infill design concept should be considered, which initially would accommodate not more than a ten percent increase in central office staff beyond the number currently located in the headquarters building, with further growth in staff beyond the ten percent to be accommodated through less-expensive infill construction.</p> <p>D. The Department of General Services (DGS) shall analyze and include options in the ABC plan for the use of state-owned real property declared surplus and existing underutilized state-owned real property.</p> <p>E. Private sector developer options are to be included in the ABC plan. DGS is tasked and authorized to publicly solicit proposals (i.e. Request For Proposal, Request For Information or by other public solicitation method), to evaluate requirements in paragraphs B and D of this item, from the private sector developer community interested in providing solutions that meet ABC's operational, business, and cost effectiveness and efficiency requirements.</p> <p>F. ABC is tasked to include in the plan financing options for the capital project options.</p> <p>G. The plan shall be delivered to the Governor, Chairmen of the House Appropriations and Senate Finance Committees, and the Six-Year Capital Outlay Plan Advisory Committee (§ 2.2-1516) no later than November 1, 2017.</p> <p>H. Funds authorized to the Department of General Services for this item may be used to accomplish the necessary tasks to prepare, develop, complete, and execute the ABC plan.</p> <p><i>I. The Virginia Alcoholic Beverage Control Authority and the Department of General Services (DGS) are authorized to execute an agreement for a capital project to acquire a new ABC warehouse and administrative offices pursuant to the competitive public solicitation process called for in Item C-52.45 of Chapter 836 of the 2017 Acts of Assembly. Terms of such agreement shall be cost effective and efficient to meet ABC's operational and business needs.</i></p>			
C-52.50	Not set out.			

	<b>Item Details(\$)</b>		<b>Appropriations(\$)</b>	
<b>ITEM C-52.60.</b>	<b>First Year</b>	<b>Second Year</b>	<b>First Year</b>	<b>Second Year</b>
	<b>FY2017</b>	<b>FY2018</b>	<b>FY2017</b>	<b>FY2018</b>

C-52.60 A. The Virginia Public Building Authority, pursuant to § 2.2-2260 et seq. of the Code of Virginia, is authorized to issue bonds in a principal amount not to exceed ~~\$24,423,000~~\$27,563,000, plus amounts needed to fund issuance costs, reserve funds, original issue discount, interest prior to and during the acquisition or construction and for one year after completion thereof, and other financing expenses, to finance the capital costs of the projects described in paragraph C. of this Item, including constructing, improving, furnishing, equipping, acquiring, and renovating buidings, facilities, improvements, and land therefor.

B. Debt service on bonds issued under the authorization in this Item shall be provided from appropriations to the Treasury Board.

C. The appropriations for the following authorized projects are contained in the appropriation Items listed:

Agency Name/Project Title	Project Code	Item	VPBA Bonds	
<b>Department of Military Affairs (123)</b>				
Acquire Land for Readiness Centers	18309	C-34.10	\$3,000,000	
Renovate Roanoke Field Maintenance Shop	18310	C-34.20	\$323,000	
Replace / Install Fire Safety Systems in Readiness Centers	18318	C-34.30	\$5,000,000	
<b>Department of General Services (194)</b>				
Repair the Exterior Envelope of Main Street Centre	18308	C-1.50	\$2,500,000	
<b>Jamestown-Yorktown Foundation (425)</b>				
Improvements to Jamestown Settlement Pier	18383	C-24.15	\$3,140,000	
<b>Department of Behavioral Health and Developmental Services (720)</b>				
Make Infrastructure Repairs to State Facilities	18307	C-24.50	\$3,600,000	
<b>Department of Veterans Services (912)</b>				
Construction of Additonal Burial Vaults	18319	C-43.50	\$10,000,000	

C-52.70 Not set out.

C-52.75 *Improvements: WWRC Dining Hall and Activities Building, Phase II (17975)*..... \$0 \$0

*The scope of the project previously authorized in Item C-39.40, Chapter 806, 2013 Acts of Assembly, "Woodrow Wilson Rehabilitation Center Renovate Dining Hall and Activities Building, Phase II" includes a complete renovation of the pool and locker room and lobby areas including replacement of the existing therapy pool with a new exercise pool and lap pool, new fire alarm and sprinkler in the gymnasium, pool, locker room, and lobby areas, and lighting upgrades to the gymnasium and auditorium.*

Total for Central Capital Outlay.....			<b>\$154,400,000</b>	<b>\$278,244,132</b>
Fund Sources: General.....	\$500,000			\$0
Bond Proceeds.....	\$153,900,000	\$278,244,132		

C-53. Not set out.

ITEM C-53.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018

**§ 2-9. 9(D) REVENUE BONDS (951)**

- C-54. 1. This Item authorizes the capital projects listed below to be financed pursuant to Article X, Section 9(d), Constitution of Virginia.
2. The appropriations for said capital projects are contained in the appropriation Items listed below and are subject to the conditions in § 2-0 F of this act.
3. The total amount listed in this Item includes ~~\$280,577,000~~ \$281,695,000 in bond proceeds.

Agency Name/ Project Title	Item #	Project Code	Section 9(d) Bonds
<b>College of William and Mary (204)</b>			
Improve Auxiliary Facilities	C-4	18219	\$5,000,000
Improve Athletic Facilities	C-5	18220	\$5,000,000
Construct West Utilities Plant	C-5.20	18202	\$14,986,000
<b>Virginia Polytechnic Institute and State University (208)</b>			
Renovate Student Health Center	C-22	18224	\$3,071,000
Renovate Holden Hall (Engineering)	C-22.10	18267	\$17,500,000
Construct Central Chiller Plant, Phase II	C-22.20	18268	\$9,797,000
Construct VT Carilion Research Institute Biosciences Addition	C-22.30	18269	\$23,793,000
<b>Virginia Military Institute (211)</b>			
Improve Post Infrastructure Phases I, II and III	C-21	18204	\$3,380,000
<b>Longwood University (214)</b>			
Replace Steam Distribution System Wheeler Mall	C-13.10	18271	\$3,192,000
<b>University of Mary Washington (215)</b>			
Construct New Parking Deck, Phase I	C-15	18226	\$7,000,000
<b>James Madison University (216)</b>			
Construct East Campus Parking Deck	C-10	18231	\$40,000,000
Construct West Campus Parking Deck	C-10.20	18306	\$7,000,000
<b>Old Dominion University (221)</b>			
Reconstruct the Stadium at Foreman Field	C-14.50	18303	\$45,000,000
<b>Virginia Commonwealth University (236)</b>			
Construct School of Allied Health Professions Building	C-18	18206	\$10,800,000
Construct School of	C-19	18243	\$41,341,000

ITEM C-54.	Item Details(\$)		Appropriations(\$)	
	First Year FY2017	Second Year FY2018	First Year FY2017	Second Year FY2018
Engineering Research Expansion			\$42,459,000	
<b>Richard Bland College (241)</b>				
Convert Former Humanities and Social Sciences Building into Student Housing	C-6	18222	\$1,600,000	
<b>George Mason University (247)</b>				
Construct/Renovate Robinson Hall, New Academic and Research Facility and Harris Theater	C-7	18207	\$2,582,000	
Construct Utilities Distribution Infrastructure	C-8	18208	\$25,228,000	
<b>Virginia Community College System (260)</b>				
Construct Parking Garage, Virginia Western	C-20	18223	\$14,307,000	
<b>Total for Nongeneral Fund Obligation Bonds 9(d)</b>			<b>\$280,577,000</b> <b>\$281,695,000</b>	
Total for 9(D) Revenue Bonds.....			\$0	\$0
TOTAL FOR CENTRAL APPROPRIATIONS.....			<b>\$154,400,000</b>	<b>\$278,244,132</b>
Fund Sources: General.....	\$500,000	\$0		
Bond Proceeds.....	\$153,900,000	\$278,244,132		
TOTAL FOR PART 2: CAPITAL PROJECT EXPENSES.....			<b>\$540,302,700</b>	<b>\$494,576,132</b> <b>\$508,834,132</b>
Fund Sources: General.....	\$1,000,000	\$0		
Special.....	\$1,248,000	\$1,175,000		
Higher Education Operating.....	\$92,480,000	<del>\$31,050,000</del> \$41,050,000		
Commonwealth Transportation.....	\$51,766,700	\$43,671,000		
Dedicated Special Revenue.....	\$3,803,000	\$5,291,000		
Federal Trust.....	\$5,123,000	\$4,763,000		
Bond Proceeds.....	\$384,882,000	<del>\$408,626,132</del> \$412,884,132		

**PART 3: MISCELLANEOUS**  
**§ 3-1.00 TRANSFERS**

§ 3-1.01 INTERFUND TRANSFERS

A.1. In order to reimburse the general fund of the state treasury for expenses herein authorized to be paid therefrom on account of the activities listed below, the State Comptroller shall transfer the sums stated below to the general fund from the nongeneral funds specified, except as noted, on January 1 of each year of the current biennium. Transfers from the Alcoholic Beverage Control Enterprise Fund to the general fund shall be made four times a year, and such transfers shall be made within fifty (50) days of the close of the quarter. The payment for the fourth quarter of each fiscal year shall be made in the month of June.

	<b>FY 2017</b>	<b>FY 2018</b>
1. Alcoholic Beverage Control Enterprise Fund (§ 4.1-116, Code of Virginia)		
a) For expenses incurred for care, treatment, study and rehabilitation of alcoholics by the Department of Behavioral Health and Developmental Services and other state agencies (from Alcoholic Beverage Control gross profits)	\$65,375,769	\$65,375,769
b) For expenses incurred for care, treatment, study and rehabilitation of alcoholics by the Department of Behavioral Health and Developmental Services and other state agencies (from gross wine liter tax collections as specified in § 4.1-234, Code of Virginia)	\$9,141,363	\$9,141,363
2. Forest Products Tax Fund (§ 58.1-1609, Code of Virginia)	\$20,917	<del>\$20,917</del> \$23,613
For collection by Department of Taxation		
3. Peanut Fund (§3.2-1906, Code of Virginia)	\$2,830	<del>\$2,830</del> \$2,419
4. For collection by Department of Taxation		
a) Aircraft Sales & Use Tax (§ 58.1-1509, Code of Virginia)	\$59,419	<del>\$59,419</del> \$39,169
b) Soft Drink Excise Tax	\$2,157	<del>\$2,157</del> \$3,753
c) Virginia Litter Tax	\$9,238	<del>\$9,238</del> \$9,472
5. Proceeds of the Tax on Motor Vehicle Fuels		
For inspection of gasoline, diesel fuel and motor oils	\$97,586	\$97,586
6. Virginia Retirement System (Trust and Agency)		
For postage by the Department of the Treasury	\$34,500	\$34,500
7. Department of Alcoholic Beverage Control (Enterprise)		
For services by the:		
a) Auditor of Public Accounts	\$75,521	\$75,521
b) Department of Accounts	\$64,607	\$64,607
c) Department of the Treasury	\$47,628	\$47,628
8. Commission on the Virginia Alcohol Safety Action Program (Special)		
For expenses incurred for care, treatment, study and rehabilitation of alcoholics by the Department of Behavioral Health and Developmental Services and other state agencies.	\$800,000	\$0 \$500,000
<b>TOTAL</b>	<b>\$75,731,535</b>	<b>\$74,931,535</b> <b>\$75,415,400</b>

2.a. Transfers of net profits from the Alcoholic Beverage Control Enterprise Fund to the general fund shall be made four times

a year, and such transfers shall be made within fifty (50) days of the close of each quarter. The transfer of fourth quarter profits shall be estimated and made in the month of June. In the event actual net profits are less than the estimate transferred in June, the difference shall be deducted from the net profits of the next quarter and the resulting sum transferred to the general fund. Distributions to localities shall be made within fifty (50) days of the close of each quarter. Net profits are estimated at \$108,428,070 the first year and ~~\$103,028,070~~ \$104,100,000 the second year.

b. Pursuant to § 4.1-116 B, Code of Virginia, the Department of Alcoholic Beverage Control shall notify the State Comptroller of the amount to be deducted quarterly from the net profits for transfer to the reserve fund established by the cited section. However, § 4.1-116 B. shall not apply if depreciation is expensed directly in order to reduce net profits.

B.1. If any transfer to the general fund required by any subsections of §§ 3-1.01 through 3-6.02 is subsequently determined to be in violation of any federal statute or regulation, or Virginia constitutional requirement, the State Comptroller is hereby directed to reverse such transfer and to return such funds to the affected nongeneral fund account.

2. There is hereby appropriated from the applicable funds such amounts as are required to be refunded to the federal government for mutually agreeable resolution of internal service fund over-recoveries as identified by the U. S. Department of Health and Human Services' review of the annual Statewide Indirect Cost Allocation Plans.

C. In order to fund such projects for improvement of the Chesapeake Bay and its tributaries as provided in § 58.1-2289 D, Code of Virginia, there is hereby transferred to the general fund of the state treasury the amounts listed below. The Department of Motor Vehicles shall be responsible for effecting the provisions of this paragraph. The amounts listed below shall be transferred on June 30 of each fiscal year.

154	Department of Motor Vehicles	\$7,416,469	\$7,416,469
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D. The provisions of Chapter 6 of Title 58.1, Code of Virginia notwithstanding, the State Comptroller shall transfer to the general fund from the special fund titled "Collections of Local Sales Taxes" a proportionate share of the costs attributable to increased local sales and use tax compliance efforts, the Property Tax Unit, and State Land Evaluation Advisory Committee (SLEAC) services by the Department of Taxation estimated at \$5,921,168 the first year and ~~\$5,921,168~~ \$5,986,862 the second year.

E. The State Comptroller shall transfer to the general fund from the Transportation Trust Fund a proportionate share of the costs attributable to increased sales and use tax compliance efforts and revenue forecasting for the Transportation Trust Fund by the Department of Taxation estimated at \$2,925,835 the first year and ~~\$2,925,835~~ \$2,933,496 the second year.

F. On or before June 30 of each year, the State Comptroller shall transfer \$12,629,154 the first year and \$12,629,154 the second year to the general fund the following amounts from the agencies and fund sources listed below, for expenses incurred by central service agencies:

Agency Name	Fund Group	FY 2017	FY 2018
Compensation Board (157)	0900	\$61,074	\$61,074
Department of Elections (132)	0200	\$957	\$957
Department of Agriculture & Consumer Services (301)	0200	\$17,482	\$17,482
Department of Agriculture & Consumer Services (301)	0900	\$35,474	\$35,474
Department of Forestry (411)	0200	\$42,081	\$42,081
Department of Forestry (411)	900	\$334	\$334
Department of Housing and Community Develop. (165)	0900	\$269	\$269
Board of Accountancy (226)	0900	\$10,155	\$10,155
Board of Bar Examiners (233)	0200	\$7,587	\$7,587
Department of Labor and Industry (181)	0200	\$10,226	\$10,226
Department of Professional & Occupational Regulations (222)	0200	\$7,650	\$7,650
Department of Professional & Occupational Regulations (222)	0900	\$3,248	\$3,248



Southwest Virginia Higher Ed. Center (948)	0200	\$22,282	\$22,282
Virginia Museum of Fine Arts (238)	0200	\$25,161	\$25,161
Virginia Museum of Fine Arts (238)	0500	\$19,314	\$19,314
Department of Health (601)	0900	\$220,055	\$220,055
Health Insurance Administration (149)	0500	\$425,602	\$425,602
Tobacco Indemnification & Revit. Commission (851)	0900	\$18,714	\$18,714
Virginia for Health Youth Foundation (852)	0900	\$19,464	\$19,464
Department for the Deaf and Hard-Of-Hearing (751)	0200	\$26,440	\$26,440
Department of Behavioral Health and Developmental Services (720)	0200	\$20,612	\$20,612
Department of Health Professions (223)	0900	\$33,161	\$33,161
Department for Aging and Rehabilitative Services (262)	0200	\$61,116	\$61,116
Department for Aging and Rehabilitative Services (262)	0900	\$373	\$373
Virginia College Savings Plan (174)	0500	\$645,854	\$645,854
Supreme Court (111)	0900	\$273,576	\$273,576
Virginia State Bar (117)	0900	\$73,122	\$73,122
Department of Conservation and Recreation (199)	0200	\$182,537	\$182,537
Department of Conservation and Recreation (199)	0900	\$55,954	\$55,954
Department of Game and Inland Fisheries (403)	0900	\$750,436	\$750,436
Marine Resources Commission (402)	0200	\$20,208	\$20,208
Marine Resources Commission (402)	0900	\$10,075	\$10,075
Virginia Museum of Natural History (942)	0200	\$3,930	\$3,930
Alcoholic Beverage Control (999)	0500	\$150	\$150
Department of Criminal Justice Services (140)	0200	\$56,643	\$56,643
Department of Criminal Justice Services (140)	0900	\$71,485	\$71,485
Department of Fire Programs (960)	0200	\$14,376	\$14,376
Department of State Police (156)	0200	\$103,044	\$103,044
Department of Military Affairs (123)	0900	\$8,722	\$8,722
State Corporation Commission (171)	0900	\$7,120	\$7,120
Innovation & Entrepreneurship	0900	\$1,340	\$1,340

Investment Authority (934)			
Department of Aviation (841)	0400	\$79,004	\$79,004
Department of Rail and Public Transportation (505)	0400	\$675,667	\$675,667
Department of Motor Vehicles (154)	0400	\$3,728,268	\$3,728,268
Department of Transportation (501)	0400	\$4,566,723	\$4,566,723
Motor Vehicle Dealer Board (506)	0200	\$21,061	\$21,061
Virginia Port Authority (407)	0200	\$143,610	\$143,610
Virginia Port Authority (407)	0400	\$47,418	\$47,418
		<b>\$12,629,154</b>	<b>\$12,629,154</b>

G.1. The State Comptroller shall transfer to the Lottery Proceeds Fund established pursuant to § 58.1-4022.1, Code of Virginia, an amount estimated at \$599,982,144 the first year and ~~\$546,495,789~~ \$608,478,473 the second year, from the Virginia Lottery Fund. The transfer each year shall be made in two parts: (1) on or before January 1 of each year, the State Comptroller shall transfer the balance of the Virginia Lottery Fund for the first five months of the fiscal year and (2) thereafter, the transfer will be made on a monthly basis, or until the amount estimated at \$599,982,144 the first year and ~~\$546,495,789~~ \$608,478,473 the second year has been transferred to the Lottery Proceeds Fund. Prior to June 20 of each year, the Virginia Lottery Director shall estimate the amount of profits in the Virginia Lottery Fund for the month of June and shall notify the State Comptroller so that the estimated profits can be transferred to the Lottery Proceeds Fund prior to June 22.

2. No later than 10 days after receipt of the annual audit report required by § 58.1-4022.1, Code of Virginia, the State Comptroller shall transfer to the Lottery Proceeds Fund the remaining audited balances of the Virginia Lottery Fund for the prior fiscal year. If such annual audit discloses that the actual revenue is less than the estimate on which the June transfer was based, the State Comptroller shall adjust the next monthly transfer from the Virginia Lottery Fund to account for the difference between the actual revenue and the estimate transferred to the Lottery Proceeds Fund. The State Comptroller shall take all actions necessary to effect the transfers required by this paragraph, notwithstanding the provisions of § 58.1-4022, Code of Virginia. In preparing the Comprehensive Annual Financial Report, the State Comptroller shall report the Lottery Proceeds Fund as specified in § 58.1-4022.1, Code of Virginia.

H.1. The State Treasurer is authorized to charge up to 20 basis points for each nongeneral fund account which he manages and which receives investment income. The assessed fees, which are estimated to generate \$3,000,000 the first year and \$3,000,000 the second year, will be based on a sliding fee structure as determined by the State Treasurer. The amounts shall be paid into the general fund of the state treasury.

2.a. The State Treasurer is authorized to charge institutions of higher education participating in the pooled bond program of the Virginia College Building Authority an administrative fee of up to 10 basis points of the amount financed for each project in addition to a share of direct costs of issuance as determined by the State Treasurer. Such amounts collected from the public institutions of higher education, which are estimated to generate \$100,000 the first year and \$100,000 the second year, shall be paid into the general fund of the state treasury.

3. The State Treasurer is authorized to charge agencies, institutions and all other entities that utilize alternative financing structures and require Treasury Board approval, including capital lease arrangements, up to 10 basis points of the amount financed in addition to a share of direct costs of issuance as determined by the State Treasurer. Such amounts collected shall be paid into the general fund of the state treasury.

4. The State Treasurer is authorized to charge projects financed under Article X, Section 9(c) of the Constitution of Virginia, an administrative fee of up to 10 basis points of the amount financed for each project in addition to a share of direct costs of issuance as determined by the State Treasurer. Such amounts collected are estimated to generate \$50,000 the first year and \$50,000 the second year, and shall be paid into the general fund of the state treasury.

I. The State Comptroller shall transfer to the general fund of the state treasury 50 percent of the annual reimbursement received from the Manville Property Damage Settlement Trust for the cost of asbestos abatement at state-owned facilities. The balance of the reimbursement shall be transferred to the state agencies that incurred the expense of the asbestos abatement.

J. The State Comptroller shall transfer to the general fund from the Revenue Stabilization Fund in the state treasury any amounts in excess of the limitation specified in § 2.2-1829, Code of Virginia.

K.1. Not later than 30 days after the close of each quarter during the biennium, the State Comptroller shall transfer, notwithstanding the allotment specified in § 58.1-1410, Code of Virginia, funds collected pursuant to § 58.1-1402, Code of Virginia, from the general

fund to the Game Protection Fund. This transfer shall not exceed \$4,700,000 the first year and \$4,700,000 the second year.

2. Notwithstanding the provisions of subparagraph K.1. above, the Governor may, at his discretion, direct the State Comptroller to transfer to the Game Protection Fund, any funds collected pursuant to § 58.1-1402, Code of Virginia, that are in excess of the official revenue forecast for such collections.

L.1. On or before June 30 each year, the State Comptroller shall transfer from the general fund to the Family Access to Medical Insurance Security Plan Trust Fund the amount required by § 32.1-352, Code of Virginia. This transfer shall not exceed \$14,065,627 the first year and \$14,065,627 the second year. The State Comptroller shall transfer 90 percent of the yearly estimated amounts to the Trust Fund on July 15 of each year.

2. Notwithstanding any other provision of law, interest earnings shall not be allocated to the Family Access to Medical Insurance Security Plan Trust Fund (agency code 602, fund detail 0903) in either the first year or the second year of the biennium.

M. Not later than thirty days after the close of each quarter during the biennium, the State Comptroller shall transfer to the Game Protection Fund the general fund revenues collected pursuant to § 58.1-638 E, Code of Virginia. Notwithstanding § 58.1-638 E, this transfer shall not exceed \$12,350,000 the first year and \$12,350,000 the second year.

N.1. On or before June 30 each year, the State Comptroller shall transfer from the Tobacco Indemnification and Community Revitalization Fund to the general fund an amount estimated at \$244,268 the first year and \$244,268 the second year. This amount represents the Tobacco Indemnification and Community Revitalization Commission's 50 percent proportional share of the Office of the Attorney General's expenses related to the enforcement of the 1998 Tobacco Master Settlement Agreement and § 3.2-4201, Code of Virginia.

2. On or before June 30 each year, the State Comptroller shall transfer from the Tobacco Settlement Fund to the general fund an amount estimated at \$48,854 the first year and \$48,854 the second year. This amount represents the Tobacco Settlement Foundation's ten percent proportional share of the Office of the Attorney General's expenses related to the enforcement of the 1998 Tobacco Master Settlement Agreement and § 3.2-4201, Code of Virginia.

O. On or before June 30 each year, the State Comptroller shall transfer to the general fund \$5,089,914 the first year and ~~\$5,089,914~~ \$3,000,000 the second year from the Court Debt Collection Program Fund at the Department of Taxation.

P. On or before June 30 each year, the State Comptroller shall transfer to the general fund \$7,400,000 the first year and \$7,400,000 the second year from the Department of Motor Vehicles' Uninsured Motorists Fund. These amounts shall be from the share that would otherwise have been transferred to the State Corporation Commission.

Q. On or before June 30 each year, the State Comptroller shall transfer an amount estimated at \$6,500,000 the first year and an amount estimated at \$6,500,000 the second year to the general fund from the Intensified Drug Enforcement Jurisdictions Fund at the Department of Criminal Justice Services.

R. On or before June 30 each year, the State Comptroller shall transfer to the general fund \$3,364,585 the first year and \$3,864,585 the second year from operating efficiencies to be implemented by the Department of Alcoholic Beverage Control.

S. The State Comptroller shall transfer quarterly, one-half of the revenue received pursuant to § 18.2-270.01, of the Code of Virginia, and consistent with the provisions of § 3-6.03 of this act, to the general fund in an amount not to exceed \$7,905,000 the first year, and \$8,055,000 the second year from the Trauma Center Fund contained in the Department of Health's Financial Assistance for Non Profit Emergency Medical Services Organizations and Localities (40203).

T. On or before June 30 each year, the State Comptroller shall transfer \$600,000 the first year and \$600,000 the second year to the general fund from the Land Preservation Fund (Fund 0216) at the Department of Taxation.

U. Unless prohibited by federal law or regulation or by the Constitution of Virginia and notwithstanding any contrary provision of state law, on June 30 of each fiscal year, the State Comptroller shall transfer to the general fund of the state treasury the cash balance from any nongeneral fund account that has a cash balance of less than \$100. This provision shall not apply to institutions of higher education, bond proceeds, or trust accounts. The State Comptroller shall consult with the Director of the Department of Planning and Budget in implementing this provision and, for just cause, shall have discretion to exclude certain balances from this transfer or to restore certain balances that have been transferred.

V.1. The Brunswick Correctional Center operated by the Department of Corrections shall be sold. The Commonwealth may enter into negotiations with (1) the Virginia Tobacco Indemnification and Community Revitalization Commission, (2) regional local governments, and (3) regional industrial development authorities for the purchase of this property as an economic development site.

2. Notwithstanding the provisions of § 2.2-1156, Code of Virginia or any other provisions of law, the proceeds of the sale of the Brunswick Correctional Center shall be paid into the general fund.

W. On a monthly basis, in the month subsequent to collection, the State Comptroller shall transfer all amounts collected for the fund created pursuant to § 17.1-275.12 of the Code of Virginia, to Items 346, 398, and 423 of this act, for the purposes enumerated in Section 17.1-275.12.

X. On or before June 30 each year, the State Comptroller shall transfer \$10,368,587 the first year and \$10,518,587 the second year to the general fund from the \$2.00 increase in the annual vehicle registration fee from the special emergency medical services fund contained in the Department of Health's Emergency Medical Services Program (40200).

Y. The provisions of Chapter 6.2, Title 58.1, Code of Virginia, notwithstanding, on or before June 30 each year the State Comptroller shall transfer to the general fund from the proceeds of the Virginia Communications Sales and Use Tax (fund 0926), the Department of Taxation's indirect costs of administering this tax estimated at \$111,101 the first year and ~~\$111,101~~ \$106,451 the second year.

Z. Any amount designated by the State Comptroller from the June 30, 2016, or June 30, 2017, general fund balance for transportation pursuant to § 2.2-1514B., Code of Virginia, is hereby appropriated.

AA. The Department of General Services, with the cooperation and support of the Department of Behavioral Health and Developmental Services, is authorized to sell to Virginia Electric and Power Company, a Virginia corporation d/b/a Dominion Virginia Power, for such consideration as the Governor may approve, a parcel of land containing approximately 15 acres along the northern property line of Southside Virginia Training Center. After deduction of the expenses incurred by the Department of General Services in the sale of the property, the proceeds of the sale shall be deposited to the Behavioral Health and Developmental Services Trust Fund established pursuant to § 37.2-318, Code of Virginia. Any conveyance shall be approved by the Governor or his designee in the manner set forth in § 2.2-1150, Code of Virginia.

BB. On or before June 30, of each fiscal year, the State Comptroller shall transfer to the State Health Insurance Fund (Fund 0620 06200) the balance from the ~~Special Fund (Fund 0200) Administration of Health Benefits Services Fund (Fund 06220)~~ at the Department of Human Resource Management. ~~The balance in the Department of Human Resource's Special Fund represents a portion of the payments deposited into the State Health Insurance Fund used to pay the state health insurance program's administrative expenses.~~

CC. The Department of General Services is authorized to dispose of the following property currently owned by the Department of Corrections in the manner it deems to be in the best interests of the Commonwealth: Pulaski Correctional Center and White Post Detention and Diversion Center. Such disposal may include sale or transfer to other agencies or to local government entities. Notwithstanding the provisions of § 2.2-1156, Code of Virginia, the proceeds from the sale of all or any part of the properties shall be deposited into the general fund no later than June 30, 2018 .

DD. The State Comptroller shall deposit an additional \$280,000 to the general fund on or before June 30, 2017, and an additional \$600,000 to the general fund on or before June 30, 2018, from the fees generated by the Firearms Transaction and Concealed Weapons Permit Programs at the Department of State Police.

EE. On or before June 30, 2017 and June 30, 2018 the State Comptroller shall transfer to the general fund \$764,459 the first year and \$797,698 the second year from nongeneral fund balances within the Department of Motor Vehicles representing the savings that will be realized by the Department of Motor Vehicles as a result of the reduction in retirement contributions rates due to the expedited repayment of the deferred contributions which occurred during the 2010-12 biennium.

FF. On or before June 30, 2017, the State Comptroller shall transfer amounts estimated at \$16,345,357 from the agencies and fund sources listed below to the general fund of the state treasury.

	<b>Fund Detail</b>	<b>FY 2017</b>
<b>Department of Criminal Justice Services (140)</b>		
Capture available nongeneral fund balance	02210	\$146,388
Transfer available nongeneral fund cash balance to general fund	09035	\$411,000
<b>Department of Taxation (161)</b>		
Transfer nongeneral fund balances to the general fund	02144	\$791,796
<b>Department of Conservation and Recreation (199)</b>		
Revert unobligated prior-year	09360	\$528,000

cash in the Natural Resources  
Commitment Fund

**Department of Agriculture  
and Consumer Services (301)**

Transfer Dangerous Dog Registry cash balance	02301	\$45,000
Discontinue the Beehive Grant Fund program	02157	\$175,000

**Department of Forestry (411)**

Sell surplus equipment	02870	\$45,046
Transfer portion of cash balance in the State Lands Fund	02124	\$140,000
Transfer portion of cash balance in the Nurseries Fund	02515	\$425,000

**Department of  
Environmental Quality (440)**

Transfer cash from Hazardous Waste Management Fund	02450	\$500,000
Transfer cash from the Waste Tire Trust Fund	09060	\$1,038,230

**Department of Health (601)**

Transfer balance from Surplus Property Fund	02870	\$514
Transfer interest accumulated from local health department special fund donations	09013	\$32,794
Transfer Community Health Services revenue to the general fund	02050	\$100,000
Transfer Trauma Center Fund revenue from reinstatement of driver's licenses	09020	\$150,000
Transfer additional revenue from Emergency Medical Services	02130	\$150,000
Transfer interest accumulated from local health department special fund donations	02110	\$189,937
Transfer Maternal and Child Health revenue	02601	\$1,035,132

**Department of Behavioral  
Health and Developmental  
Services (720)**

Capture nongeneral fund cash no longer required to support the CCBHC initiative	02003	\$1,100,000
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**Department of Forensic  
Science (778)**

Realize savings from reduced discretionary spending, vacancies, and operational efficiencies	02870	\$19,771
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**Mental Health Treatment Centers (792)**

Capture special fund balances	02003	\$8,910,673
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**Department of Corrections (799)**

Transfer nongeneral fund balances to general fund	02550	\$411,076
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**\$16,345,357**

GG. On or before June 30, 2018, the State Comptroller shall transfer to the general fund \$500,000 the second year from the Hazardous Waste Management Permit Fund (02450) at the Department of Environmental Quality.

HH. The transfer of excess amounts in the Regulatory, Consumer Advocacy, Litigation, and Enforcement Revolving Trust Fund to the general fund pursuant to Item 61 of this act is estimated at \$1,400,000 the first year ~~and \$20,431,999 the second year~~ and \$500,000 the second year resulting from anticipated proceeds from various settlements. *It is hereby acknowledged that \$19,931,999 in transfers assumed in the second year in Chapter 836 were made in the first year and are included in the beginning General Fund balance for the second year.*

II.1. On or before June 30 each year, the State Comptroller shall transfer \$11,951,845 the first year and \$3,758,423 the second year to the general fund from agency nongeneral funds, as detailed below, to fund a portion of the nongeneral share of costs for the expedited repayment of deferred contributions to the Virginia Retirement System authorized in Chapter 732, 2016 Acts of Assembly.

Agency Name	Fund Detail	FY 2017	FY 2018
Supreme Court (111)	02800	\$6,752	\$6,752
Virginia State Bar (117)	09117	\$66,397	\$66,397
Department of Military Affairs (123)	02123	\$14,215	
Department of Military Affairs (123)	09012	\$11,321	
Department of Emergency Management (127)	02880	\$17,829	
Department of Human Resource Management (129)	02129	\$114,651	
Department of Human Resource Management (129)	02271	\$9,525	
Department of Human Resource Management (129)	02351	\$5,177	
Department of Human Resource Management (129)	02500	\$5,849	
Department of Human Resource Management (129)	07129	\$17,251	
Department of Elections (132)	07011	\$26,239	
Auditor of Public Accounts (133)	02133	\$26,054	
Virginia Information Technologies Agency (136)	02101	\$100,426	
Virginia Information Technologies Agency (136)	06136	\$271,125	\$260,539
Virginia Information Technologies Agency (136)	09051	\$16,623	
Virginia Information Technologies Agency (136)	09281	\$35,028	

Virginia Information Technologies Agency (136)	09104	\$10,302	
Department of Criminal Justice Services (140)	02140	\$48,406	
Department of Criminal Justice Services (140)	02210	\$6,257	
Department of Criminal Justice Services (140)	02820	\$4,975	
Department of Criminal Justice Services (140)	09035	\$5,017	
Department of Criminal Justice Services (140)	09120	\$4,328	
Department of Criminal Justice Services (140)	09300	\$7,699	
Attorney General and Department of Law (141)	02141	\$110,147	\$110,147
Attorney General and Department of Law (141)	02395	\$16,265	
Attorney General and Department of Law (141)	02800	\$33,039	
Division of Debt Collection (143)	02143	\$55,564	
The Science Museum of Virginia (146)	02146	\$20,978	\$20,977
Department of Accounts (151)	06150	\$3,417	
Department of Accounts (151)	06080	\$66,164	
Department of Accounts (151)	06090	\$70,156	
Department of the Treasury (152)	02152	\$4,329	
Department of the Treasury (152)	07030	\$94,445	
Department of the Treasury (152)	07152	\$90,222	
Department of the Treasury (152)	09090	\$1,420	
Department of Motor Vehicles (154)	04540	\$710,947	\$741,859
Department of Motor Vehicles (154)	04100	\$53,512	\$55,839
Department of State Police (156)	02800	\$66,608	
Department of State Police (156)	02156	\$44,582	
Department of State Police (156)	02270	\$93,709	
Department of State Police (156)	02610	\$93,709	
Department of State Police (156)	09142	\$70,560	
Department of State Police (156)	09163	\$70,560	
Department of Taxation (161)	02005	\$1,207	
Department of Taxation (161)	02080	\$12,664	
Department of Taxation (161)	02090	\$4,072	
Department of Taxation (161)	02164	\$14,696	
Department of Taxation (161)	02230	\$4,193	
Department of Taxation (161)	02510	\$251	
Department of Taxation (161)	09260	\$9,250	
Department of Taxation (161)	09281	\$1,263	
Department of Housing and	02165	\$46,652	

## Community Development (165)

State Corporation Commission (171)	02080	\$332,765	
State Corporation Commission (171)	02090	\$480,660	
State Corporation Commission (171)	02100	\$258,817	
State Corporation Commission (171)	02173	\$258,817	
State Corporation Commission (171)	02205	\$499,147	
State Corporation Commission (171)	09023	\$18,487	
Virginia Lottery (172)	05172	\$756,470	
Virginia College Savings Plan (174)	05174	\$197,627	
Virginia College Savings Plan (174)	05175	\$91,096	
Department of Labor and Industry (181)	02181	\$6,158	
Department of Labor and Industry (181)	02800	\$13,670	
Virginia Employment Commission (182)	02182	\$96,684	
Virginia Workers' Compensation Commission (191)	09191	\$701,831	
Virginia Workers' Compensation Commission (191)	09030	\$53,062	
Department of General Services (194)	02060	\$65,299	
Department of General Services (194)	02615	\$6,084	
Department of General Services (194)	02700	\$7,894	
Department of General Services (194)	05010	\$61,964	
Department of General Services (194)	05050	\$15,313	
Department of General Services (194)	06020	\$2,669	
Department of General Services (194)	06040	\$269,326	
Department of General Services (194)	06070	\$408,039	
Department of General Services (194)	06100	\$30,660	
Department of General Services (194)	06030	\$13,433	
Department of Conservation and Recreation (199)	02164	\$7,207	
Department of Conservation and Recreation (199)	02199	\$12,012	
Department of Conservation and Recreation (199)	02630	\$7,474	
Department of Conservation and Recreation (199)	09080	\$1,064	
Department of Conservation and Recreation (199)	09261	\$5,196	
Department of Education, Central Office Operations (201)	02201	\$23,087	\$23,087
Department of Education, Central Office Operations (201)	02800	\$192,733	\$192,733
The Library Of Virginia (202)	02202	\$38,283	
Wilson Workforce and Rehabilitation Center (203)	02203	\$92,218	\$92,218
Virginia School for the Deaf and the	02218	\$6,727	\$6,727



## Blind (218)

Department of Professional and Occupational Regulation (222)	02222	\$4,730	
Department of Professional and Occupational Regulation (222)	02590	\$16,942	
Department of Professional and Occupational Regulation (222)	09222	\$380,256	
Department of Health Professions (223)	07253	\$5,314	\$5,314
Department of Health Professions (223)	09223	\$260,367	\$260,367
Board of Accountancy (226)	09226	\$28,626	
Board of Bar Examiners (233)	02233	\$5,948	\$5,948
Virginia Museum of Fine Arts (238)	02238	\$3,996	\$3,996
Virginia Museum of Fine Arts (238)	05238	\$20,550	\$20,549
Frontier Culture Museum of Virginia (239)	02239	\$11,185	
State Council of Higher Education for Virginia (245)	02245	\$8,686	\$8,687
Department for Aging and Rehabilitative Services (262)	02262	\$4,667	\$4,667
Department for Aging and Rehabilitative Services (262)	02800	\$53,670	\$53,670
Department of Agriculture and Consumer Services (301)	07290	\$132,559	
Department of Agriculture and Consumer Services (301)	09017	\$45,397	
Department of Agriculture and Consumer Services (301)	02301	\$76,267	
Marine Resources Commission (402)	02455	\$6,240	
Marine Resources Commission (402)	02490	\$8,554	
Marine Resources Commission (402)	02402	\$314	
Department of Game and Inland Fisheries (403)	09403	\$248,158	
Virginia Racing Commission (405)	02280	\$8,212	
Virginia Port Authority (407)	02407	\$7,686	\$7,686
Virginia Port Authority (407)	04740	\$854	\$854
Department of Mines, Minerals and Energy (409)	02183	\$33,348	
Department of Mines, Minerals and Energy (409)	02409	\$2,604	
Department of Mines, Minerals and Energy (409)	02800	\$16,153	
Department of Forestry (411)	02411	\$43,386	
Department of Forestry (411)	02340	\$13,298	

Department of Forestry (411)	02515	\$21,502	
Department of Forestry (411)	02640	\$22,304	
Department of Historic Resources (423)	02423	\$9,443	
Jamestown-Yorktown Foundation (425)	02425	\$57,244	\$57,243
Department of Environmental Quality (440)	02149	\$2,923	
Department of Environmental Quality (440)	02440	\$19,362	
Department of Environmental Quality (440)	02450	\$20,000	
Department of Environmental Quality (440)	09024	\$74,846	
Department of Environmental Quality (440)	09042	\$240	
Department of Environmental Quality (440)	09060	\$1,576	
Department of Environmental Quality (440)	09070	\$2,156	
Department of Environmental Quality (440)	09190	\$250,000	
Department of Environmental Quality (440)	09143	\$133,448	
Department of Environmental Quality (440)	09250	\$50,000	
Department of Environmental Quality (440)	07480	\$206,120	\$206,120
Department of Rail and Public Transportation (505)	04000	\$81,030	\$81,030
Motor Vehicle Dealer Board (506)	02120	\$50,977	
Department of Health (601)	02000	\$44,816	\$44,816
Department of Health (601)	02020	\$49,417	\$49,417
Department of Health (601)	02030	\$1,063	\$1,063
Department of Health (601)	02063	\$2,080	\$2,080
Department of Health (601)	02110	\$4,897	\$4,897
Department of Health (601)	02130	\$27,478	\$27,478
Department of Health (601)	02150	\$1,078	\$1,078
Department of Health (601)	02260	\$659	\$659
Department of Health (601)	02480	\$30,945	\$30,945
Department of Health (601)	02800	\$468,651	\$468,651
Department of Health (601)	09013	\$14,206	\$14,206
Department of Health (601)	09100	\$1,078	\$1,078
Department of Health (601)	09312	\$6,403	\$6,403
Department of Health (601)	09450	\$16,167	\$16,167
Department for the Blind and Vision Impaired (702)	02702	\$646	
Department for the Blind and Vision Impaired (702)	05910	\$31,973	\$31,973
Department for the Deaf and Hard-Of-Hearing (751)	02751	\$7,798	

Department of Social Services (765)	02022	\$39,870	\$39,870
Department of Social Services (765)	02043	\$39,870	\$39,870
Department of Juvenile Justice (777)	02777	\$4,694	\$4,694
Department of Corrections (799)	02711		\$125,628
Department of Corrections (799)	02320	\$20,397	
Department of Corrections (799)	09530	\$58,540	
Department of Aviation (841)	04610	\$93,101	
Virginia Foundation for Healthy Youth (852)	09430	\$11,314	\$11,314
Department of Veterans Services (912)	02912	\$252,836	
Southern Virginia Higher Education Center (937)	02937	\$14,562	\$14,563
Southwest Virginia Higher Education Center (948)	02948	\$4,698	\$4,697
Commonwealth's Attorneys' Services Council (957)	02957	\$281	\$281
Department of Fire Programs (960)	02180	\$22,307	\$22,307
Department of Alcoholic Beverage Control (999)	05001	\$500,882	\$500,882
		<b>\$11,951,845</b>	<b>\$3,758,423</b>

2. Out of the amounts listed above, the Comptroller shall transfer into the Federal Repayment Reserve Fund an amount estimated to be sufficient to pay the federal government in anticipation of a federal repayment resulting from transfers from internal service funds identified in this list. The State Comptroller shall notify the Director, Department of Planning and Budget of the final federal repayment transfer amount prior to making the transfer into the Federal Repayment Reserve Fund.

3. On or before June 30 each year, the State Comptroller shall transfer \$26,064,305 the first year and \$17,376,204 the second year to the general fund the following amounts from the agencies and funds listed below, to fund a portion of the nongeneral share of costs for the expedited repayment of deferred contributions to the Virginia Retirement System authorized in Chapter 732, 2016 Acts of Assembly. Agencies may determine the appropriate fund detail amount within each fund.

<b>Agency Name</b>	<b>Fund</b>	<b>FY 2017</b>	<b>FY 2018</b>
Christopher Newport University (242)	03	\$390,307	\$260,205
College of William and Mary (204)	03	\$1,020,946	\$680,630
Richard Bland College (241)	03	\$42,715	\$28,476
George Mason University (247)	03	\$1,935,422	\$1,290,281
James Madison University (216)	03	\$1,551,829	\$1,034,553
Longwood University (214)	03	\$326,500	\$217,667
Norfolk State University (213)	03	\$486,295	\$324,197
Old Dominion University (221)	03	\$1,002,931	\$668,621
Radford University (217)	03	\$517,096	\$344,731
University of Mary	03	\$314,079	\$209,386

Washington (215)			
University of Virginia (207)	03	\$5,048,921	\$3,365,948
University of Virginia Medical Center (209)	03	\$1,072,236	\$714,824
University of Virginia's College at Wise (246)	03	\$117,388	\$78,259
Virginia Commonwealth University (236)	03	\$3,210,947	\$2,140,631
VCU Medical College of Virginia Hospitals Authority (206)	03	\$772,167	\$514,778
Virginia Community College System (260)	03	\$3,377,834	\$2,251,889
Virginia Military Institute (211)	03	\$288,536	\$192,357
Virginia Polytechnic Institute and State University (208)	03	\$4,110,195	\$2,740,130
Virginia State University (212)	03	\$477,961	\$318,641
<b>Total</b>		<b>\$26,064,305</b>	<b>\$17,376,204</b>

JJ. On or before June 30, 2018, the State Comptroller shall transfer to the general fund \$723,914 the second year from the Biofuels Production Fund (09461) at the Department of Mines Minerals and Energy.

KK. On or before June 30, 2018, the State Comptroller shall transfer to the general fund amounts estimated at \$210,000 from the following funds in the second year of the biennium within the Department of Health.

<b>Department of Health (601)</b>	<b>Fund Detail</b>	<b>FY 2018</b>
Waterworks Technical Assistance Fund	02480	\$23,295
Donations - Local Health Departments	09013	\$9,391
Trauma Center Fund	09020	\$49,920
Virginia Rescue Squads Assistance Fund	09100	\$82,542
Water Supply Assistance Grant Fund	09224	\$38,802
Radioactive Materials Facility Licensure/Inspection Fund	09312	\$4,521
Medical And Physician's Assistant Scholarship And Loan Repayment Fund	09341	\$74
Nursing Scholarship And Loan Repayment Fund	09321	\$1,455

LL. On or before June 30, 2018, the State Comptroller shall transfer to the general fund \$2,500,000 in nongeneral fund cash balances from the Aerospace Engine Manufacturing Supplier Cluster Grant Fund.

MM. On or before June 30, 2018, the State Comptroller shall transfer to the general fund \$1,600,000 in nongeneral fund cash balances from the Department of Small Business and Supplier Diversity, representing excess balances of \$640,000 in the Small Business Investment Grant Fund and \$960,000 in the Small Business Jobs Grant Fund.

NN. As required by §4-1.05 b of Chapter 836, 2017 Acts of Assembly, \$49,119 in various inactive nongeneral fund accounts were reverted by the State Comptroller to the General Fund in the second year.

OO. On or before June 30, of each fiscal year, the State Comptroller shall transfer to the Health Insurance Fund - Local (Fund 05200) at the Administration of Health Insurance the balance from the Administration of Local Benefits Services Fund (Fund 05220) at the Department of Human Resource Management.

PP. On or before June 30, of each fiscal year, the State Comptroller shall transfer to the Line of Duty Death and Health Benefits Trust Fund (Fund 07420) at the Administration of Health Insurance the balance from the Administration of Health Benefits Payment - LODA Fund (Fund 07422) at the Department of Human Resource Management.

### § 3-1.02 INTERAGENCY TRANSFERS

The Virginia Department of Transportation shall transfer, from motor fuel tax revenues, \$388,254 the first year and \$388,254 the second year to the Department of General Services for motor fuels testing.

### § 3-1.03 SHORT-TERM ADVANCE TO THE GENERAL FUND FROM NONGENERAL FUNDS

A. To meet the occasional short-term cash needs of the general fund during the course of the year when cumulative year-to-date disbursements exceed temporarily cumulative year-to-date revenue collections, the State Comptroller is authorized to draw cash

temporarily from nongeneral fund cash balances deemed to be available, although special dedicated funds related to commodity boards are exempt from this provision. Such cash drawdowns shall be limited to the amounts immediately required by the general fund to meet disbursements made in pursuance of an authorized appropriation. However, the amount of the cash drawdown from any particular nongeneral fund shall be limited to the excess of the cash balance of such fund over the amount otherwise necessary to meet the short-term disbursement requirements of that nongeneral fund. The State Comptroller will ensure that those funds will be replenished in the normal course of business.

B. In the event that nongeneral funds are not sufficient to compensate for the operating cash needs of the general fund, the State Treasurer is authorized to borrow, temporarily, required funds from cash balances within the Transportation Trust Fund, where such trust fund balances, based upon assessments provided by the Commonwealth Transportation Commissioner, are not otherwise needed to meet the short-term disbursement needs of the Transportation Trust Fund, including any debt service and debt coverage needs, over the life of the borrowing. In addition, the State Treasurer shall ensure that such borrowings are consistent with the terms and conditions of all bond documents, if any, that are relevant to the Transportation Trust Fund.

C. The Secretary of Finance, the State Treasurer and the Commonwealth Transportation Commissioner shall jointly agree on the amounts of such interfund borrowings. Such borrowed amounts shall be repaid to the Transportation Trust Fund at the earliest practical time when they are no longer needed to meet short-term cash needs of the general fund, provided, however, that such borrowed amounts shall be repaid within the biennium in which they are borrowed. Interest shall accrue daily at the rate per annum equal to the then current one-year United States Treasury Obligation Note rate.

D. Any temporary loan shall be evidenced by a loan certificate duly executed by the State Treasurer and the Commonwealth Transportation Commissioner specifying the maturity date of such loan and the annual rate of interest. Prepayment of temporary loans shall be without penalty and with interest calculated to such prepayment date. The State Treasurer is authorized to make, at least monthly, interest payments to the Transportation Trust Fund.

### § 3-2.00 WORKING CAPITAL FUNDS AND LINES OF CREDIT

#### § 3-2.01 ADVANCES TO WORKING CAPITAL FUNDS

The State Comptroller shall make available to the Virginia Racing Commission, on July 1 of each year, the amount of \$125,000 from the general fund as a temporary cash flow advance, to be repaid by December 30 of each year.

#### § 3-2.02 CHARGES AGAINST WORKING CAPITAL FUNDS

The State Comptroller may periodically charge the appropriation of any state agency for the expenses incurred for services received from any program financed and accounted for by working capital funds. Such charge may be made upon receipt of such documentation as in the opinion of the State Comptroller provides satisfactory evidence of a claim, charge or demand against the appropriations made to any agency. The amounts so charged shall be recorded to the credit of the appropriate working capital fund accounts. In the event any portion of the charge so made shall be disputed, the amount in dispute may be restored to the agency appropriation by direction of the Governor.

#### § 3-2.03 LINES OF CREDIT

a. The State Comptroller shall provide lines of credit to the following agencies, not to exceed the amounts shown:

Administration of Health Insurance	\$150,000,000
Administration of Health Insurance, Line of Duty Act	\$10,000,000
Administration of Health Insurance, Local Option	\$150,000,000
Department of Accounts, for the Payroll Service Bureau	\$400,000
Department of Accounts, Transfer Payments	\$5,250,000
Department of Alcoholic Beverage Control	\$60,000,000
Department of Corrections, for Virginia Correctional Enterprises	\$1,000,000
Department of Corrections, for Educational Grant Processing	300,000
Department of Emergency Management	\$150,000
Department of Environmental Quality	\$5,000,000
Department of Human Resource Management, for the Workers' Compensation Self Insurance Trust Fund	\$10,000,000
Department of Behavioral Health and Developmental Services	\$30,000,000
Department of Medical Assistance Services, for the Virginia Health Care Fund	\$12,000,000
Department of Motor Vehicles	\$5,000,000
Department of the Treasury, for the Unclaimed Property Trust Fund	\$5,000,000
Department of the Treasury, for the State Insurance Reserve Trust Fund	\$25,000,000
Virginia Lottery	\$40,000,000

Virginia Information Technologies Agency	\$75,000,000
Virginia Tobacco Settlement Foundation	\$3,000,000
Department of Historic Resources	\$600,000
Department of Fire Programs	\$30,000,000
Compensation Board	\$8,000,000
Department of Conservation and Recreation	\$4,000,000
Department of Military Affairs, for State Active Duty	\$5,000,000
Department of Military Affairs, for Federal Cooperative Agreements	\$21,000,000
Innovation and Entrepreneurship Authority	\$2,500,000
<i>Department of Motor Vehicles</i>	<i>\$10,500,000</i>

b. The State Comptroller shall execute an agreement with each agency documenting the procedures for the line of credit, including, but not limited to, applicable interest and the method for the drawdown of funds. The provisions of § 4-3.02 b of this act shall not apply to these lines of credit.

c. The State Comptroller, in conjunction with the Departments of General Services and Planning and Budget, shall establish guidelines for agencies and institutions to utilize a line of credit to support fixed and one-time costs associated with implementation of office space consolidation, relocation and/or office space co-location strategies, where such line of credit shall be repaid by the agency or institution based on the cost savings and efficiencies realized by the agency or institution resulting from the consolidation and/or relocation. In such cases the terms of office space consolidation or co-location strategies shall be approved by the Secretary of Administration, in consultation with the Secretary of Finance, as demonstrating cost benefit to the Commonwealth. In no case shall the advances to an agency or institution exceed \$1,000,000 nor the repayment begin more than one year following the implementation or extend beyond a repayment period of seven years.

d. The State Comptroller is hereby authorized to provide lines of credit of up to \$2,500,000 to the Department of Motor Vehicles and up to \$2,500,000 to the Department of State Police to be repaid from revenues provided under the federal government's establishment of Uniform Carrier Registration.

e. The Virginia Lottery is hereby authorized to use its line of credit to meet cash flow needs for operations at any time during the year and to provide cash to the Virginia Lottery Fund to meet the required transfer of estimated lottery profits to the Lottery Proceeds Fund in the month of June, as specified in provisions of § 3-1.01G. of this act. The Virginia Lottery shall repay the line of credit as actual cash flows become available. The Secretary of Finance is authorized to increase the line of credit to the Virginia Lottery if necessary to meet operating needs.

f. The State Comptroller is hereby authorized to provide a line of credit of up to \$200,000 to the Department of Health to cover the actual costs of expanding the availability of vital records through the Department Motor Vehicles to be repaid from administrative processing fees provided under Code of Virginia, § 32.1-273 until such time as the line of credit is repaid.

g. The State Comptroller is hereby authorized to provide a line of credit of up to \$5,000,000 to the Department of Military Affairs to cover the actual costs of responding to State Active Duty. The line of credit will be repaid as the Department of Military Affairs is reimbursed from federal or other funds, other than Department of Military Affairs funds.

h. The Innovation and Entrepreneurship Investment Authority is hereby authorized to use its line of credit to meet cash flow needs at any time during the year in support of operational costs in anticipation of reimbursement of said expenditures from signed contracts and grant awards. The Innovation and Entrepreneurship Investment Authority shall repay the line of credit by June 30 of each fiscal year.

### § 3-3.00 GENERAL FUND DEPOSITS

#### § 3-3.01 PAYMENT BY THE STATE TREASURER

The state Treasurer shall transfer an amount estimated at \$2,000 on or before June 30, 2017 and an amount estimated at \$2,000 on or before June 30, 2018, to the general fund from excess 9(c) sinking fund balances.

#### § 3-3.02 PAYMENT BY THE VIRGINIA RESOURCES AUTHORITY

On or before June 30, 2017, the Virginia Resources Authority shall pay to the general fund \$544,711 from uncommitted balances in the Dam Safety, Flood Prevention and Protection Assistance Fund.

#### § 3-3.03 INTEREST EARNINGS

Notwithstanding any other provision of law, on or before June 30 of each year, the State Comptroller shall transfer to the general fund an amount estimated at \$500,000 per year to reflect interest earned on tuition and fees from Educational and General Revenues deposited in the state treasury from the College of William and Mary, University of Virginia, University of Virginia's College at Wise,

Virginia Commonwealth University, Virginia Tech and Virginia Tech Extension.

**§ 3-4.00 AUXILIARY ENTERPRISES AND SPONSORED PROGRAMS IN INSTITUTIONS OF HIGHER EDUCATION**

§ 3-4.01 AUXILIARY ENTERPRISE INVESTMENT YIELDS

A. The educational and general programs in institutions of higher education shall recover the full indirect cost of auxiliary enterprise programs as certified by institutions of higher education to the Comptroller subject to annual audit by the Auditor of Public accounts. The State Comptroller shall credit those institutions meeting this requirement with the interest earned by the investment of the funds of their auxiliary enterprise programs.

B. No interest shall be credited for that portion of the fund's cash balance that represents any outstanding loans due from the State Treasurer. The provisions of this section shall not apply to the capital projects authorized under Items C-36.21 and C-36.40 of Chapter 924, 1997 Acts of Assembly.

**§ 3-5.00 ADJUSTMENTS AND MODIFICATIONS TO TAX COLLECTIONS**

§ 3-5.01 RETALIATORY COSTS TO OTHER STATES TAX CREDIT

Notwithstanding any other provision of law, the amount deposited to the Priority Transportation Trust Fund pursuant to § 58.1-2531 shall not be reduced by more than \$266,667 by any refund of the Tax Credit for Retaliatory Costs to Other States available under § 58.1-2510.

§3-5.02 PAYMENT OF AUTO RENTAL TAX TO THE GENERAL FUND

Notwithstanding the provisions of § 58.1-1741, Code of Virginia, or any other provision of law, all revenues resulting from the fee imposed under subdivision A3 of § 58.1-1736, Code of Virginia, shall be deposited into the general fund after the direct costs of administering the fee are recovered by the Department of Taxation.

§ 3-5.03 IMPLEMENTATION OF CHAPTER 3, ACTS OF ASSEMBLY OF 2004, SPECIAL SESSION I

Revenues deposited into the Public Education Standards of Quality/Local Real Estate Property Tax Relief Fund established under § 58.1-638.1 of the Code of Virginia pursuant to enactments of the 2004 Special Session of the General Assembly shall be transferred to the general fund and used to meet the Commonwealth's responsibilities for the Standards of Quality prescribed pursuant to Article VIII, Section 2, of the Constitution of Virginia. The Comptroller shall take all actions necessary to effect such transfers monthly, no later than 10 days following the deposit to the Fund. The amounts transferred shall be distributed to localities as specified in Direct Aid to Public Education's (197), State Education Assistance Programs (17800) of this Act. The estimated amount of such transfers are \$365,409,559 the first year and ~~\$374,290,339~~ \$379,100,000 the second year.

§ 3-5.04 RETAIL SALES & USE TAX EXEMPTION FOR INTERNET SERVICE PROVIDERS

Notwithstanding any other provision of law, for purchases made on or after July 1, 2006, any exemption from the retail sales and use tax applicable to production, distribution, and other equipment used to provide Internet-access services by providers of Internet service, as defined in § 58.1-602, Code of Virginia, shall occur as a refund request to the Tax Commissioner. The Tax Commissioner shall develop procedures for such refunds.

§ 3-5.05 DISPOSITION OF EXCESS FEES COLLECTED BY CLERKS OF THE CIRCUIT COURTS

Notwithstanding §§ 15.2-540, 15.2-639, 15.2-848, 17.1-285, and any other provision of law general or special, effective July 1, 2009, the Commonwealth shall be entitled to two-thirds of the excess fees collected by the clerks of the circuit courts as required to be reported under § 17.1-283.

§ 3-5.06 ACCELERATED SALES TAX

A. Notwithstanding any other provision of law, in addition to the amounts required under the provisions of §§58.1-615 and 58.1-616, any dealer as defined by §58.1-612 or direct payment permit holder pursuant to §58.1-624 with taxable sales and purchases of \$1,000,000 or greater for the 12-month period beginning July 1, and ending June 30 of the immediately preceding calendar year, shall be required to make a payment equal to 90 percent of the sales and use tax liability for the previous June. Such tax payments shall be made on or before the 30th day of June, if payments are made by electronic fund transfer, as defined in § 58.1-202.1. If payment is made by other than electronic funds transfer, such payment shall be made on or before the 25th day of June. Every dealer or direct payment holder shall be entitled to a credit for the payment under this section on the return for June of the current year due July 20.

B. The Tax Commissioner may develop guidelines implementing the provisions of this section. Such guidelines shall be exempt from the provisions of the Administrative Process Act (§ 2.2-4000 et seq.).

C. For purposes of this section, taxable sales or purchases shall be computed without regard to the number of certificates of

registration held by the dealer. The provisions of this section shall not apply to persons who are required to file only a Form ST-7, Consumer's Use Tax Return.

D. In lieu of the penalties provided in § 58.1-635, except with respect to fraudulent returns, failure to make a timely payment or full payment of the sales and use tax liability as provided in subsection A shall subject the dealer or direct payment permit holder to a penalty of six percent of the amount of tax underpayment that should have been properly paid to the Tax Commissioner. Interest shall accrue as provided in § 58.1-15. The payment required by this section shall become delinquent on the first day following the due date set forth in this section if not paid.

E. Payments made pursuant to this section shall be made in accordance with procedures established by the Tax Commissioner and shall be considered general fund revenue, except with respect to those revenues required to be distributed under the provisions of §§ 58.1-605, 58.1-606, 58.1-638(A), 58.1-638(G)-(H), 58.1-638.2, and 58.1-638.3 of the Code of Virginia.

F. That the State Comptroller shall make no distribution of the taxes collected pursuant to this section in accordance with §§ 58.1-605, 58.1-606, 58.1-638, 58.1-638.1, 58.1-638.2 and 58.1-638.3 of the Code of Virginia until the Tax Commissioner makes a written certification to the Comptroller certifying the sales and use tax revenues generated pursuant to this section. The Tax Commissioner shall certify the sales and use tax revenues generated as soon as practicable after the sales and use tax revenues have been paid into the state treasury in any month for the preceding month. If the Governor determines on July 31 of each year, that funds are available to transfer such collections in accordance with §§ 58.1-638(B)-(F) and 58.1-638.1, Code of Virginia, he shall direct the State Comptroller to make such allocation. The Secretary of Finance will report the Governor's determination to the Chairman of the House Appropriations and Senate Finance Committees on August 15 of each year.

G.1. Beginning with the tax payment that would be remitted on or before June 25, 2017, if the payment is made by other than electronic fund transfers, and by June 30, 2017, if payments are made by electronic fund transfer, the provisions of § 3-5.08 of Chapter 874, 2010 Acts of Assembly, shall apply only to those dealers or permit holders with taxable sales and purchases of \$2,500,000 or greater for the 12-month period beginning July 1 and ending June 30 of the immediately preceding calendar year.

2. Beginning with the tax payment that would be remitted on or before June 25, 2018, if the payment is made by other than electronic fund transfers, and by June 30, 2018, if payments are made by electronic fund transfer, the provisions of § 3-5.08 of Chapter 874, 2010 Acts of Assembly, shall apply only to those dealers or permit holders with taxable sales and purchases of \$4,000,000 or greater for the 12-month period beginning July 1 and ending June 30 of the immediately preceding calendar year.

#### § 3-5.07 DISCOUNTS AND ALLOWANCES

A. Notwithstanding any other provision of law, effective beginning with the return for June 2010, due July 2010, the compensation allowed under § 58.1-622, Code of Virginia, shall be suspended for any dealer required to remit the tax levied under §§ 58.1-603 and 58.1-604, Code of Virginia, by electronic funds transfer pursuant to § 58.1-202.1, Code of Virginia, and the compensation available to all other dealers shall be limited to the following percentages of the first three percent of the tax levied under §§ 58.1-603 and 58.1-604, Code of Virginia:

Monthly Taxable Sales	Percentage
\$0 to \$62,500	1.6%
\$62,501 to \$208,000	1.2%
\$208,001 and above	0.8%

B. Notwithstanding any other provision of law, effective beginning with the return for June 2010, due July 2010, the compensation available under §§ 58.1-642, 58.1-656, 58.1-1021.03, and 58.1-1730, Code of Virginia, shall be suspended.

C. Beginning with the return for June 2011, due July 2011, the compensation under § 58.1-1021.03 shall be reinstated.

#### § 3-5.08 SALES TAX COMMITMENT TO HIGHWAY MAINTENANCE AND OPERATING FUND

The sales and use tax revenue for distribution to the Highway Maintenance and Operating Fund shall be consistent with Chapter 766, 2013 Acts of Assembly.

#### § 3-5.09 INTANGIBLE HOLDING COMPANY ADDBACK

Notwithstanding the provisions of § 58.1-402(B)(8), Code of Virginia, for taxable years beginning on and after January 1, 2004:

(i) The exception in § 58.1-402(B)(8)(a)(1) for income that is subject to a tax based on or measured by net income or capital imposed by Virginia, another state, or a foreign government shall be limited and apply only to the portion of such income received by the related member, which portion is attributed to a state or foreign government in which the related member has sufficient nexus to be subject to such taxes; and

(ii) The exception in § 58.1-402(B)(8)(a)(2) for a related member deriving at least one-third of its gross revenues from licensing to unrelated parties shall be limited and apply only to the portion of such income derived from licensing agreements for which the rates



and terms are comparable to the rates and terms of agreements that the related member has actually entered into with unrelated entities.

#### § 3-5.10 REGIONAL FUELS TAX

Funds collected pursuant to § 58.1-2291 et seq., Code of Virginia, from the additional sales tax on fuel in certain transportation districts under § 58.1-2291 et seq., Code of Virginia, shall be returned to the respective commissions in amounts equivalent to the shares collected in the respective member jurisdictions. However, no funds shall be collected pursuant to § 58.1-2291 et seq., Code of Virginia, from levying the additional sales tax on aviation fuel as that term is defined in § 58.1-2201, Code of Virginia.

#### § 3-5.11 DEDUCTION FOR ABLE ACT CONTRIBUTIONS

A. Effective for taxable years beginning on or after January 1, 2016, an individual shall be allowed a deduction from Virginia adjusted gross income as defined in § 58.1-321, Code of Virginia, for the amount contributed during the taxable year to an ABLE savings trust account entered into with the Virginia College Savings Plan pursuant to Chapter 7 ( § 23.1-700 et seq.) of Title 23.1, Code of Virginia. The amount deducted on any individual income tax return in any taxable year shall be limited to \$2,000 per ABLE savings trust account. No deduction shall be allowed pursuant to this section if such contributions are deducted on the contributor's federal income tax return. If the contribution to an ABLE savings trust account exceeds \$2,000 the remainder may be carried forward and subtracted in future taxable years until the ABLE savings trust contribution has been fully deducted; however, in no event shall the amount deducted in any taxable year exceed \$2,000 per ABLE savings trust account.

B. Notwithstanding the statute of limitations on assessments contained in § 58.1-312, Code of Virginia, any deduction taken hereunder shall be subject to recapture in the taxable year or years in which distributions or refunds are made for any reason other than (i) to pay qualified disability expenses, as defined in § 529A of the Internal Revenue Code; or (ii) the beneficiary's death.

C. A contributor to an ABLE savings trust account who has attained age 70 shall not be subject to the limitation that the amount of the deduction not exceed \$2,000 per ABLE savings trust account in any taxable year. Such taxpayer shall be allowed a deduction for the full amount contributed to an ABLE savings trust account, less any amounts previously deducted.

D. The Tax Commissioner shall develop guidelines implementing the provisions of this section, including but not limited to the computation, carryover, and recapture of the deduction provided under this section. Such guidelines shall be exempt from the provisions of the Administrative Process Act ( § 2.2-4000 et seq., Code of Virginia).

#### § 3-5.12 RETAIL SALES AND USE TAX EXEMPTION FOR RESEARCH AND DEVELOPMENT

A. Notwithstanding any other provision of law or regulation, and beginning July 1, 2016, the retail sales and use tax exemption provided for in subdivision 5 of § 58.1-609.3 of the Code of Virginia, applicable to tangible personal property purchased or leased for use or consumption directly and exclusively in basic research or research and development in the experimental or laboratory sense, shall apply to such property used in a federally funded research and development center, regardless of whether such property is used by the purchaser, lessee, or another person or entity.

B. Nothing in this section shall be construed to relieve any federally funded research and development center of any liability for retail sales and use tax due for the purchase of tangible personal property pursuant to the law in effect at the time of the purchase.

#### § 3-5.13 ADMISSIONS TAX

Notwithstanding the provisions of § 58.1-3818.02, Code of Virginia, or any other provision of law, subject to the execution of a memorandum of understanding between an entertainment venue and the County of Stafford, Stafford County is authorized to impose a tax on admissions to an entertainment venue located in the county that (i) is licensed to do business in the county for the first time on or after July 1, 2015, and (ii) requires at least 75 acres of land for its operations, and (iii) such land is purchased or leased by the entertainment venue owner on or after June 1, 2015. The tax shall not exceed 10 percent of the amount of charge for admission to any such venue. The provisions of this section shall expire on July 1, 2019 if no entertainment venue exists in Stafford County upon which the tax authorized is imposed.

#### § 3-5.14 SUNSET DATES FOR INCOME TAX CREDITS AND SALES AND USE TAX EXEMPTIONS

A. Notwithstanding any other provision of law the General Assembly shall not advance the sunset date on any existing sales tax exemption or tax credit beyond June 30, 2022. Any new sales tax exemption or tax credit enacted by the General Assembly prior to the 2021 regular legislative session shall have a sunset date not later than June 30, 2022. However, this requirement shall not apply to tax exemptions administered by the Department of Taxation under § 58.1-609.11, relating to exemptions for nonprofit entities nor shall it apply to exemptions or tax credits with sunset dates after June 30, 2022, enacted or advanced during the 2016 Session of the General Assembly.

B. By November 1, 2020, the Department of Taxation shall report to every member of the General Assembly and to the Joint Subcommittee to Evaluate Tax Preferences, on the revenue impact of every sales tax exemption and tax credit scheduled to expire on or before June 30, 2022. The report shall include the prior fiscal year's state and local sales tax impact of each expiring sales tax exemption, and the prior fiscal year's general fund revenue impact of each expiring tax credit. The tax credit revenue impact analysis shall be inclusive of credits claimed against any tax imposed under Title 58.1 of the Code of Virginia.

C. The Department shall provide an updated revenue impact report no later than November 1, 2025, and every five years thereafter, for sales tax exemptions and tax credits set to expire within two years following the date of the report. Such reports shall be distributed to every member of the General Assembly and to the Joint Subcommittee to Evaluate Tax Preferences.

#### § 3-5.15 SALES TAX NEXUS

Notwithstanding any other provision of law, if a dealer has inventory in the Commonwealth, such dealer shall have physical presence in the Commonwealth and shall be deemed to have sufficient activity within the Commonwealth to require registration under § 58.1-613 pursuant to § 58.1-612(C).

#### § 3-5.16. Omitted.

#### § 3-5.17 VIRGINIA TAX AMNESTY PROGRAM

A. Notwithstanding any other provision of law, there is hereby established the Virginia Tax Amnesty Program. It is the intent of this program to improve voluntary compliance with the tax laws and to increase and to accelerate collections of certain taxes owed to the Commonwealth.

B. The Virginia Tax Amnesty Program shall be administered by the Department of Taxation, and any person, individual, corporation, estate, trust or partnership required to file a return or to pay any tax administered or collected by the Department of Taxation shall be eligible to participate, subject to the requirements set forth below and guidelines established by the Tax Commissioner. The Tax Commissioner may require participants in the program to complete an amnesty application and such other forms as he may prescribe and to furnish any additional information he deems necessary to make a determination regarding the validity of such amnesty application.

C. The Tax Commissioner shall establish guidelines and rules for the procedures for participation and any other rules that are deemed necessary by the Tax Commissioner. The guidelines and rules issued by the Tax Commissioner regarding the Virginia Tax Amnesty Program shall be exempt from the Administrative Process Act (§ 2.2-4000 et seq. of the Code of Virginia).

D. The Virginia Tax Amnesty Program shall have the following features:

1. The program shall be conducted during the period July 1, 2017 through June 30, 2018 and shall not last less than 60 nor more than 75 days. The exact dates of the program shall be established by the Tax Commissioner.

2. All civil or criminal penalties assessed or assessable, as provided in this title, including the addition to tax under §§ 58.1-492 and 58.1-504 of the Code of Virginia, and one-half of the interest assessed or assessable, as provided in this title, which are the result of nonpayment, underpayment, nonreporting or underreporting of tax liabilities, shall be waived upon receipt of the payment of the amount of taxes and interest owed, with the following exceptions:

a. No person, individual, corporation, estate, trust or partnership currently under investigation or prosecution for filing a fraudulent return or failing to file a return with the intent to evade tax shall qualify to participate.

b. No person, individual, corporation, estate, trust or partnership shall be eligible to participate in the program with respect to any assessment outstanding for which the date of assessment is less than 90 days prior to the first day of the program or with respect to any liability arising from the failure to file a return for which the due date of the return is less than 90 days prior to the first day of the program.

c. No person, individual, corporation, estate, or trust shall be eligible to participate in the program with respect to any tax liability from the income taxes imposed by §§ 58.1-320, 58.1-360 and 58.1-400 of the Code of Virginia, if the tax liability is attributable to taxable years beginning on and after January 1, 2016.

d. No taxpayer shall be eligible to participate in the Program with respect to any tax liability if it is attributable to an issue that is subject to a decision of a Virginia court rendered on or after January 1, 2016.

E. For the purpose of computing the outstanding balance due because of the nonpayment, underpayment, nonreporting or underreporting of any tax liability that has not been assessed prior to the first day of the program, the rate of interest specified for omitted taxes and assessments under § 58.1-15 shall not be applicable. The Tax Commissioner shall, instead, establish one interest rate to be used for each taxable year that approximates the average "underpayment rate" specified under § 58.1-15 of the Code of Virginia for the five-year period immediately preceding the program.

F. 1. If any taxpayer eligible for amnesty under this section and under the rules and guidelines established by the Tax Commissioner

retains any outstanding balance after the close of the Virginia Tax Amnesty Program because of the nonpayment, underpayment, nonreporting or underreporting of any tax liability eligible for relief under the Virginia Tax Amnesty Program, then such balance shall be subject to a 20 percent penalty on the unpaid tax. This penalty is in addition to all other penalties that may apply to the taxpayer.

2. Any taxpayer who defaults upon any agreement to pay tax and interest arising out of a grant of amnesty is subject to reinstatement of the penalty and interest forgiven and the imposition of the penalty under this section as though the taxpayer retained the original outstanding balance at the close of the Virginia Tax Amnesty Program.

**§ 3-5.18 LIMITATION ON THE AMOUNT OF HISTORIC REHABILITATION TAX CREDITS CLAIMED**

Notwithstanding § 58.1-339.2 or any other provision of law, effective for taxable years beginning on and after January 1, 2017, the amount of the Historic Rehabilitation Tax Credit that may be claimed by each taxpayer, including amounts carried over from prior taxable years, shall not exceed \$5 million for any taxable year.

**§ 3-5.19 LIMITATION ON THE AMOUNT OF LAND PRESERVATION TAX CREDITS CLAIMED**

Notwithstanding § 58.1-512 or any other provision of law, effective for the taxable year beginning on and after January 1, 2017, the amount of the Land Preservation Tax Credit that may be claimed by each taxpayer, including amounts carried over from prior taxable years, shall not exceed \$20,000.

**§ 3-6.00 ADJUSTMENTS AND MODIFICATIONS TO FEES**

**§ 3-6.01 RECORDATION TAX FEE**

There is hereby assessed a twenty dollar fee on (i) every deed for which the state recordation tax is collected pursuant to §§ 58.1-801 A and 58.1-803, Code of Virginia; and (ii) every certificate of satisfaction admitted under § 55-66.6, Code of Virginia. The revenue generated from fifty percent of such fee shall be deposited to the general fund. The revenue generated from the other fifty percent of such fee shall be deposited to the Virginia Natural Resources Commitment Fund, a subfund of the Virginia Water Quality Improvement Fund, as established in § 10.1-2128.1, Code of Virginia. The funds deposited to this subfund shall be disbursed for the agricultural best management practices cost share program, pursuant to § 10.1-2128.1, Code of Virginia.

**§ 3-6.02 ANNUAL VEHICLE REGISTRATION FEE (\$4.25 FOR LIFE)**

Notwithstanding § 46.2-694 paragraph 13 of the Code of Virginia, the additional fee that shall be charged and collected at the time of registration of each pickup or panel truck and each motor vehicle shall be \$6.25.

**§ 3-6.03 DRIVERS LICENSE REINSTATEMENT FEE**

Notwithstanding § 46.2-411 of the Code of Virginia, the drivers license reinstatement fee payable to the Trauma Center Fund shall be \$100.

**§ 3-6.04. Omitted.**

**PART 4: GENERAL PROVISIONS**

**§ 4-0.00 OPERATING POLICIES**

§ 4-0.01 OPERATING POLICIES

- a. Each appropriating act of the General Assembly shall be subject to the following provisions and conditions, unless specifically exempt elsewhere in this act.
- b. All appropriations contained in this act, or in any other appropriating act of the General Assembly, are declared to be maximum appropriations and conditional on receipt of revenue.
- c. The Governor, as chief budget officer of the state, shall ensure that the provisions and conditions as set forth in this section are strictly observed.
- d. Public higher education institutions are not subject to the provisions of § 2.2-4800, Code of Virginia, or the provisions of the Department of Accounts' Commonwealth Accounting Policies and Procedures manual (CAPP) topic 20505 with regard to students who are veterans of the United States armed services and National Guard and are in receipt of federal educational benefits under the G.I. Bill. Public higher education shall establish internal procedures for the continued enrollment of such students to include resolution of outstanding accounts receivable.
- e. The provisions of the Virginia Public Procurement Act (§ 2.2-4300 et seq. of the Code of Virginia) shall not apply to grants made in support of the 2019 Commemoration to non-profit entities organized under § 501 (c)(3) of the Internal Revenue Code.
- f. 1. The State Council of Higher Education for Virginia shall establish a policy for granting undergraduate course credit to entering freshman students who have taken one or more Advanced Placement, Cambridge Advanced (A/AS), College-Level Examination Program (CLEP), or International Baccalaureate examinations by August 1, 2017. The policy shall:
  - a) Outline the conditions necessary for each public institution of higher education to grant course credit, including the minimum required scores on such examinations;
  - b) Identify the course credit or other academic requirements of each public institution of higher education that the student satisfies by achieving the minimum required scores on such examinations; and
  - c) Ensure, to the extent possible, that the grant of course credit is consistent across each public institution of higher education and each such examination.
- 2. The Council and each public institution of higher education shall make the policy available to the public on its website.

**§ 4-1.00 APPROPRIATIONS**

§ 4-1.01 PREREQUISITES FOR PAYMENT

- a. The State Comptroller shall not pay any money out of the state treasury except pursuant to appropriations in this act or in any other act of the General Assembly making an appropriation during the current biennium.
- b. Moneys shall be spent solely for the purposes for which they were appropriated by the General Assembly, except as specifically provided otherwise by § 4-1.03 Appropriation Transfers, § 4-4.01 Capital Projects, or § 4-5.01 a. Settlement of Claims with Individuals. Should the Governor find that moneys are not being spent in accordance with provisions of the act appropriating them, he shall restrain the State Comptroller from making further disbursements, in whole or in part, from said appropriations. Further, should the Auditor of Public Accounts determine that a state or other agency is not spending moneys in accordance with provisions of the act appropriating them, he shall so advise the Governor or other governing authority, the State Comptroller, the Chairman of the Joint Legislative Audit and Review Commission, and Chairmen of the Senate Finance and House Appropriations Committees.
- c. Exclusive of revenues paid into the general fund of the state treasury, all revenues earned or collected by an agency, and contained in an appropriation item to the agency shall be expended first during the fiscal year, prior to the expenditure of any general fund appropriation within that appropriation item, unless prohibited by statute or by the terms and conditions of any gift, grant or donation.

§ 4-1.02 WITHHOLDING OF SPENDING AUTHORITY

- a. For purposes of this subsection, withholding of spending authority is defined as any action pursuant to a budget reduction plan approved by the Governor to address a declared shortfall in budgeted revenue that impedes or limits the ability to spend appropriated moneys, regardless of the mechanism used to effect such withholding.
- b.1. Changed Expenditure Factors: The Governor is authorized to reduce spending authority, by withholding allotments of

appropriations, when expenditure factors, such as enrollments or population in institutions, are smaller than the estimates upon which the appropriation was based. Moneys generated from the withholding action shall not be reallocated for any other purpose, provided the withholding of allotments of appropriations under this provision shall not occur until at least 15 days after the Governor has transmitted a statement of changed factors and intent to withhold moneys to the Chairmen of the House Appropriations and Senate Finance Committees.

2. Moneys shall not be withheld on the basis of reorganization plans or program evaluations until such plans or evaluations have been specifically presented in writing to the General Assembly at its next regularly scheduled session.

c. Increased Nongeneral Fund Revenue:

1. General fund appropriations to any state agency for operating expenses are supplemental to nongeneral fund revenues collected by the agency. To the extent that nongeneral fund revenues collected in a fiscal year exceed the estimate on which the operating budget was based, the Governor is authorized to withhold general fund spending authority, by withholding allotments of appropriations, in an equivalent amount. However, this limitation shall not apply to (a) restricted excess tuition and fees for educational and general programs in the institutions of higher education, as defined in § 4-2.01 c of this act; (b) appropriations to institutions of higher education designated for fellowships, scholarships and loans; (c) gifts or grants which are made to any state agency for the direct costs of a stipulated project; (d) appropriations to institutions for the mentally ill or intellectually disabled payable from the Behavioral Health and Developmental Services Revenue Fund; and (e) general fund appropriations for highway construction and mass transit. Moneys unallotted under this provision shall not be reallocated for any other purpose.

2. To the degree that new or additional grant funds become available to supplement general fund appropriations for a program, following enactment of an appropriation act, the Governor is authorized to withhold general fund spending authority, by withholding allotments of appropriations, in an amount equivalent to that provided from grant funds, unless such action is prohibited by the original provider of the grant funds. The withholding action shall not include general fund appropriations, which are required to match grant funds. Moneys unallotted under this provision shall not be reallocated for any other purpose.

d. Reduced General Fund Resources:

1. The term "general fund resources" as applied in this subsection includes revenues collected and paid into the general fund of the state treasury during the current biennium, transfers to the general fund of the state treasury during the current biennium, and all unexpended balances brought forward from the previous biennium.

2. In the event that general fund resources are estimated by the Governor to be insufficient to pay in full all general fund appropriations authorized by the General Assembly, the Governor shall, subject to the qualifications herein contained, withhold general fund spending authority, by withholding allotments of appropriations, to prevent any expenditure in excess of the estimated general fund resources available.

3. In making this determination, the Governor shall take into account actual general fund revenue collections for the current fiscal year and the results of a formal written re-estimate of general fund revenues for the current and next biennium, prepared within the previous 90 days, in accordance with the process specified in § 2.2-1503, Code of Virginia. Said re-estimate of general fund revenues shall be communicated to the Chairmen of the Senate Finance, House Appropriations and House Finance Committees, prior to taking action to reduce general fund allotments of appropriations on account of reduced resources.

4.a) In addition to monthly reports on the status of revenue collections relative to the current fiscal year's estimate, the Governor shall provide a written quarterly assessment of the current economic outlook for the remainder of the fiscal year to the Chairmen of the House Appropriations, House Finance, and Senate Finance Committees.

b) Within five business days after the preliminary close of the state accounts at the end of the fiscal year, the State Comptroller shall provide the Governor with the actual total of (1) individual income taxes, (2) corporate income taxes, and (3) sales taxes for the just-completed fiscal year, with a comparison of such actual totals with the total of such taxes in the official budget estimate for that fiscal year. If that comparison indicates that the total of (1) individual income taxes, (2) corporate income taxes, and (3) sales taxes, as shown on the preliminary close, was one percent or more below the amount of such taxes in the official budget estimate for the just-completed fiscal year, the Governor shall prepare a written re-estimate of general fund revenues for the current biennium and the next biennium in accordance with § 2.2-1503, Code of Virginia, to be reported to the Chairmen of the Senate Finance, House Finance and House Appropriations Committees, not later than September 1 following the close of the fiscal year.

5.a) The Governor shall take no action to withhold allotments until a written plan detailing specific reduction actions approved by the Governor, identified by program and appropriation item, has been presented to the Chairmen of the House Appropriations and Senate Finance Committees. Subsequent modifications to the approved reduction plan also must be submitted to the Chairmen of the House Appropriations and Senate Finance Committees, prior to withholding allotments of appropriations.

b) In addition to the budget reduction plan approved by the Governor, all budget reduction proposals submitted by state

agencies to the Governor or the Governor's staff, including but not limited to the Department of Planning and Budget, the Governor's Cabinet secretaries, or the Chief of Staff, whether submitted electronically or otherwise, shall be made available via electronic means to the Chairmen of the House Appropriations and Senate Finance Committees concurrently with that budget reduction plan.

6. In effecting the reduction of expenditures, the Governor shall not withhold allotments of appropriations for:

a) More than 15 percent cumulatively of the annual general fund appropriation contained in this act for operating expenses of any one state or nonstate agency or institution designated in this act by title, and the exact amount withheld, by state or nonstate agency or institution, shall be reported within five calendar days to the Chairmen of the Senate Finance and House Appropriations Committees. State agencies providing funds directly to grantees named in this act shall not apportion a larger cut to the grantee than the proportional cut apportioned to the agency. Without regard to § 4-5.05 b.4. of this act, the remaining appropriation to the grantee which is not subject to the cut, equal to at least 85 percent of the annual appropriation, shall be made by July 31, or in two equal installments, one payable by July 31 and the other payable by December 31, if the remaining appropriation is less than or equal to \$500,000, except in cases where the normal conditions of the grant dictate a different payment schedule.

b) The payment of principal and interest on the bonded debt or other bonded obligations of the Commonwealth, its agencies and its authorities, or for payment of a legally authorized deficit.

c) The payments for care of graves of Confederate and historical African American dead.

d) The employer contributions, and employer-paid member contributions, to the Social Security System, Virginia Retirement System, Judicial Retirement System, State Police Officers Retirement System, Virginia Law Officers Retirement System, Optional Retirement Plan for College and University Faculty, Optional Retirement Plan for Political Appointees, Optional Retirement Plan for Superintendents, the Volunteer Service Award Program, the Virginia Retirement System's group life insurance, sickness and disability, and retiree health care credit programs for state employees, state-supported local employees and teachers. If the Virginia Retirement System Board of Trustees approves a contribution rate for a fiscal year that is lower than the rate on which the appropriation was based, or if the United States government approves a Social Security rate that is lower than that in effect for the current budget, the Governor may withhold excess contributions. However, employer and employee paid rates or contributions for health insurance and matching deferred compensation for state employees, state-supported local employees and teachers may not be increased or decreased beyond the amounts approved by the General Assembly. Payments for the employee benefit programs listed in this paragraph may not be delayed beyond the customary billing cycles that have been established by law or policy by the governing board.

e) The payments in fulfillment of any contract awarded for the design, construction and furnishing of any state building.

f) The salary of any state officer for whom the Constitution of Virginia prohibits a change in salary.

g) The salary of any officer or employee in the Executive Department by more than two percent (irrespective of the fund source for payment of salaries and wages); however, the percentage of reduction shall be uniformly applied to all employees within the Executive Department.

h) The appropriation supported by the State Bar Fund, as authorized by § 54.1-3913, Code of Virginia, unless the supporting revenues for such appropriation are estimated to be insufficient to pay the appropriation.

7. The Governor is authorized to withhold specific allotments of appropriations by a uniform percentage, a graduated reduction or on an individual basis, or apply a combination of these actions, in effecting the authorized reduction of expenditures, up to the maximum of 15 percent, as prescribed in subdivision 6a of this subsection.

8. Each nongeneral fund appropriation shall be payable in full only to the extent the nongeneral fund revenues from which the appropriation is payable are estimated to be sufficient. The Governor is authorized to reduce allotments of nongeneral fund appropriations by the amount necessary to ensure that expenditures do not exceed the supporting revenues for such appropriations; however, the Governor shall take no action to reduce allotments of appropriations for major nongeneral fund sources on account of reduced revenues until such time as a formal written re-estimate of revenues for the current and next biennium, prepared in accordance with the process specified in § 2.2-1503, Code of Virginia, has been reported to the Chairmen of the Senate Finance, House Finance, and House Appropriations Committees. For purposes of this subsection, major nongeneral fund sources are defined as Highway Maintenance and Operating Fund and Transportation Trust Fund.

9. Notwithstanding any contrary provisions of law, the Governor is authorized to transfer to the general fund on June 30 of each year of the biennium, or within 20 days from that date, any available unexpended balances in other funds in the state treasury, subject to the following:

a) The Governor shall declare in writing to the Chairmen of the Senate Finance and House Appropriations Committees that a fiscal emergency exists which warrants the transfer of nongeneral funds to the general fund and reports the exact amount of such transfer within five calendar days of the transfer;

b) No such transfer may be made from retirement or other trust accounts, the State Bar Fund as authorized by § 54.1-3913, Code of Virginia, debt service funds, or federal funds; and

c) The Governor shall include for informative purposes, in the first biennial budget he submits subsequent to the transfer, the amount transferred from each account or fund and recommendations for restoring such amounts.

10. The Director, Department of Planning and Budget, shall make available via electronic means a report of spending authority withheld under the provisions of this subsection to the Chairmen of the Senate Finance and House Appropriations Committees within five calendar days of the action to withhold. Said report shall include the amount withheld by agency and appropriation item.

11. If action to withhold allotments of appropriation under this provision is inadequate to eliminate the imbalance between projected general fund resources and appropriations, the Speaker of the House of Delegates and the President pro tempore of the Senate shall be advised in writing by the Governor, so that they may consider requesting a special session of the General Assembly.

#### § 4-1.03 APPROPRIATION TRANSFERS

##### GENERAL

a. During any fiscal year, the Director, Department of Planning and Budget, may transfer appropriation authority from one state or other agency to another, to effect the following:

- 1) distribution of amounts budgeted in the central appropriation to agencies, or withdrawal of budgeted amounts from agencies in accordance with specific language in the central appropriation establishing reversion clearing accounts;
- 2) distribution of pass-through grants or other funds held by an agency as fiscal agent;
- 3) correction of errors within this act, where such errors have been identified in writing by the Chairmen of the House Appropriations and Senate Finance Committees;
- 4) proper accounting between fund sources 0100 and 0300 in higher education institutions;
- 5) transfers specifically authorized elsewhere in this act or as specified in the Code of Virginia;
- 6) to supplement capital projects in order to realize efficiencies or provide for cost overruns unrelated to changes in size or scope; or
- 7) to administer a program for another agency or to effect budgeted program purposes approved by the General Assembly, pursuant to a signed agreement between the respective agencies.

b. During any fiscal year, the Director, Department of Planning and Budget, may transfer appropriation authority within an agency to effect proper accounting between fund sources and to effect program purposes approved by the General Assembly, unless specifically provided otherwise in this act or as specified in the Code of Virginia. However, appropriation authority for local aid programs and aid to individuals, with the exception of student financial aid, shall not be transferred elsewhere without advance notice to the Chairmen of the House Appropriations and Senate Finance Committees. Further, any transfers between capital projects shall be made only to realize efficiencies or provide for cost overruns unrelated to changes in size or scope.

c.1. In addition to authority granted elsewhere in this act, the Director, Department of Planning and Budget, may transfer operating appropriations authority among sub-agencies within the Judicial System, the Department of Corrections, and the Department of Behavioral Health and Developmental Services to effect changes in operating expense requirements which may occur during the biennium.

2. The Director, Department of Planning and Budget, may transfer appropriations from the Department of Behavioral Health and Developmental Services to the Department of Medical Assistance Services, consisting of the general fund amounts required to match federal funds for reimbursement of services provided by its institutions and Community Services Boards.

3. The Director, Department of Planning and Budget, may transfer appropriations from the Office of Comprehensive Services to the Department of Medical Assistance Services, consisting of the general fund amounts required to match federal funds for reimbursement of services provided to eligible children.

4. The Director, Department of Planning and Budget, may transfer an appropriation or portion thereof within a state or other agency, or from one such agency to another, to support changes in agency organization, program or responsibility enacted by the General Assembly to be effective during the current biennium.

5. The Director, Department of Planning and Budget, may transfer appropriations from the second year to the first year, with said transfer to be reported in writing to the Chairmen of the Senate Finance and House Appropriations Committees within five calendar days of the transfer, when the expenditure of such funds is required to:

- a) address a threat to life, safety, health or property, or

- b) provide for unbudgeted cost increases for statutorily required services or federally mandated services, in order to continue those services at the present level, or
  - c) provide for payment of overtime salaries and wages, when the obligations for payment of such overtime were incurred during a situation deemed threatening to life, safety, health, or property, or
  - d) provide for payments to the beneficiaries of certain public safety officers killed in the line of duty, as authorized in Title 2.2, Chapter 4, Code of Virginia and for payments to the beneficiaries of certain members of the National Guard and United States military reserves killed in action in any armed conflict on or after October 7, 2001, as authorized in § 44-93.1 B., Code of Virginia, or
  - e) continue a program at the present level of service or at an increased level of service when required to address unanticipated increases in workload such as enrollment, caseload or like factors, or unanticipated costs, or
  - f) to address unanticipated business or industrial development opportunities which will benefit the state's economy, provided that any such appropriations be used in a manner consistent with the purposes of the program as originally appropriated.
6. An appropriation transfer shall not occur except through properly executed appropriation transfer documents designed specifically for that purpose, and all transactions effecting appropriation transfers shall be entered in the state's computerized budgeting and accounting systems.
7. The Director, Department of Planning and Budget, may transfer from any other agency, appropriations to supplement any project of the Virginia Public Building Authority authorized by the General Assembly and approved by the Governor. Such capital project shall be transferred to the state agency designated as the managing agency for the Virginia Public Building Authority.
8. In the event of the transition of a city to town status pursuant to the provisions of Chapter 41 of Title 15.2 of the Code of Virginia (§ 15.2-4100 et seq.) or the consolidation of a city and a county into a single city pursuant to the provisions of Chapter 35 of Title 15.2, Code of Virginia (§ 15.2-3500 et seq.) subsequent to July 1, 1999, the provisions of § 15.2-1302 shall govern distributions from state agencies to the county in which the town is situated or to the consolidated city, and the Director, Department of Planning and Budget, is authorized to transfer appropriations or portions thereof within a state agency, or from one such agency to another, if necessary to fulfill the requirements of § 15.2-1302.

#### § 4-1.04 APPROPRIATION INCREASES

##### a. UNAPPROPRIATED NONGENERAL FUNDS:

##### 1. Sale of Surplus Materials:

The Director, Department of Planning and Budget, is hereby authorized to increase the appropriations to any state agency by the amount of credit resulting from the sale of surplus materials under the provisions of § 2.2-1125, Code of Virginia.

##### 2. Insurance Recovery:

The Director, Department of Planning and Budget, shall increase the appropriation authority for any state agency by the amount of the proceeds of an insurance policy or from the State Insurance Reserve Trust Fund, for expenditures as far as may be necessary, to pay for the repair or replacement of lost, damaged or destroyed property, plant or equipment.

##### 3. Gifts, Grants and Other Nongeneral Funds:

a) Subject to § 4-1.02 c, Increased Nongeneral Fund Revenue, and the conditions stated in this section, the Director, Department of Planning and Budget, is hereby authorized to increase the appropriations to any state agency by the amount of the proceeds of donations, gifts, grants or other nongeneral funds paid into the state treasury in excess of such appropriations during a fiscal year. Such appropriations shall be increased only when the expenditure of moneys is authorized elsewhere in this act or is required to:

- 1) address a threat to life, safety, health or property or
- 2) provide for unbudgeted increases in costs for services required by statute or services mandated by the federal government, in order to continue those services at the present level or implement compensation adjustments approved by the General Assembly, or
- 3) provide for payment of overtime salaries and wages, when the obligations for payment of such overtime were incurred during a situation deemed threatening to life, safety, health, or property, or
- 4) continue a program at the present level of service or at an increased level of service when required to address unanticipated increases in noncredit instruction at institutions of higher education or business and industrial development opportunities which will benefit the state's economy, or
- 5) participate in a federal or sponsored program provided that the provisions of § 4-5.03 shall also apply to increases in appropriations for additional gifts, grants, and other nongeneral fund revenue which require a general fund match as a condition of



their acceptance; or

- 6) realize cost savings in excess of the additional funds provided, or
  - 7) permit a state agency or institution to use a donation, gift or grant for the purpose intended by the donor, or
  - 8) provide for cost overruns on capital projects and for capital projects authorized under § 4-4.01 m of this act, or
  - 9) address caseload or workload changes in programs approved by the General Assembly.
- b) The above conditions shall not apply to donations and gifts to the endowment funds of institutions of higher education.
  - c) Each state agency and institution shall ensure that its budget estimates include a reasonable estimate of receipts from donations, gifts or other nongeneral fund revenue. The Department of Planning and Budget shall review such estimates and verify their accuracy, as part of the budget planning and review process.
  - d) No obligation or expenditure shall be made from such funds until a revised operating budget request is approved by the Director, Department of Planning and Budget. Expenditures from any gift, grant or donation shall be in accordance with the purpose for which it was made; however, expenditures for property, plant or equipment, irrespective of fund source, are subject to the provisions of §§ 4-2.03 Indirect Costs, 4-4.01 Capital Projects General, and 4-5.03 b Services and Clients-New Services, of this act.
  - e) Nothing in this section shall exempt agencies from complying with § 4-2.01 a Solicitation and Acceptance of Donations, Gifts, Grants, and Contracts of this act.

4. Any nongeneral fund cash balance recorded on the books of the Department of Accounts as unexpended on the last day of the fiscal year may be appropriated for use in the succeeding fiscal year with the prior written approval of the Director, Department of Planning and Budget, unless the General Assembly shall have specifically provided otherwise. Revenues deposited to the Virginia Health Care Fund shall be used only as the state share of Medicaid, unless the General Assembly specifically authorizes an alternate use. With regard to the appropriation of other nongeneral fund cash balances, the Director shall make a listing of such transactions available to the public via electronic means no less than ten business days following the approval of the appropriation of any such balance.

#### 5. Reporting:

The Director, Department of Planning and Budget, shall make available via electronic means a report on increases in unappropriated nongeneral funds in accordance with § 4-8.00, Reporting Requirements, or as modified by specific provisions in this subsection.

#### b. AGRIBUSINESS EQUIPMENT FOR THE DEPARTMENT OF CORRECTIONS

The Director of the Department of Planning and Budget may increase the Department of Corrections appropriation for the purchase of agribusiness equipment or the repair or construction of agribusiness facilities by an amount equal to fifty percent of any annual amounts in excess of fiscal year 1992 deposits to the general fund from agribusiness operations. It is the intent of the General Assembly that appropriation increases for the purposes specified shall not be used to reduce the general fund appropriations for the Department of Corrections.

### § 4-1.05 REVERSION OF APPROPRIATIONS AND REAPPROPRIATIONS

#### a. GENERAL FUND OPERATING EXPENSE:

1.a) General fund appropriations which remain unexpended on (i) the last day of the previous biennium or (ii) the last day of the first year of the current biennium, shall be reappropriated and allotted for expenditure where required by the Code of Virginia, where necessary for the payment of preexisting obligations for the purchase of goods or services, or where desirable, in the determination of the Governor, to address any of the six conditions listed in § 4-1.03 c.5 of this act or to provide financial incentives to reduce spending to effect current or future cost savings. With the exception of the unexpended general fund appropriations of agencies in the Legislative Department, the Judicial Department, the Independent Agencies, or institutions of higher education, all other such unexpended general fund appropriations unexpended on the last day of the previous biennium or the last day of the first year of the current biennium shall revert to the general fund.

General fund appropriations for agencies in the Legislative Department, the Judicial Department, and the Independent Agencies shall be reappropriated, except as may be specifically provided otherwise by the General Assembly. General fund appropriations shall also be reappropriated for institutions of higher education, subject to § 2.2-5005, Code of Virginia.

2. a. The Governor shall report within five calendar days after completing the reappropriation process to the Chairmen of the Senate Finance and House Appropriations Committees on the reappropriated amounts for each state agency in the Executive Department. He shall provide a preliminary report of reappropriation actions on or before November 1 and a final report on or before December 20 to the Chairmen of the House Appropriations and Senate Finance Committees.

b. The Director, Department of Planning and Budget, may transfer reappropriated amounts within an agency to cover nonrecurring costs.

3. Pursuant to subsection E of § 2.2-1125, Code of Virginia, the determination of compliance by an agency or institution with management standards prescribed by the Governor shall be made by the Secretary of Finance and the Secretary having jurisdiction over the agency or institution, acting jointly.

4. The general fund resources available for appropriation in the first enactment of this act include the reversion of certain unexpended balances in operating appropriations as of June 30 of the prior fiscal year, which were otherwise required to be reappropriated by language in the Appropriation Act.

5. Upon request, the Director, Department of Planning and Budget, shall provide a report to the Chairmen of the House Appropriations and Senate Finance Committees showing the amount reverted for each agency and the total amount of such reversions.

**b. NONGENERAL FUND OPERATING EXPENSE:**

Based on analysis by the State Comptroller, when any nongeneral fund has had no increases or decreases in fund balances for a period of 24 months, the State Comptroller shall promptly transfer and pay the balance into the fund balance of the general fund. If it is subsequently determined that an appropriate need warrants repayment of all or a portion of the amount transferred, the Director, Department of Planning and Budget shall include repayment in the next budget bill submitted to the General Assembly. This provision does not apply to funds held in trust by the Commonwealth.

**c. CAPITAL PROJECTS:**

1. Upon certification by the Director, Department of Planning and Budget, the State Comptroller is hereby authorized to revert to the fund balance of the general fund any portion of the unexpended general fund cash balance and corresponding appropriation or reappropriation for a capital project when the Director determines that such portion is not needed for completion of the project. The State Comptroller may similarly return to the appropriate fund source any part of the unexpended nongeneral fund cash balance and reduce any appropriation or reappropriation which the Director determines is not needed to complete the project.

2. The unexpended general fund cash balance and corresponding appropriation or reappropriation for capital projects shall revert to and become part of the fund balance of the general fund during the current biennium as of the date the Director, Department of Planning and Budget, certifies to the State Comptroller that the project has been completed in accordance with the intent of the appropriation or reappropriation and there are no known unpaid obligations related to the project. The State Comptroller shall return the unexpended nongeneral fund cash balance, if there be any, for such completed project to the source from which said nongeneral funds were obtained. Likewise, he shall revert an equivalent portion of the appropriation or reappropriation of said nongeneral funds.

3. The Director, Department of Planning and Budget, may direct the restoration of any portion of the reverted amount if he shall subsequently verify an unpaid obligation or requirement for completion of the project. In the case of a capital project for which an unexpended cash balance was returned and appropriation or reappropriation was reverted in the prior biennium, he may likewise restore any portion of such amount under the same conditions.

**§ 4-1.06 LIMITED ADJUSTMENTS OF APPROPRIATIONS**

**a. LIMITED CONTINUATION OF APPROPRIATIONS.**

Notwithstanding any contrary provision of law, any unexpended balances on the books of the State Comptroller as of the last day of the previous biennium shall be continued in force for such period, not exceeding 10 days from such date, as may be necessary in order to permit payment of any claims, demands or liabilities incurred prior to such date and unpaid at the close of business on such date, and shown by audit in the Department of Accounts to be a just and legal charge, for values received as of the last day of the previous biennium, against such unexpended balances.

**b. LIMITATIONS ON CASH DISBURSEMENTS.**

Notwithstanding any contrary provision of law, the State Comptroller may begin preparing the accounts of the Commonwealth for each subsequent fiscal year on or about 10 days before the start of such fiscal year. The books will be open only to enter budgetary transactions and transactions that will not require the receipt or disbursement of funds until after June 30. Should an emergency arise, or in years in which July 1 falls on a weekend requiring the processing of transactions on or before June 30, the State Comptroller may, with notification to the Auditor of Public Accounts, authorize the disbursement of funds drawn against appropriations of the subsequent fiscal year, not to exceed the sum of three million dollars (\$3,000,000) from the general fund. This provision does not apply to debt service payments on bonds of the Commonwealth which shall be made in accordance with bond documents, trust indentures, and/or escrow agreements.

**§ 4-1.07 ALLOTMENTS**

Except when otherwise directed by the Governor within the limits prescribed in §§ 4-1.02 Withholding of Spending Authority, 4-

1.03 Appropriation Transfers, and 4-1.04 Appropriation Increases of this act, the Director, Department of Planning and Budget, shall prepare and act upon the allotment of appropriations required by this act, and by § 2.2-1819, Code of Virginia, and the authorizations for rates of pay required by this act. Such allotments and authorizations shall have the same effect as if the personal signature of the Governor were subscribed thereto. This section shall not be construed to prohibit an appeal by the head of any state agency to the Governor for reconsideration of any action taken by the Director, Department of Planning and Budget, under this section.

#### **§ 4-2.00 REVENUES**

##### § 4-2.01 NONGENERAL FUND REVENUES

###### a. SOLICITATION AND ACCEPTANCE OF DONATIONS, GIFTS, GRANTS, AND CONTRACTS:

1. No state agency shall solicit or accept any donation, gift, grant, or contract without the written approval of the Governor except under written guidelines issued by the Governor which provide for the solicitation and acceptance of nongeneral funds, except that donations or gifts to the Virginia War Memorial Foundation that are small in size and number and valued at less than \$5,000, such as library items or small display items, may be approved by the Executive Director of the Virginia War Memorial in consultation with the Secretary of Veterans Affairs and Homeland Security. All other gifts and donations to the Virginia War Memorial Foundation must receive written approval from the Secretary of Veterans Affairs and Homeland Security.

2. The Governor may issue policies in writing for procedures which allow state agencies to solicit and accept nonmonetary donations, gifts, grants, or contracts except that donations, gifts and grants of real property shall be subject to § 4-4.00 of this act and § 2.2-1149, Code of Virginia. This provision shall apply to donations, gifts and grants of real property to endowment funds of institutions of higher education, when such endowment funds are held by the institution in its own name and not by a separately incorporated foundation or corporation.

3. The preceding subdivisions shall not apply to property and equipment acquired and used by a state agency or institution through a lease purchase agreement and subsequently donated to the state agency or institution during or at the expiration of the lease purchase agreement, provided that the lessor is the Virginia College Building Authority.

4. The use of endowment funds for property, plant or equipment for state-owned facilities is subject to §§ 4-2.03 Indirect Costs, 4-4.01 Capital Projects-General and 4-5.03 Services and Clients of this act.

###### b. HIGHER EDUCATION TUITION AND FEES

1. Except as provided in Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly, all nongeneral fund collections by public institutions of higher education, including collections from the sale of dairy and farm products, shall be deposited in the state treasury in accordance with § 2.2-1802, Code of Virginia, and expended by the institutions of higher education in accordance with the appropriations and provisions of this act, provided, however, that this requirement shall not apply to private gifts, endowment funds, or income derived from endowments and gifts.

2. a) The Boards of Visitors or other governing bodies of institutions of higher education may set tuition and fee charges at levels they deem to be appropriate for all resident student groups based on, but not limited to, competitive market rates, provided that the total revenue generated by the collection of tuition and fees from all students is within the nongeneral fund appropriation for educational and general programs provided in this act.

b) The Boards of Visitors or other governing bodies of institutions of higher education may set tuition and fee charges at levels they deem to be appropriate for all nonresident student groups based on, but not limited to, competitive market rates, provided that: i) the tuition and mandatory educational and general fee rates for nonresident undergraduate and graduate students cover at least 100 percent of the average cost of their education, as calculated through base adequacy guidelines adopted, and periodically amended, by the Joint Subcommittee Studying Higher Education Funding Policies, and ii) the total revenue generated by the collection of tuition and fees from all students is within the nongeneral fund appropriation for educational and general programs provided in this act.

c) For institutions charging nonresident students less than 100 percent of the cost of education, the State Council of Higher Education for Virginia may authorize a phased approach to meeting this requirement, when in its judgment, it would result in annual tuition and fee increases for nonresident students that would discourage their enrollment.

d) The Boards of Visitors or other governing bodies of institutions of higher education shall not increase the current proportion of nonresident undergraduate students if the institution's nonresident undergraduate enrollment exceeds 25 percent. Norfolk State University, Virginia Military Institute, Virginia State University, and two-year public institutions are exempt from this restriction.

3. a) In setting the nongeneral fund appropriation for educational and general programs at the institutions of higher education, the General Assembly shall take into consideration the appropriate student share of costs associated with providing full funding

of the base adequacy guidelines referenced in subparagraph 2. b), raising average salaries for teaching and research faculty to the 60th percentile of peer institutions, and other priorities set forth in this act.

b) In determining the appropriate state share of educational costs for resident students, the General Assembly shall seek to cover at least 67 percent of educational costs associated with providing full funding of the base adequacy guidelines referenced in subparagraph 2. b), raising average salaries for teaching and research faculty to the 60th percentile of peer institutions, and other priorities set forth in this act.

4. a) Each institution and the State Council of Higher Education for Virginia shall monitor tuition, fees, and other charges, as well as the mix of resident and nonresident students, to ensure that the primary mission of providing educational opportunities to citizens of Virginia is served, while recognizing the material contributions provided by the presence of nonresident students. The State Council of Higher Education for Virginia shall also develop and enforce uniform guidelines for reporting student enrollments and the domiciliary status of students.

b) The State Council of Higher Education for Virginia shall report to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees no later than August 1 of each year the annual change in total charges for tuition and all required fees approved and allotted by the Board of Visitors. As it deems appropriate, the State Council of Higher Education for Virginia shall provide comparative national, peer, and market data with respect to charges assessed students for tuition and required fees at institutions outside of the Commonwealth.

c) Institutions of higher education are hereby authorized to make the technology service fee authorized in Chapter 1042, 2003 Acts of Assembly, part of ongoing tuition revenue. Such revenues shall continue to be used to supplement technology resources at the institutions of higher education.

d) Except as provided in Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly, each institution shall work with the State Council of Higher Education for Virginia and the Virginia College Savings Plan to determine appropriate tuition and fee estimates for tuition savings plans.

5. It is the intent of the General Assembly that each institution's combined general and nongeneral fund appropriation within its educational and general program closely approximate the anticipated annual budget each fiscal year.

6. Nonresident graduate students employed by an institution as teaching assistants, research assistants, or graduate assistants and paid at an annual contract rate of \$4,000 or more may be considered resident students for the purposes of charging tuition and fees.

7. The fund source "Higher Education Operating" within educational and general programs for institutions of higher education includes tuition and fee revenues from nonresident students to pay their proportionate share of the amortized cost of the construction of buildings approved by the Commonwealth of Virginia Educational Institutions Bond Act of 1992 and the Commonwealth of Virginia Educational Facilities Bond Act of 2002.

8. a) Except as provided in Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly, mandatory fees for purposes other than educational and general programs shall not be increased for Virginia undergraduates beyond five percent annually, excluding requirements for wage, salary, and fringe benefit increases, authorized by the General Assembly. Fee increases required to carry out actions that respond to mandates of federal agencies are also exempt from this provision, provided that a report on the purposes of the amount of the fee increase is submitted to the Chairmen of the House Appropriations and Senate Finance Committees by the institution of higher education at least 30 days prior to the effective date of the fee increase.

b) This restriction shall not apply in the following instances: fee increases directly related to capital projects authorized by the General Assembly; fee increases to support student health services; and other fee increases specifically authorized by the General Assembly.

c) Due to the small mandatory non-educational and general program fees currently assessed students in the Virginia Community College System, increases in any one year of no more than \$15 shall be allowed on a cost-justified case-by-case basis, subject to approval by the State Board for Community Colleges.

9. Any institution of higher education granting new tuition waivers to resident or nonresident students not authorized by the Code of Virginia must absorb the cost of any discretionary waivers.

10. Tuition and fee revenues from nonresident students taking courses through Virginia institutions from the Southern Regional Education Board's Southern Regional Electronic Campus must exceed all direct and indirect costs of providing instruction to those students. Tuition and fee rates to meet this requirement shall be established by the Board of Visitors of the institution.

**c. HIGHER EDUCATION PLANNED EXCESS REVENUES:**

An institution of higher education, except for those public institutions governed by Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly, may generate and retain tuition and fee revenues in excess of those provided in § 4-2.01 b Higher Education Tuition and Fees, subject to

the following:

1. Such revenues are identified by language in the appropriations in this act to any such institution.
2. The use of such moneys is fully documented by the institution to the Governor prior to each fiscal year and prior to allotment.
3. The moneys are supplemental to, and not a part of, ongoing expenditure levels for educational and general programs used as the basis for funding in subsequent biennia.
4. The receipt and expenditure of these moneys shall be recorded as restricted funds on the books of the Department of Accounts and shall not revert to the surplus of the general fund at the end of the biennium.
5. Tuition and fee revenues generated by the institution other than as provided herein shall be subject to the provisions of § 4-1.04 a.3 Gifts, Grants, and Other Nongeneral Funds of this act.

#### § 4-2.02 GENERAL FUND REVENUE

##### a. STATE AGENCY PAYMENTS INTO GENERAL FUND:

1. Except as provided in § 4-2.02 a.2., all moneys, fees, taxes, charges and revenues received at any time by the following agencies from the sources indicated shall be paid immediately into the general fund of the state treasury:

##### a) Marine Resources Commission, from all sources, except:

- 1) Revenues payable to the Public Oyster Rocks Replenishment Fund established by § 28.2-542, Code of Virginia.
- 2) Revenue payable to the Virginia Marine Products Fund established by § 3.2-2705, Code of Virginia.
- 3) Revenue payable to the Virginia Saltwater Recreational Fishing Development Fund established by § 28.2-302.3, Code of Virginia.
- 4) Revenue payable to the Marine Fishing Improvement Fund established by § 28.2-208, Code of Virginia.
- 5) Revenue payable to the Marine Habitat and Waterways Improvement Fund established by § 28.2-1206, Code of Virginia.

b1) Department of Labor and Industry, or any other agency, for the administration of the state labor and employment laws under Title 40.1, Code of Virginia.

2) Department of Labor and Industry, from boiler and pressure vessel inspection certificate fees, pursuant to § 40.1-51.15, Code of Virginia.

c) All state institutions for the mentally ill or intellectually disabled, from fees or per diem paid employees for the performance of services for which such payment is made, except for a fee or per diem allowed by statute to a superintendent or staff member of any such institution when summoned as a witness in any court.

d) Secretary of the Commonwealth, from all sources.

e) The Departments of Corrections and Juvenile Justice, as required by law, including revenues from sales of dairy and other farm products.

f) Auditor of Public Accounts, from charges for audits or examinations when the law requires that such costs be borne by the county, city, town, regional government or political subdivision of such governments audited or examined.

g) Department of Education, from repayment of student scholarships and loans, except for the cost of such collections.

h) Department of the Treasury, from the following source:

Fees collected for handling cash and securities deposited with the State Treasurer pursuant to § 46.2-454, Code of Virginia.

i) Attorney General, from recoveries of attorneys' fees and costs of litigation.

j) Department of Social Services, from net revenues received from child support collections after all disbursements are made in accordance with state and federal statutes and regulations, and the state's share of the cost of administering the programs is paid.

k) Department of General Services, from net revenues received from refunds of overpayments of utilities charges in prior fiscal years, after deduction of the cost of collection and any refunds due to the federal government.

l) Without regard to paragraph e) above, the following revenues shall be excluded from the requirement for deposit to the

general fund and shall be deposited as follows: (1) payments to Virginia Correctional Enterprises shall be deposited into the Virginia Correctional Enterprises Fund; (2) payments to the Departments of Corrections and Juvenile Justice for work performed by inmates, work release prisoners, probationers or wards, which are intended to cover the expenses of these inmates, work release prisoners, probationers, or wards, shall be retained by the respective agencies for their use; and (3) payments to the Departments of Corrections and Juvenile Justice for work performed by inmates in educational programs shall be retained by the agency to increase vocational training activities and to purchase work tools and work clothes for inmates, upon release.

m) the Department of State Police, from the fees generated by the Firearms Transaction Program Fund, the Concealed Weapons Program, and the Conservator of the Peace Program pursuant to §§ 18.2-308, 18.2-308.2:2 and 19.2-13, Code of Virginia

2. The provisions of § 4-2.02 a.1. State Agency Payments into General Fund shall not apply to proceeds from the sale of surplus materials pursuant to § 2.2-1125, Code of Virginia. However, the State Comptroller is authorized to transfer to the general fund of the state treasury, out of the credits under § 4-1.04 a.1 Unappropriated Nongeneral Funds – Sale of Surplus Materials of this act, sums derived from the sale of materials originally purchased with general fund appropriations. The State Comptroller may authorize similar transfers of the proceeds from the sale of property not subject to § 2.2-1124, Code of Virginia, if said property was originally acquired with general fund appropriations, unless the General Assembly provides otherwise.

n) Without regard to § 4-2.02 a.1 above, payments to the Treasurer of Virginia assessed to insurance companies for the safekeeping and handling of securities or surety bonds deposited as insurance collateral shall be deposited into the Insurance Collateral Assessment Fund to defray such safekeeping and handling expenses.

#### b. DEFINITION OF GENERAL FUND REVENUE FOR PERSONAL PROPERTY RELIEF ACT

Notwithstanding any contrary provision of law, for purposes of subsection C of § 58.1-3524 and subsection B of § 58.1-3536, Code of Virginia, the term general fund revenues, excluding transfers, is defined as (i) all state taxes, including penalties and interest, required and/or authorized to be collected and paid into the general fund of the state treasury pursuant to Title 58.1, Code of Virginia; (ii) permits, fees, licenses, fines, forfeitures, charges for services, and revenue from the use of money and property required and/or authorized to be paid into the general fund of the treasury; and (iii) amounts required to be deposited to the general fund of the state treasury pursuant to § 4-2.02 a.1., of this act. However, in no case shall (i) lump-sum payments, (ii) one-time payments not generated from the normal operation of state government, or (iii) proceeds from the sale of state property or assets be included in the general fund revenue calculations for purposes of subsection C of § 58.1-3524 and subsection B of § 58.1-3536, Code of Virginia.

#### c. DATE OF RECEIPT OF REVENUES:

All June general fund collections received under Subtitle I of Title 58.1, Code of Virginia, bearing a postmark date or electronic transactions with a settlement or notification date on or before the first business day in July, when June 30 falls on a Saturday or Sunday, shall be considered as June revenue and recorded under guidelines established annually by the Department of Accounts.

#### d. RECOVERIES BY THE OFFICE OF THE ATTORNEY GENERAL

1. As a condition of the appropriation for Item 59 of this Act, there is hereby created the Disbursement Review Committee (the "Committee"), the members of which are the Attorney General, who shall serve as chairman; two members of the House of Delegates appointed by the Speaker of the House; two members of the Senate appointed by the Chairman of the Senate Committee on Rules; and two members appointed by the Governor.

2. Whenever forfeitures are available for distribution by the Attorney General through programs overseen by either the U.S. Department of Justice Asset Forfeiture Program or the U.S. Treasury Executive Office for Asset Forfeiture, by virtue of the Attorney General's participation on behalf of the Commonwealth or on behalf of an agency of the Commonwealth, the Attorney General shall seek input from the Committee, to the extent permissible under applicable federal law and guidelines, for the preparation of a proposed Distribution Plan (the "Plan") regarding the distribution and use of money or property, or both. If a federal entity must approve the Plan for such distribution or use, or both, and does not approve the Plan submitted by the Attorney General, the Plan may be revised if deemed appropriate and resubmitted to the federal entity for approval following notification of the Committee. If the federal entity approves the original Plan or a revised Plan, the Attorney General shall inform the Committee, and ensure that such money or property, or both, is distributed or used, or both, in a manner that is consistent with the Plan approved by the federal entity. The distribution of any money or property, or both, shall be done in a manner as prescribed by the State Comptroller and consistent with any federal authorization in order to ensure proper accounting on the books of the Commonwealth.

#### § 4-2.03 INDIRECT COSTS

##### a. INDIRECT COST RECOVERIES FROM GRANTS AND CONTRACTS:

Each state agency, including institutions of higher education, which accepts a grant or contract shall recover full statewide and agency indirect costs unless prohibited by the grantor agency or exempted by provisions of this act.

##### b. AGENCIES OTHER THAN INSTITUTIONS OF HIGHER EDUCATION:

The following conditions shall apply to indirect cost recoveries received by all agencies other than institutions of higher education:

1. The Governor shall include in the recommended nongeneral fund appropriation for each agency in this act the amount which the agency includes in its revenue estimate as an indirect cost recovery. The recommended nongeneral fund appropriations shall reflect the indirect costs in the program incurring the costs.

2. If actual agency indirect cost recoveries exceed the nongeneral fund amount appropriated in this act, the Director, Department of Planning and Budget, is authorized to increase the nongeneral fund appropriation to the agency by the amount of such excess indirect cost recovery. Such increase shall be made in the program incurring the costs.

3. Statewide indirect cost recoveries shall be paid into the general fund of the state treasury, unless the agency is specifically exempted from this requirement by language in this act. Any statewide indirect cost recoveries received by the agency in excess of the exempted sum shall be deposited to the general fund of the state treasury.

c. INSTITUTIONS OF HIGHER EDUCATION:

The following conditions shall apply to indirect cost recoveries received by institutions of higher education:

1. Seventy percent shall be retained by the institution as an appropriation of moneys for the conduct and enhancement of research and research-related requirements. Such moneys may be used for payment of principal of and interest on bonds issued by or for the institution pursuant to § 23.1-1106, Code of Virginia, for any appropriate purpose of the institution, including, but not limited to, the conduct and enhancement of research and research-related requirements.

2. Thirty percent of the indirect cost recoveries for the level of sponsored programs authorized in the appropriations in Part 1 of Chapter 1042 of the Acts of Assembly of 2003, shall be included in the educational and general revenues of the institution to meet administrative costs.

3. Institutions of higher education may retain 100 percent of the indirect cost recoveries related to research grant and contract levels in excess of the levels authorized in Chapter 1042 of the Acts of Assembly of 2003. This provision is included as an additional incentive for increasing externally funded research activities.

d. REPORTS

The Director, Department of Planning and Budget, shall make available via electronic means a report to the Chairmen of the Senate Finance and House Appropriations Committees and the public no later than September 1 of each year on the indirect cost recovery moneys administratively appropriated.

e. REGULATIONS:

The State Comptroller is hereby authorized to issue regulations to carry out the provisions of this subsection, including the establishment of criteria to certify that an agency is in compliance with the provisions of this subsection.

**§ 4-3.00 DEFICIT AUTHORIZATION AND TREASURY LOANS**

§ 4-3.01 DEFICITS

a. GENERAL:

1. Except as provided in this section no state agency shall incur a deficit. No state agency receiving general fund appropriations under the provisions of this act shall obligate or expend moneys in excess of its general fund appropriations, nor shall it obligate or expend moneys in excess of nongeneral fund revenues that are collected and appropriated.

2. The Governor is authorized to approve deficit funding for a state agency under the following conditions:

a) an unanticipated federal or judicial mandate has been imposed,

b) insufficient moneys are available in the first year of the biennium for start-up of General Assembly-approved action, or

c) delay pending action by the General Assembly at its next legislative session will result in the curtailment of services required by statute or those required by federal mandate or will produce a threat to life, safety, health or property.

d) Such approval by the Governor shall be in writing under the conditions described in § 4-3.02 a Authorized Deficit Loans of this act and shall be promptly communicated to the Chairmen of the House Appropriations and Senate Finance Committees within five calendar days of deficit approval.

3. Deficits shall not be authorized for capital projects.

4. The Department of Transportation may obligate funds in excess of the current biennium appropriation for projects of a capital nature not covered by § 4-4.00 Capital Projects, of this act provided such projects a) are delineated in the Virginia Transportation Six-Year Improvement Program, as approved by the Commonwealth Transportation Board; and b) have

sufficient cash allocated to each such project to cover projected costs in each year of the Program; and provided that c) sufficient revenues are projected to meet all cash obligations for such projects as well as all other commitments and appropriations approved by the General Assembly in the biennial budget.

b. **UNAUTHORIZED DEFICITS:** If any agency contravenes any of the prohibitions stated above, thereby incurring an unauthorized deficit, the Governor is hereby directed to withhold approval of such excess obligation or expenditure. Further, there shall be no reimbursement of said excess, nor shall there be any liability or obligation upon the state to make any appropriation hereafter to meet such unauthorized deficit. Further, those members of the governing board of any such agency who shall have voted therefor, or its head if there be no governing board, making any such excess obligation or expenditure shall be personally liable for the full amount of such unauthorized deficit and, at the discretion of the Governor, shall be deemed guilty of neglect of official duty and be subject to removal therefor. Further, the State Comptroller is hereby directed to make public any such unauthorized deficit, and the Director, Department of Planning and Budget, is hereby directed to set out such unauthorized deficits in the next biennium budget. In addition, the Governor is directed to bring this provision of this act to the attention of the members of the governing board of each state agency, or its head if there be no governing board, within two weeks of the date that this act becomes effective. The governing board or the agency head shall execute and return to the Governor a signed acknowledgment of such notification.

c. **TOTAL AUTHORIZED DEFICITS:** The amount which the Governor may authorize, under the provisions of this section during the current biennium, to be expended from loans repayable out of the general fund of the state treasury, for all state agencies, or other agencies combined, in excess of general fund appropriations for the current biennium, shall not exceed one and one-half percent (1 1/2%) of the revenues collected and paid into the general fund of the state treasury as defined in § 4-2.02 b. of this act during the last year of the previous biennium and the first year of the current biennium.

d. The Governor shall report any such authorized and unauthorized deficits to the Chairmen of the House Appropriations and Senate Finance Committees within five calendar days of deficit approval. By August 15 of each year, the Governor shall provide a comprehensive report to the Chairmen of the House Appropriations and Senate Finance Committees detailing all such deficits.

#### § 4-3.02 TREASURY LOANS

a. **AUTHORIZED DEFICIT LOANS:** A state agency requesting authorization for deficit spending shall prepare a plan for the Governor's review and approval, specifying appropriate financial, administrative and management actions necessary to eliminate the deficit and to prevent future deficits. If the Governor approves the plan and authorizes a state agency to incur a deficit under the provisions of this section, the amount authorized shall be obtained by the agency by borrowing the authorized amount on such terms and from such sources as may be approved by the Governor. At the close of business on the last day of the current biennium, any unexpended balance of such loan shall be applied toward repayment of the loan, unless such action is contrary to the conditions of the loan approval. The Director, Department of Planning and Budget, shall set forth in the next biennial budget all such loans which require an appropriation for repayment. A copy of the approved plan to eliminate the deficit shall be transmitted to the Chairmen of the House Appropriations and the Senate Finance Committees within five calendar days of approval.

b. **ANTICIPATION LOANS:** Authorization for anticipation loans are limited to the provisions below.

1.a) When the payment of authorized obligations for operating expenses is required prior to the collection of nongeneral fund revenues, any state agency may borrow from the state treasury the required sums with the prior written approval of the Secretary of Finance or his designee as to the amount, terms and sources of such funds; such loans shall not exceed the amount of the anticipated collections of such revenues and shall be repaid only from such revenues when collected.

b) When the payment of authorized obligations for capital expenses is required prior to the collection of nongeneral fund revenues or proceeds from authorized debt, any state agency or body corporate and politic, constituting a public corporation and government instrumentality, may borrow from the state treasury the required sums with the prior written approval of the Secretary of Finance or his designee as to the amount, terms and sources of such funds; such loans in anticipation of bond proceeds shall not exceed the amount of the anticipated proceeds from debt authorized by the General Assembly and shall be repaid only from such proceeds when collected.

2. Anticipation loans for operating expenses shall be in amounts not greater than the sum identified by the agency as the minimum amount required to meet the projected expenditures. The term of any anticipation loans granted for operating expenses shall not exceed twelve months.

3. Before an anticipation loan for a capital project is authorized, the agency shall develop a plan for financing such capital project; approval of the State Treasurer shall be obtained for all plans to incur authorized debt.

4. Anticipation loans for capital projects shall be in amounts not greater than the sum identified by the agency as required to meet the projected expenditures for the project within the current biennium.

5. To ensure that such loans are repaid as soon as practical and economical, the Department of Planning and Budget shall monitor the construction and expenditure schedules of all approved capital projects that will be paid for with proceeds from authorized debt and have anticipation loans.



6. Unless otherwise prohibited by federal or state law, the State Treasurer shall charge current market interest rates on anticipation loans made for operating purposes and capital projects subject to the following:

a) Anticipation loans for capital projects for which debt service will be paid with general fund appropriations shall be exempt from interest payments on borrowed balances.

b) Interest payments on anticipation loans for nongeneral fund capital projects or nongeneral fund operating expenses shall be made from appropriated nongeneral fund revenues. Such interest shall not be paid with the funds from the anticipation loan or from the proceeds of authorized debt without the approval of the State Treasurer.

c) REPORTING: All outstanding loans shall be reported by the Governor to the Chairmen of the House Appropriations and Senate Finance Committees by August 15 of each year. The report shall include a status of the repayment schedule for each loan.

c. ANTICIPATION LOANS FOR PROJECTS NOT INCLUDED IN THIS ACT OR FOR PROJECTS AUTHORIZED UNDER § 4-4.01M: Authorization for anticipation loans for projects not included in this act or for projects authorized under § 4-4.01 m are limited to the provisions below:

1. Such loans are limited to those projects that shall be repaid from revenues derived from nongeneral fund sources.

2.a) When the payment of authorized obligations for operating expenses is required prior to the collection of nongeneral fund revenues, any state agency may borrow from the state treasury the required sum with the prior written approval of the Secretary of Finance or his designee as to the amount, terms, and sources of such funds. Such loans shall not exceed the amount of the anticipated collections of such nongeneral fund revenues and shall be repaid only from such nongeneral fund revenues when collected.

b) When the payment of obligations for capital expenses for projects authorized under § 4-4.01 m is required prior to the collection of nongeneral fund revenues, any state agency or body corporate and politic, constituting a public corporation and government instrumentality, may borrow from the state treasury the required sums with the prior written approval of the Secretary of Finance or his designee as to the amount, terms and sources of such funds. Such loans shall be repaid only from nongeneral fund revenues associated with the project.

3. Anticipation loans for operating expenses shall be in amounts not greater than the sum identified by the agency as the minimum amount required to meet projected expenditures. The term of any anticipation loans granted for operating expenses shall not exceed 12 months.

4. Before an anticipation loan is provided for a capital project authorized under § 4-4.01 m, the agency shall develop a plan for repayment of such loan and approval of the Director of the Department of Planning and Budget shall be obtained for all such plans and reported to the Chairman of the House Appropriations and Senate Finance Committees.

5. Anticipation loans for capital projects authorized under § 4-4.01 m shall be in amounts not greater than the sum identified by the agency as required to meet the projected expenditures for the project within the current biennium. Such loans shall be repaid only from nongeneral fund revenues associated with the project.

6. The State Treasurer shall charge current market interest rates on anticipation loans made for capital projects authorized under § 4-4.01 m. Interest payments on anticipation loans for nongeneral fund capital projects authorized under § 4-4.01 m shall be made from appropriated nongeneral fund revenues. Such interest shall not be paid with the funds from the anticipation loan without the approval of the Director of the Department of Planning and Budget.

a) REPORTING: All outstanding loans shall be reported by the Governor to the Chairmen of the House Appropriations and Senate Finance Committees by August 15 of each year. The report shall include a status of the repayment schedule for each loan.

#### § 4-3.03 CAPITAL LEASES

a. GENERAL:

1. As part of their capital budget submission, all agencies and institutions of the Commonwealth proposing building projects that may qualify as capital lease agreements, as defined in Generally Accepted Accounting Principles (GAAP), and that may be supported in whole, or in part, from appropriations provided for in this act, shall submit copies of such proposals to the Directors of the Departments of Planning and Budget and General Services, the State Comptroller, and the State Treasurer. The Secretary of Finance may promulgate guidelines for the review and approval of such requests.

2. The proposals shall be submitted in such form as the Secretary of Finance may prescribe. The Comptroller and the Director, Department of General Services shall be responsible for evaluating the proposals to determine if they qualify as capital lease agreements. The State Treasurer shall be responsible for incorporating existing and authorized capital lease agreements in the annual Debt Capacity Advisory Committee reports.

b. APPROVAL OF FINANCINGS:

1. For any project which qualifies as a capital lease, as defined in the preceding subdivisions a 1 and 2, and which is financed through the issuance of securities, the Treasury Board shall approve the terms and structure of such financing pursuant to § 2.2-2416, Code of Virginia.

2. For any project for which costs will exceed \$5,000,000 and which is financed through a capital lease transaction, the Treasury Board shall approve the financing terms and structure of such capital lease in addition to such other reviews and approvals as may be required by law. Prior to consideration by the Treasury Board, the Departments of Accounts, General Services, and Planning and Budget shall notify the Treasury Board upon their approval of any transaction which qualifies as a capital lease under the terms of this section. The State Treasurer shall notify the Chairmen of the House Appropriations and Senate Finance Committees of the action of the Treasury Board as it regards this subdivision within five calendar days of its action.

c. REPORTS: Not later than December 20 of each year, the Secretary of Finance and the Secretary of Administration shall jointly be responsible for providing the Chairmen of the House Appropriations and Senate Finance Committees with recommendations involving proposed capital lease agreements.

d. This section shall not apply to capital leases that are funded entirely with nongeneral fund revenues and are entered into by public institutions of higher education governed by Chapters 933 and 943 of the 2006 Acts of Assembly. Furthermore, the Department of General Services is authorized to enter into capital leases for executive branch agencies provided that the resulting capital lease is funded entirely with nongeneral funds, is approved based on the requirements of § 4-3.03 b.1 and 2 above, and would not be considered tax supported debt of the Commonwealth.

**§ 4-4.00 CAPITAL PROJECTS**

§ 4-4.01 GENERAL

a. Definition:

1. Unless defined otherwise, when used in this section, "capital project" or "project" means acquisition of property and new construction and improvements related to state-owned property, plant or equipment (including plans therefor), as the terms "acquisition", "new construction", and "improvements" are defined in the instructions for the preparation of the Executive Budget. "Capital project" or "project" shall also mean any improvements to property leased for use by a state agency, and not owned by the state, when such improvements are financed by public funds, except as hereinafter provided in subdivisions 3 and 4 of this subsection.

2. The provisions of this section are applicable equally to acquisition of property and plant by purchase, gift, or any other means, including the acquisition of property through a lease/purchase contract, regardless of the method of financing or the source of funds. Acquisition of property by lease shall be subject to § 4-3.03 of this act.

3. The provisions of this section shall not apply to property or equipment acquired by lease or improvements to leased property and equipment when the improvements are provided by the lessor pursuant to the terms of the lease and upon expiration of the lease remain the property of the lessor.

4. The provisions of this section shall not apply to property leased by state agencies for the purposes described in §§ 2.2-1151 C and 33.2-1010, Code of Virginia.

b. Notwithstanding any other provisions of law, requests for appropriations for capital projects shall be subject to the following:

1. The agency shall submit a capital project proposal for all requested capital projects. Such proposals shall be submitted to the Director, Department of Planning and Budget, for review and approval in accordance with guidelines prescribed by the director. Projects shall be developed to meet agency functional and space requirements within a cost range comparable to similar public and private sector projects.

2. Except for institutions of higher education governed by Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly and Chapters 675 and 685 of the 2009 Acts of Assembly, financings for capital projects shall comply, where applicable, with the Treasury Board Guidelines issued pursuant to § 2.2-2416, Code of Virginia, and any subsequent amendments thereto.

3. As part of any request for appropriations for an armory, the Department of Military Affairs shall obtain a written commitment from the host locality to share in the operating expense of the armory.

c. Each agency head shall provide annually to the Director, Department of Planning and Budget, a report on the use of the maintenance reserve appropriation of the agency in Part 2 of this act. In the use of its maintenance reserve appropriation, an agency shall give first priority to the repair or replacement of roof on buildings under control of the agency. The agency head shall certify in the agency's annual maintenance reserve report that to the best of his or her knowledge, all necessary roof repairs have been accomplished or are in the process of being accomplished. Such roof repairs and replacements shall be in accord with the technical

requirements of the Commonwealth's Construction and Professional Services Manual.

d. The Department of Planning and Budget shall review its approach to capital outlay planning and budgeting from time to time and make available via electronic means a report of any proposed change to the Chairmen of the House Appropriations and Senate Finance Committees and the public prior to its implementation. Such report shall include an analysis of the impact of the suggested change on affected agencies and institutions.

e. Nothing in §§ 2-0 and 4-4.00 of this act shall be deemed to override the provisions of §§ 2.2-1132 and 62.1-132.6, Code of Virginia, amended by Chapter 488, 1997 Acts of Assembly, relating to Virginia Port Authority capital projects and procurement activities.

f. Legislative Approval: It is the intent of the General Assembly that, with the exceptions noted in this paragraph and paragraph m, all capital projects to be undertaken by agencies of the Commonwealth, including institutions of higher education, shall be pursuant to approvals by the General Assembly as provided in the Six-Year Capital Outlay Plan established pursuant to § 2.2-1515, et seq., Code of Virginia. Otherwise, the consideration of capital projects shall be limited to:

1. Supplementing projects which have been bid and determined to have insufficient funding to be placed under contract, and
2. Projects declared by the Governor or the General Assembly to be of an emergency nature, which may avoid an increase in cost or otherwise result in a measurable benefit to the state, and/or which are required for the continued use of existing facilities.
3. This paragraph does not prohibit the initiation of projects authorized by § 4-4.01 m hereof, or projects included under the central appropriations for capital project expenses in this act.

g. Preliminary Requirements: In regard to each capital project for which appropriation or reappropriation is made pursuant to this act, or which is hereafter considered by the Governor for inclusion in the Executive Budget, or which is offered as a gift or is considered for purchase, the Governor is hereby required: (1) to determine the urgency of its need, as compared with the need for other capital projects as herein authorized, or hereafter considered; (2) to determine whether the proposed plans and specifications for each capital project are suitable and adequate, and whether they involve expenditures which are excessive for the purposes intended; (3) to determine whether labor, materials, and other requirements, if any, needed for the acquisition or construction of such project can and will be obtained at reasonable cost; and (4) to determine whether or not the project conforms to a site or master plan approved by the agency head or board of visitors of an institution of higher education for a program approved by the General Assembly.

h. Initiation Generally:

1. No architectural or engineering planning for, or construction of, or purchase of any capital project shall be commenced or revised without the prior written approval of the Governor or his designee.
2. The requirements of § 10.1-1190, Code of Virginia, shall be met prior to the release of funds for a major state project, provided, however, that the Governor or his designee is authorized to release from any appropriation for a major state project made pursuant to this act such sum or sums as may be necessary to pay for the preparation of the environmental impact report required by § 10.1-1188, Code of Virginia.
3. The Governor, at his discretion, or his designee may release from any capital project appropriation or reappropriation made pursuant to this act such sum (or sums) as may be necessary to pay for the preparation of plans and specifications by architects and engineers, provided that the estimated cost of the construction covered by such drawings and specifications does not exceed the appropriation therefor; provided, further, however, that the architectural and engineering fees paid on completion of the preliminary design for any such project may be based on such estimated costs as may be approved by the Governor in writing, where it is shown to the satisfaction of the Governor that higher costs of labor or material, or both, or other unforeseen conditions, have made the appropriation inadequate for the completion of the project for which the appropriation was made, and where in the judgment of the Governor such changed conditions justify the payment of architectural or engineering fees based on costs exceeding the appropriation.
4. Architectural or engineering contracts shall not be awarded in perpetuity for capital projects at any state institution, agency or activity.

i. Capital Projects Financed with Bonds: Capital projects proposed to be financed with (i) 9 (c) general obligation bonds or (ii) 9(d) obligations where debt service is expected to be paid from project revenues or revenues of the agency or institution, shall be reviewed as follows:

1. By August 15 of each year, requests for inclusion in the Executive Budget of capital projects to be financed with 9(c) general obligation bonds shall be submitted to the State Treasurer for evaluation of financial feasibility. Submission shall be in accordance with the instructions prescribed by the State Treasurer. The State Treasurer shall distribute copies of financial feasibility studies to the Director, Department of Planning and Budget, the Secretary for the submitting agency or institution, the Chairmen of the House Appropriations and Senate Finance Committees, and the Director, State Council of Higher

Education for Virginia, if the project is requested by an institution of higher education.

2. By August 15 of each year, institutions shall also prepare and submit copies of financial feasibility studies to the State Council of Higher Education for Virginia for 9(d) obligations where debt service is expected to be paid from project revenues or revenues of the institution. The State Council of Higher Education for Virginia shall identify the impact of all projects requested by the institutions of higher education, and as described in § 4-4.01 j.1. of this act, on the current and projected cost to students in institutions of higher education and the impact of the project on the institution's need for student financial assistance. The State Council of Higher Education for Virginia shall report such information to the Secretary of Finance and the Chairmen of the House Appropriations and Senate Finance Committees no later than October 1 of each year.

3. Prior to the issuance of debt for 9(c) general obligation projects, when more than one year has elapsed since the review of financial feasibility specified in § 4-4.01 j 1 above, an updated feasibility study shall be prepared by the agency and reviewed by the State Treasurer prior to requesting the Governor's Opinion of Financial Feasibility required under Article X, Section 9 (c), of the Constitution of Virginia.

j. Transfers to supplement capital projects from nongeneral funds may be made under the conditions set forth in §§ 4-1.03 a, 4-1.04 a.3, and 4-4.01 m of this act.

k.1. Change in Size and Scope: Unless otherwise provided by law, the scope, which is the function or intended use, of any capital project may not be substantively changed, nor its size increased or decreased by more than five percent in size beyond the plans and justification which were the basis for the appropriation or reappropriation in this act or for the Governor's authorization pursuant to § 4-4.01 m of this act. However, this prohibition is not applicable to changes in size and scope required because of circumstances determined by the Governor to be an emergency, or requirements imposed by the federal government when such capital project is for armories or other defense-related installations and is funded in whole or in part by federal funds. Furthermore, this prohibition shall not apply to minor increases, beyond five percent, in square footage determined by the Director, Department of General Services, to be reasonable and appropriate based on a written justification submitted by the agency stating the reason for the increase, with the provision that such increase will not increase the cost of the project beyond the amount appropriated; nor to decreases in size beyond five percent to offset unbudgeted costs when such costs are determined by the Director, Department of Planning and Budget, to be reasonable based on a written justification submitted by the agency specifying the amount and nature of the unbudgeted costs and the types of actions that will be taken to decrease the size of the project. The written justification shall also include a certification, signed by the agency head, that the resulting project will be consistent with the original programmatic intent of the appropriations.

2. If space planning, energy conservation, and environmental standards guides for any type of construction have been approved by the Governor or the General Assembly, the Governor shall require capital projects to conform to such planning guides.

#### l. Projects Not Included In This Act:

##### 1. Authorization by Governor:

a) The Governor may authorize initiation of, planning for, construction of or acquisition of a nongeneral fund capital project not specifically included in this act or provided for a program approved by the General Assembly through appropriations, under one or more of the following conditions:

- 1) The project is required to meet an emergency situation.
- 2) The project is to be operated as an auxiliary enterprise or sponsored program in an institution of higher education and will be fully funded by revenues of auxiliary enterprises or sponsored programs.
- 3) The project is to be operated as an educational and general program in an institution of higher education and will be fully funded by nongeneral fund revenues of educational and general programs or from private gifts and indirect cost recoveries.
- 4) The project consists of plant or property which has become available or has been received as a gift.
- 5) The project has been recommended for funding by the Tobacco Indemnification and Community Revitalization Commission or the Virginia Tobacco Settlement Foundation.

b) The foregoing conditions are subject to the following criteria:

- 1) Funds are available within the appropriations made by this act (including those subject to §§ 4-1.03 a, 4-1.04 a.3, and 4-2.03) without adverse effect on other projects or programs, or from unappropriated nongeneral fund revenues or balances.
- 2) In the Governor's opinion such action may avoid an increase in cost or otherwise result in a measurable benefit to the state.
- 3) The authorization includes a detailed description of the project, the project need, the total project cost, the estimated operating costs, and the fund sources for the project and its operating costs.
- 4) The Chairmen of the House Appropriations and Senate Finance Committees shall be notified by the Governor prior to the

authorization of any capital project under the provisions of this subsection.

5) Permanent funding for any project initiated under this section shall only be from nongeneral fund sources.

2. Authorization by Director, Department of Planning and Budget:

a) The Director, Department of Planning and Budget, may authorize initiation of a capital project not included in this act, if the General Assembly has enacted legislation to fund the project from bonds of the Virginia Public Building Authority, Virginia College Building Authority, or from reserves created by refunding of bonds issued by those Authorities.

3. Delegated authorization by Boards of Visitors, Public Institutions of Higher Education:

a) In accordance with § 4-5.06 of this act, the board of visitors of any public institution of higher education that: i) has met the eligibility criteria set forth in Chapters 933 and 945 of the 2005 Acts of Assembly for additional operational and administrative autonomy, including having entered into a memorandum of understanding with the Secretary of Administration for delegated authority of nongeneral fund capital outlay projects, and ii) has received a sum sufficient nongeneral fund appropriation for emergency projects as set out in Part 2: Capital Project Expenses of this act, may authorize the initiation of any capital project that is not specifically set forth in this act provided that the project meets at least one of the conditions and criteria identified in § 4-4.01 m 1 of this act.

b) At least 30 days prior to the initiation of a project under this provision, the board of visitors must notify the Governor and Chairmen of the House Appropriations and Senate Finance Committees and must provide a life-cycle budget analysis of the project. Such analysis shall be in a form to be prescribed by the Auditor of Public Accounts.

c) The Commonwealth of Virginia shall have no general fund obligation for the construction, operation, insurance, routine maintenance, or long-term maintenance of any project authorized by the board of visitors of a public institution of higher education in accordance with this provision.

m. Acquisition, maintenance, and operation of buildings and nonbuilding facilities in colleges and universities shall be subject to the following policies:

1. The anticipated program use of the building or nonbuilding facility should determine the funding source for expenditures for acquisition, construction, maintenance, operation, and repairs.

2. Expenditures for land acquisition, site preparation beyond five feet from a building, and the construction of additional outdoor lighting, sidewalks, outdoor athletic and recreational facilities, and parking lots in the Virginia Community College System shall be made only from appropriated federal funds, Trust and Agency funds, including local government allocations or appropriations, or the proceeds of indebtedness authorized by the General Assembly.

3. The general policy of the Commonwealth shall be that parking services are to be operated as an auxiliary enterprise by all colleges and universities. Institutions should develop sufficient reserves for ongoing maintenance and replacement of parking facilities.

4. Except as provided in paragraph 2 above, expenditures for maintenance, replacement, and repair of outdoor lighting, sidewalks, and other infrastructure facilities may be made from any appropriated funds.

5. Expenditures for operations, maintenance, and repair of athletic, recreational, and public service facilities, both indoor and outdoor, should be from nongeneral funds. However, this condition shall not apply to any indoor recreational facility existing on a community college campus as of July 1, 1988.

6.a.1. At institutions of higher education that have met the eligibility criteria for additional operational and administrative authority as set forth in Chapters 933 and 945 of the 2005 Acts of Assembly or Chapters 824 and 829 of the 2008 Acts of Assembly, any repair, renovation, or new construction project costing up to \$2,000,000 shall be exempt from the capital outlay review and approval process. For purposes of this paragraph, projects shall not include any subset of a series of projects, which in combination would exceed the \$2,000,000 maximum.

2. All institutions of higher education shall be exempt from the capital review and approval process for repair, renovation, or new construction projects costing up to \$2,000,000.

b. Blanket authorizations funded entirely by nongeneral funds may be used for 1) renovation and infrastructure projects costing up to \$2,000,000 and 2) the planning of nongeneral fund new construction and renovation projects through bidding, with bid award made after receipt of a construction authorization. The Director, Department of Planning and Budget, may provide exemptions to the threshold.

7. It is the policy of the Commonwealth that the institutions of higher education shall treat the maintenance of their facilities as a priority for the allocation of resources. No appropriations shall be transferred from the "Operation and Maintenance of Plant" subprogram except for closely and definitely related purposes, as approved by the Director, Department of Planning and

Budget, or his designee. A report providing the rationale for each approved transfer shall be made to the Chairmen of the House Appropriations and Senate Finance Committees.

n. Legislative Intent and Reporting: Appropriations for capital projects shall be deemed to have been made for purposes which require their expenditure, or being placed under contract for expenditure, during the current biennium. Agencies to which such appropriations are made in this act or any other act are required to report progress as specified by the Governor. If, in the opinion of the Governor, these reports do not indicate satisfactory progress, he is authorized to take such actions as in his judgment may be necessary to meet legislative intent as herein defined. Reporting on the progress of capital projects shall be in accordance with § 4-8.00, Reporting Requirements.

o. No expenditure from a general fund appropriation in this act shall be made to expand or enhance a capital outlay project beyond that anticipated when the project was initially approved by the General Assembly except to comply with requirements imposed by the federal government when such capital project is for armories or other defense-related installations and is funded in whole or in part by federal funds. General fund appropriations in excess of those necessary to complete the project shall not be reallocated to expand or enhance the project, or be reallocated to a different project. The prohibitions in this subsection shall not apply to transfers from projects for which reappropriations have been authorized.

p. Local or private funds to be used for the acquisition, construction or improvement of capital projects for state agency use as owner or lessee shall be deposited into the state treasury for appropriation prior to their expenditure for such projects.

q. State-owned Registered Historic Landmarks: To guarantee that the historical and/or architectural integrity of any state-owned properties listed on the Virginia Landmarks Register and the knowledge to be gained from archaeological sites will not be adversely affected because of inappropriate changes, the heads of those agencies in charge of such properties are directed to submit all plans for significant alterations, remodeling, redecoration, restoration or repairs that may basically alter the appearance of the structure, landscaping, or demolition to the Department of Historic Resources. Such plans shall be reviewed within thirty days and the comments of that department shall be submitted to the Governor through the Department of General Services for use in making a final determination.

r.1. The Governor may authorize the conveyance of any interest in property or improvements thereon held by the Commonwealth to the educational or real estate foundation of any institution of higher education where he finds that such property was acquired with local or private funds or by gift or grant to or for the use of the institution, and not with funds appropriated to the institution by the General Assembly. Any approved conveyance shall be exempt from § 2.2-1156, Code of Virginia, and any other statute concerning conveyance, transfer or sale of state property. If the foundation conveys any interest in the property or any improvements thereon, such conveyance shall likewise be exempt from compliance with any statute concerning disposition of state property. Any income or proceeds from the conveyance of any interest in the property shall be deemed to be local or private funds and may be used by the foundation for any foundation purpose.

2. This section shall not apply to public institutions of higher education governed by Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, Chapters 824 and 829 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly.

s.1. Facility Lease Agreements Involving Institutions of Higher Education: In the case of any lease agreement involving state-owned property controlled by an institution of higher education, where the lease has been entered into consistent with the provisions of § 2.2-1155, Code of Virginia, the Governor may amend, adjust or waive any project review and reporting procedures of Executive agencies as may reasonably be required to promote the property improvement goals for which the lease agreement was developed.

2. This section shall not apply to public institutions of higher education governed by Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, Chapters 824 and 829 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly.

t. Energy-efficiency Projects: Improvements to state-owned properties for the purpose of energy-efficiency shall be treated as follows:

1. Such improvements shall be considered an operating expense, provided that:

a) the scope of the project meets or exceeds the applicable energy-efficiency standards set forth in the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE), the Illuminating Engineering Society (IES) standard 90.1-1989 and is limited to measures listed in guidelines issued by the Department of General Services;

b) the project is financed consistent with the provisions of § 2.2-2417, Code of Virginia, which requires Treasury Board approval and is executed through a nonprofessional services contract with a vendor approved by the Department of General Services;

c) the scope of work has been reviewed and recommended by the Department of Mines, Minerals and Energy;

d) the total cost does not exceed \$3,000,000; and

e) if the total cost exceeds \$3,000,000, but does not exceed \$7,000,000, the energy savings from the project offset the total cost of

the project, including debt service and interest payments.

2. If (a) the total cost of the improvement exceeds \$7,000,000 or (b) the total cost exceeds \$3,000,000, but does not exceed \$7,000,000, and the energy savings from the project do not fully offset the total cost of the project, including debt services and interest payments, the improvement shall be considered a capital expense regardless of the type of improvement and the following conditions must be met:

a) the scope of the project meets or exceeds the applicable energy-efficiency standards set forth in the American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE), the Illuminating Engineering Society (IES) standard 90.1-1989 and is limited to measures listed in guidelines issued by the Department of General Services;

b) the project is financed consistent with the provisions of § 2.2-2417, Code of Virginia, which requires Treasury Board approval and is executed through a nonprofessional services contract with a vendor approved by the Department of General Services;

c) the scope of work has been reviewed and recommended by the Department of Mines, Minerals and Energy;

d) the project has been reviewed by the Department of Planning and Budget; and

e) the project has been approved by the Governor.

3. If the total project exceeds \$250,000, the agency director will submit written notification to the Director, Department of Planning and Budget, verifying that the project meets all of the conditions in subparagraph 1 above.

The provisions of §§ 2.0 and 4-4.01 of this act and the provisions of § 2.2-1132, Code of Virginia, shall not apply to energy conservation projects that qualify as capital expenses.

4. As used in this paragraph, “improvement” does not include (a) constructing, enlarging, altering, repairing or demolishing a building or structure, (b) changing the use of a building either within the same use group or to a different use group when the new use requires greater degrees of structural strength, fire protection, exit facilities or sanitary provisions, or (c) removing or disturbing any asbestos-containing materials during demolition, alteration, renovation of or additions to building or structures, If the projected scope of an energy-efficiency project includes any of these elements, it shall be subject to the capital outlay process as set out in this section.

5. The Director, Department of Planning and Budget, shall notify the Chairmen of the House Appropriations and Senate Finance Committees upon the initiation of any energy-efficiency projects under the provisions of this paragraph.

u. No expenditures shall be authorized for the purchase of fee simple title to any real property to be used for a correctional facility or for the actual construction of a correctional facility provided for in this act, or by reference hereto, that involves acquisition or new construction of youth or adult correctional facilities on real property which was not owned by the Commonwealth on January 1, 1995, until the governing body of the county, city or town wherein the project is to be located has adopted a resolution supporting the location of such project within the boundaries of the affected jurisdiction. The foregoing does not prohibit expenditures for site studies, real estate options, correctional facility design and related expenditures.

v. Except for institutions of higher education governed by Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly, any alternative financing agreement entered into between a state agency or institution of higher education and a private entity or affiliated foundation must be reviewed and approved by the Treasury Board.

w. Prior to requesting authorization for new dormitory capital projects, institutions of higher education shall conduct a cost study to determine whether an alternative financing arrangement or public-private transaction would provide a more effective option for the construction of the proposed facility. This study shall be submitted to the Department of Planning and Budget as part of the budget development process and shall be evaluated by the Governor prior to submitting his proposed budget.

x. Construction or improvement projects of the Department of Military Affairs are not exempt from the capital outlay review process when the state procurement process is utilized, except for those projects with both an estimated cost of \$3,000,000 or less and are 100 percent federally reimbursed. The Department of Military Affairs shall submit by July 30 of each year to the Department of Planning and Budget a list of such projects that were funded pursuant to this exemption in the previous fiscal year and any projects that would be eligible for such funding in future fiscal years.

y. While the competitive sealed bid process is the preferred method of construction procurement for public bodies, institutions of higher education and state agencies considering the use of Design Build or Construction Management procurement methods for capital projects shall proceed as follows:

1. Institutions of higher education governed under Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594, 616, 824 and 829 of the 2008 Acts of Assembly, Chapters 675 and 685 of the 2009 Acts of Assembly, operating under a memorandum

of understanding pursuant to § 23.1-1003, and those operating under a pilot program under § 4-9.02 shall:

- a) Develop a process for determining the selected procurement method which, at a minimum, must consider cost, schedule, complexity, and building use;
  - b) Submit the process for determining the procurement method to the Department of General Services for review and recommendations;
  - c) Submit for approval, the process for determining the procurement method with the Department of General Services recommendations, to the Board of Visitors.
2. All other institutions of higher education and state agencies shall submit procurement method requests to the Director, Department of General Services for review and approval.
3. Processes for considering Construction Management procurement method shall include, among other processes as determined by the owning institution of higher education or state agency, the following requirements:
- a) Cost and project timeline are critical components of the selection process;
  - b) Construction Management contract will be initiated no later than the Schematic Phase of design unless prohibited by authorization of funding restrictions; and,
  - c) A written justification that sealed bidding is not practicable and/or fiscally advantageous and such written justification shall be stated in the Request for Qualifications used to procure the Construction Management services.
4. All state entities, including institutions of higher education governed under Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594, 616, 824 and 829 of the 2008 Acts of Assembly, Chapters 675 and 685 of the 2009 Acts of Assembly, operating under a memorandum of understanding pursuant to § 23.1-1003, and those operating under a pilot program under § 4-9.02 shall report annually, on November 1st of each year, to the Director, Department of General Services on completed capital projects, beginning with those authorized for construction under Chapter 665 of the 2015 Virginia Acts of Assembly, to include at a minimum procurement method, project budget, actual project costs, expected timeline, actual completion time and any post-project issues. The Department of General Services shall consolidate received report data and submit the consolidated data to the Governor and Chairmen of the House Appropriations and Senate Finance Committees no later than December 1st of each year.
5. The Auditor of Public Accounts shall, as part of its annual audit plan, determine that institutions of higher education governed under Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594, 616, 824 and 829 of the 2008 Acts of Assembly, Chapters 675 and 685 of the 2009 Acts of Assembly, operating under a memorandum of understanding pursuant to § 23.1-1003 and those operating under a pilot program under §4-9.02 complied with their internal review process in the selection of procurement method.
6. All state entities, including institutions of higher education governed under Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594, 616, 824 and 829 of the 2008 Acts of Assembly, Chapters 675 and 685 of the 2009 Acts of Assembly, operating under a memorandum of understanding pursuant to § 23.1-1003 and those operating under a pilot program under § 4-9.02 shall post approved capital projects, beginning with those authorized for construction under Chapter 665 of the 2015 Virginia Acts of Assembly, and approved procurement methods and advertise for project delivery services no less than 30 days publicly on the Commonwealth's statewide electronic procurement system and program, eVA.

#### § 4-4.02 PLANNING AND BUDGETING

- a. It shall be the intent of the General Assembly to make biennial appropriations for a capital improvements program sufficient to address the program needs of the Commonwealth. The capital improvements program shall include maintenance and deferred maintenance of the Commonwealth's existing facilities, and of the facility requirements necessary to deliver the programs of state agencies and institutions.
- b. In effecting these policies, the Governor shall establish a capital budget plan to address the renewal and replacement of the Commonwealth's physical plant, using such guidelines as recommended by industry or government to maintain the Commonwealth's investment in its property and plant.

### § 4-5.00 SPECIAL CONDITIONS AND RESTRICTIONS ON EXPENDITURES

#### § 4-5.01 TRANSACTIONS WITH INDIVIDUALS

- a. **SETTLEMENT OF CLAIMS:** Whenever a dispute, claim or controversy involving the interest of the Commonwealth is settled pursuant to § 2.2-514, Code of Virginia, payment may be made out of any appropriations, designated by the Governor, to the state agency(ies) which is (are) party to the settlement.
- b. **STUDENT FINANCIAL ASSISTANCE FOR HIGHER EDUCATION:**

1. General:



a) The appropriations made in this act to state institutions of higher education within the Items for student financial assistance may be expended for any one, all, or any combination of the following purposes: grants to undergraduate students enrolled at least one-half time in a degree, certificate, industry-based certification and related programs that do not qualify for other sources of student financial assistance or diploma program; grants to full-time graduate students; graduate assistantships; grants to students enrolled full-time in a dual or concurrent undergraduate and graduate program. The institutions may also use these appropriations for the purpose of supporting work study programs. The institution is required to transfer to educational and general appropriations all funds used for work study or to pay graduate assistantships. Institutions may also contribute to federal or private student grant aid programs requiring matching funds by the institution, except for programs requiring work. The State Council of Higher Education for Virginia shall annually review each institution's plan for the expenditures of its general fund appropriation for undergraduate student financial assistance prior to the start of the fall term to determine program compliance. The institution's plan shall include the institution's assumptions and calculations for determining the cost of attendance, student financial need, and student remaining need as well as an award schedule or description of how funds are awarded. For the purposes of the proposed plan, each community college shall be considered independently. No limitations shall be placed on the awarding of nongeneral fund appropriations made in this act to state institutions of higher education within the Items for student financial assistance other than those found previously in this paragraph and as follows: (i) funds derived from in-state student tuition will not subsidize out-of-state students, (ii) students receiving these funds must be making satisfactory academic progress, (iii) awards made to students should be based primarily on financial need, and (iv) institutions should make larger grant and scholarship awards to students taking the number of credit hours necessary to complete a degree in a timely manner.

b) All awards made to undergraduate students from such Items shall be for Virginia students only and such awards shall offset all, or portions of, the costs of tuition and required fees, and, in the case of students qualifying under subdivision b 2 c)1) hereof, the cost of books. All undergraduate financial aid award amounts funded by this appropriation shall be proportionate to the remaining need of individual students, with students with higher levels of remaining need receiving grants before other students. No criteria other than the need of the student shall be used to determine the award amount. Because of the low cost of attendance and recognizing that federal grants provide a much higher portion of cost than at other institutions, a modified approach and minimum award amount for the neediest VGAP student should be implemented for community college and Richard Bland College students based on remaining need and the combination of federal and grant state aid. Student financial need shall be determined by a need-analysis system approved by the Council.

c)1) All need-based awards made to graduate students shall be determined by the use of a need-analysis system approved by the Council.

2) As part of the six-year financial plans required in the provisions of Chapters 933 and 945 of the 2005 Acts of Assembly, each institution of higher education shall report the extent to which tuition and fee revenues are used to support graduate student aid and graduate compensation and how the use of these funds impacts planned increases in student tuition and fees.

d) A student who receives a grant under such Items and who, during a semester, withdraws from the institution which made the award must surrender the unearned portion. The institution shall calculate the unearned portion of the award based on the percentage used for federal Return to Title IV program purposes.

e) An award made under such Items to assist a student in attending an institution's summer session shall be prorated according to the size of comparable awards made in that institution's regular session.

f) The provisions of this act under the heading "Student Financial Assistance for Higher Education" shall not apply to (1) the soil scientist scholarships authorized under § 23.1-615, Code of Virginia and (2) need-based financial aid programs for industry-based certification and related programs that do not qualify for other sources of student financial assistance, which will be subject to guidelines developed by the State Council of Higher Education for Virginia.

g) Unless noted elsewhere in this act, general fund awards shall be named "Commonwealth" grants.

h) Unless otherwise provided by statute, undergraduate awards shall not be made to students seeking a second or additional baccalaureate degree until the financial aid needs of first-degree seeking students are fully met.

## 2. Grants To Undergraduate Students:

a) Each institution which makes undergraduate grants paid from its appropriation for student financial assistance shall expend such sums as approved for that purpose by the Council.

b) A student receiving an award must be duly admitted and enrolled in a degree, certificate or diploma program at the institution making the award, and shall be making satisfactory academic progress as defined by the institution for the purposes of eligibility under Title IV of the federal Higher Education Act, as amended.

c)1) It is the intent of the General Assembly that students eligible under the Virginia Guaranteed Assistance Program (VGAP) authorized in Title 23.1, Chapter 4.4:2, Code of Virginia, shall receive grants before all other students at the same institution with equivalent remaining need from the appropriations for undergraduate student financial assistance found in Part 1 of this

act (service area 1081000 - Scholarships). In each instance, VGAP eligible students shall receive awards greater than other students with equivalent remaining need.

2) The amount of each VGAP grant shall vary according to each student's remaining need and the total of tuition, all required fees and the cost of books at the institution the student will attend upon acceptance for admission. The actual amount of the VGAP award will be determined by the proportionate award schedule adopted by each institution; however, those students with the greatest financial need shall be guaranteed an award at least equal to tuition.

3) It is the intent of the General Assembly that the Virginia Guaranteed Assistance Program serve as an incentive to financially needy students now attending elementary and secondary school in Virginia to raise their expectations and their academic performance and to consider higher education an achievable objective in their futures.

4) Students may not receive a VGAP and a Commonwealth grant in the same semester.

### 3. Grants To Graduate Students:

a) An individual award may be based on financial need but may, in addition to or instead of, be based on other criteria determined by the institution making the award. The amount of an award shall be determined by the institution making the award; however, the Council shall annually be notified as to the maximum size of a graduate award that is paid from funds in the appropriation.

b) A student receiving a graduate award paid from the appropriation must be duly admitted into a graduate degree program at the institution making the award.

c) Not more than 50 percent of the funds designated by an institution as graduate grants from the appropriation, and approved as such by the Council, shall be awarded to persons not eligible to be classified as Virginia domiciliary resident students except in cases where the persons meet the criteria outlined in § 4-2.01b.6.

4. Matching Funds: Any institution of higher education may, with the approval of the Council, use funds from its appropriation for fellowships and scholarships to provide the institutional contribution to any student financial aid program established by the federal government or private sources which requires the matching of the contribution by institutional funds, except for programs requiring work.

### 5. Discontinued Loan Program:

a) If any federal student loan program for which the institutional contribution was appropriated by the General Assembly is discontinued, the institutional share of the discontinued loan program shall be repaid to the fund from which the institutional share was derived unless other arrangements for the use of the funds are recommended by the Council and approved by the Department of Planning and Budget. Should the institution be permitted to retain the federal contributions to the program, the funds shall be used according to arrangements authorized by the Council and approved by the Department of Planning and Budget.

b)1) An institution of higher education may discontinue its student loan fund established pursuant to Title 23.1, Chapter 4.01, Code of Virginia. The full amount of cash in such discontinued loan fund shall be paid into the state treasury into a nonrevertible nongeneral fund account. Prior to such payment, the State Comptroller shall verify its accuracy, including the fact that the cash held by the institution in the loan fund will be fully depleted by such payment. The loan fund shall not be reestablished thereafter for that institution.

2) The cash so paid into the state treasury shall be used only for grants to undergraduate and graduate students in the Higher Education Student Financial Assistance program according to arrangements authorized by the Council and approved by the Department of Planning and Budget.

3) Payments on principal and interest of any promissory notes held by the discontinued loan fund shall continue to be received by the institution, which shall deposit such payments in the state treasury to the nonrevertible nongeneral fund account specified in subdivision (1) preceding, to be used for grants as specified in subdivision (2) preceding.

6. Reporting: The Council shall collect student-specific information for undergraduate students as is necessary for the operation of the Student Financial Assistance Program. The Council shall maintain regulations governing the operation of the Student Financial Assistance Program based on the provisions outlined in this section, the Code of Virginia, and State Council policy.

### C. PAYMENTS TO CITIZEN MEMBERS OF NONLEGISLATIVE BODIES:

Notwithstanding any other provision of law, executive branch agencies shall not pay compensation to citizen members of boards, commissions, authorities, councils, or other bodies from any fund for the performance of such members' duties in the work of the board, commission, authority, council, or other body.

### d. VIRGINIA BIRTH-RELATED NEUROLOGICAL INJURY COMPENSATION PROGRAM

1. Notwithstanding any other provision of law, the Virginia Birth-Related Neurological Injury Compensation Program is authorized to require each admitted claimant's parent or legal guardian to purchase private health insurance (the "primary payer") to provide

coverage for the actual medically necessary and reasonable expenses as described in Virginia Code § 38.2-5009(A)(1) that were, or are, incurred as a result of the admitted claimant's birth-related neurological injury and for the admitted claimant's benefit. Provided, however, that the Program shall reimburse, upon receipt of proof of payment, solely the portion of the premiums that is attributable to the admitted claimant's post-admission coverage from the effective date of this provision forward and paid for by the admitted claimant's parent or legal guardian.

2. The State Corporation Commission shall develop a report containing options and recommendations for improving the actuarial soundness of financing for the Virginia Birth-Related Neurological Injury Compensation Program. The report shall be presented to the Governor and Chairmen of the House Appropriations and Senate Finance Committees no later than November 1, 2017.

#### § 4-5.02 THIRD PARTY TRANSACTIONS

##### a. EMPLOYMENT OF ATTORNEYS:

1.a) All attorneys authorized by this act to be employed by any state agency and all attorneys compensated out of any moneys appropriated in this session of the General Assembly shall be appointed by the Attorney General and be in all respects subject to the provisions of Title 2.2, Chapter 5, Code of Virginia, to the extent not to conflict with Title 12.1, Chapter 4, Code of Virginia; provided, however, that if the Governor certifies the need for independent legal counsel for any Executive Department agency, such agency shall be free to act independently of the Office of the Attorney General in regard to selection, and provided, further, that compensation of such independent legal counsel shall be paid from the moneys appropriated to such Executive Department agency or from the moneys appropriated to the Office of the Attorney General.

b) For purposes of this act, "attorney" shall be defined as an employee or contractor who represents an agency before a court, board or agency of the Commonwealth of Virginia or political subdivision thereof. This term shall not include members of the bar employed by an agency who perform in a capacity that does not require a license to practice law, including but not limited to, instructing, managing, supervising or performing normal or customary duties of that agency.

2. This section does not apply to attorneys employed by state agencies in the Legislative Department, Judicial Department or Independent Agencies.

3. Reporting on employment of attorneys shall be in accordance with § 4-8.00, Reporting Requirements.

4. Notwithstanding § 2.2-510.1 of the Code of Virginia and any other conflicting provision of law, the Virginia Retirement System may enter into agreements to seek i) recovery of investment losses in foreign jurisdictions, and ii) legal advice related to its investments. Any such agreements shall be reported to the Office of the Attorney General as soon as practicable.

b. STUDIES AND CONSULTATIVE SERVICES REQUIRED BY GENERAL ASSEMBLY: No expenditure for payments on third party nongovernmental contracts for studies or consultative services shall be made out of any appropriation to the General Assembly or to any study group created by the General Assembly, nor shall any such expenditure for third party nongovernmental contracts be made by any Executive Department agency in response to a legislative request for a study, without the prior approval of two of the following persons: the Chairman of the House Appropriations Committee; the Chairman of the Senate Finance Committee; the Speaker of the House of Delegates; the President pro tempore of the Senate. All such expenditures shall be made only in accordance with the terms of a written contract approved as to form by the Attorney General.

c. USE OF CONSULTING SERVICES: All state agencies and institutions of higher education shall make a determination of "return on investment" as part of the criteria for awarding contracts for consulting services.

##### d. DEBT COLLECTION SERVICES:

1. Notwithstanding any provision of the Code of Virginia or this act to the contrary, the Virginia Commonwealth University Health System Authority shall have the option to participate in the Office of the Attorney General's debt collection process. Should the Authority choose not to participate, the Authority shall have the authority to collect its accounts receivable by engaging private collection agents and attorneys to pursue collection actions, and to independently compromise, settle, and discharge accounts receivable claims.

2. Notwithstanding any provision of the Code of Virginia or this act to the contrary, the University of Virginia Medical Center shall have the authority to collect its accounts receivable by engaging private collection agents and attorneys to pursue collection actions, and to independently compromise, settle, and discharge accounts receivable claims, provided that the University of Virginia demonstrates to the Secretary of Finance that debt collection by an agent other than the Office of the Attorney General is anticipated to be more cost effective. Nothing in this paragraph is intended to limit the ability of the University of Virginia Medical Center from voluntarily contracting with the Office of the Attorney General's Division of Debt Collection in cases where the Center would benefit from the expertise of legal counsel and collection services offered by the Office of the Attorney General.

3. Notwithstanding any provision of the Code of Virginia or this act to the contrary, the Department of Taxation shall be

exempt from participating in the debt collection process of the Office of the Attorney General.

#### § 4-5.03 SERVICES AND CLIENTS

##### a. CHANGED COST FACTORS:

1. No state agency, or its governing body, shall alter factors (e.g., qualification level for receipt of payment or service) which may increase the number of eligible recipients for its authorized services or payments, or alter factors which may increase the unit cost of benefit payments within its authorized services, unless the General Assembly has made an appropriation for the cost of such change.
2. Notwithstanding any other provision of law, the Department of Planning and Budget, with assistance from agencies that operate internal service funds as requested, shall establish policies and procedures for annually reviewing and approving internal service fund overhead surcharge rates and working capital reserves.
3. By September 1 each year, state agencies that operate an internal service fund, pursuant to §§ 2.2-803, 2.2-1101, and 2.2-2013, Code of Virginia, that have an impact on agency expenditures, shall submit a report to the Department of Planning and Budget and the Joint Legislative Audit and Review Commission to include all information as required by the Department of Planning and Budget to conduct a thorough review of overhead surcharge rates, revenues, expenditures, full-time positions, and working capital reserves for each internal service fund. The report shall include any proposed modifications in rates to be charged by internal service funds for review and approval by the Department of Planning and Budget. In its review, the Department of Planning and Budget shall determine whether the requested rate modifications are consistent with budget assumptions. The format by which agencies submit the operating plan for each internal service fund shall be determined by the Department of Planning and Budget with assistance from agencies that operate internal service funds as requested.
4. State agencies that operate internal service funds may not change a billable overhead surcharge rate to another state agency unless the resulting change is provided in the final General Assembly enacted budget.
5. State agencies that operate more than one internal service fund shall comply with the review and approval requirements detailed in this Item for each internal service fund.
6. As determined by the Director, Department of Planning and Budget, state agencies that operate select programs where an agency provides a service to and bills other agencies shall be subject to the annual review of the agency's internal service funds consistent with the provisions of this Item, unless such payment for services is pursuant to a memorandum of understanding authorized by § 4-1.03 a. 7 of this act.
7. The Governor is authorized to change internal service fund overhead surcharge rates, including the creation of new rates, beyond the rates enacted in the budget in the event of an emergency or to implement actions approved by the General Assembly, upon prior notice to the Chairmen of the House Appropriations and Senate Finance Committees. Such prior notice shall be no less than five days prior to enactment of a revised or new rate and shall include the basis of the rate change and the impact on state agencies.
8. Notwithstanding any other provision of law, the Commonwealth's statewide electronic procurement system and program known as eVA shall have all rates and working capital reserves reviewed and approved by the Department of Planning and Budget consistent with the provisions of this Item.
9. State agencies that are partially or fully funded with nongeneral funds and are billed for services provided by another state agency shall pay the nongeneral fund cost for the service from the agency's applicable nongeneral fund revenue source consistent with an appropriation proration of such expenses.

##### b. NEW SERVICES:

1. No state agency shall begin any new service that will call for future additional property, plant or equipment or that will require an increase in subsequent general or nongeneral fund operating expenses without first obtaining the authorization of the General Assembly.
2. Pursuant to the policies and procedures of the State Council of Higher Education regarding approval of academic programs and the concomitant enrollment, no state institution of higher education shall operate any academic program with funds in this act unless approved by the Council and included in the Executive Budget, or approved by the General Assembly. The Council may grant exemptions to this policy in exceptional circumstances.
3. a) The General Assembly is supportive of the increasing commitment by both Virginia Tech and the Carilion Clinic to the success of the programs at the Virginia Tech/Carilion School of Medicine and the Virginia Tech/Carilion Research Institute, and encourages these two institutions to pursue further developments in their partnership. Therefore, notwithstanding § 4-5.03 c. of the Appropriation Act, if through the efforts of these institutions to further strengthen the partnership, Virginia Tech acquires the Virginia Tech Carilion School of Medicine during the current biennium, the General Assembly approves the creation and establishment of the Virginia Tech/Carilion School of Medicine within the institution notwithstanding § 23.1-203 Code of Virginia. No additional funds are required to implement establishment of the Virginia Tech/Carilion School of Medicine within the institution.

b) Virginia Tech Carilion School of Medicine is hereby authorized to transfer funds to the Department of Medical Assistance Services to fully fund the state share for Medicaid supplemental payments to the teaching hospital affiliated with the Virginia Tech Carilion School of Medicine. These Medicaid supplemental fee-for-service and/or capitation payments to managed care organizations are for the purpose of securing access to Medicaid hospital services in Western Virginia. The funds to be transferred must comply with 42 CFR 433.51.

4. Reporting on all new services shall be in accordance with § 4-8.00, Reporting Requirements.

c. OFF-CAMPUS SITES OF INSTITUTIONS OF HIGHER EDUCATION:

No moneys appropriated by this act shall be used for off-campus sites unless as provided for in this section.

1. A public college or university seeking to create, establish, or operate an off-campus instructional site, funded directly or indirectly from the general fund or with revenue from tuition and mandatory educational and general fees generated from credit course offerings, shall first refer the matter to the State Council of Higher Education for Virginia for its consideration and approval. The State Council of Higher Education for Virginia may provide institutions with conditional approval to operate the site for up to one year, after which time the college or university must receive approval from the Governor and General Assembly, through legislation or appropriation, to continue operating the site.

2. For the colleges of the Virginia Community College System, the State Board for Community Colleges shall be responsible for approving off-campus locations. Sites governed by this requirement are those at any locations not contiguous to the main campus of the institution, including locations outside Virginia.

3. a) The provisions herein shall not apply to credit offerings on the site of a public or private entity if the offerings are supported entirely with private, local, or federal funds or revenue from tuition and mandatory educational and general fees generated entirely by course offerings at the site.

b) Offerings at previously approved off-campus locations shall also not be subject to these provisions.

c) Further, the provisions herein do not govern the establishment and operations of campus sites with a primary function of carrying out grant and contract research where direct and indirect costs from such research are covered through external funding sources. Such locations may offer limited graduate education as appropriate to support the research mission of the site.

d) Nothing herein shall prohibit an institution from offering non-credit continuing education programs at sites away from the main campus of a college or university.

4. The State Council of Higher Education shall establish guidelines to implement this provision.

d. PERFORMANCE MEASUREMENT

1. In accordance with § 2.2-1501, Code of Virginia, the Department of Planning and Budget shall develop a programmatic budget and accounting structure for all new programs and activities to ensure that it provides the appropriate financial and performance measures to determine if programs achieve desired results and outcomes. The Department of Accounts shall provide assistance as requested by the Department of Planning and Budget. The Department of Planning and Budget shall provide this information each year when the Governor submits the budget in accordance with § 2.2-1509, Code of Virginia, to the Chairmen of the House Appropriations, House Finance, and Senate Finance Committees.

2.a) Within thirty days of the enactment of this act, the Director, Department of Planning and Budget, shall make available via electronic means to the Chairmen of the House Appropriations and Senate Finance Committees and the public a list of the new initiatives for which appropriations are provided in this act.

b) Not later than ninety days after the end of the first year of the biennium, the Director, Department of Planning and Budget, shall make available via electronic means a report on the performance of each new initiative contained in the list, to be submitted to the Chairmen of the House Appropriations and Senate Finance Committees and the public. The report shall compare the actual results, including expenditures, of the initiative with the anticipated results and the appropriation for the initiative. This information shall be used to determine whether the initiative should be extended beyond the beginning period. In the preparation of this report, all state agencies shall provide assistance as requested by the Department of Planning and Budget.

§ 4-5.04 GOODS AND SERVICES

a. STUDENT ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION:

1. Public Information Encouraged: Each public institution of higher education is expected and encouraged to provide prospective students with accurate and objective information about its programs and services. The institution may use public funds under the control of the institution's Board of Visitors for the development, preparation and dissemination of factual information about the following subjects: academic programs; special programs for minorities; dates, times and procedures for

registration; dates and times of course offerings; admission requirements; financial aid; tuition and fee schedules; and other information normally distributed through the college catalog. This information may be presented in any and all media, such as newspapers, magazines, television or radio where the information may be in the form of news, public service announcements or advertisements. Other forms of acceptable presentation would include brochures, pamphlets, posters, notices, bulletins, official catalogs, flyers available at public places and formal or informal meetings with prospective students.

2. Excessive Promotion Prohibited: Each public institution of higher education is prohibited from using public funds under the control of the institution's Board of Visitors for the development, preparation, dissemination or presentation of any material intended or designed to induce students to attend by exaggerating or extolling the institution's virtues, faculty, students, facilities or programs through the use of hyperbole. Artwork and photographs which exaggerate or extol rather than supplement or complement permissible information are prohibited. Mass mailings are generally prohibited; however, either mass mailings or newspaper inserts, but not both, may be used if other methods of distributing permissible information are not economically feasible in the institution's local service area.

3. Remedial Education: Senior institutions of higher education shall make arrangements with community colleges for the remediation of students accepted for admission by the senior institutions.

4. Compliance: The president or chancellor of each institution of higher education is responsible for the institution's compliance with this subsection.

#### b. INFORMATION TECHNOLOGY FACILITIES AND SERVICES:

1.a) The Virginia Information Technologies Agency shall procure information technology and telecommunications goods and services of every description for its own benefit or on behalf of other state agencies and institutions, or authorize other state agencies or institutions to undertake such procurements on their own.

b) Except for research projects, research initiatives, or instructional programs at public institutions of higher education, or any non-major information technology project request from the Virginia Community College System, Longwood University, or from an institution of higher education which is a member of the Virginia Association of State Colleges and University Purchasing Professionals (VASCUPP) as of July 1, 2003, or any procurement of information technology and telecommunications goods and services by public institutions of higher education governed by some combination of Chapters 933 and 945 of the 2005 Acts of Assembly, Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, Chapters 824 and 829 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly, requests for authorization from state agencies and institutions to procure information technology and telecommunications goods and services on their own behalf shall be made in writing to the Chief Information Officer or his designee. Members of VASCUPP as of July 1, 2003, are hereby recognized as: The College of William and Mary, George Mason University, James Madison University, Old Dominion University, Radford University, Virginia Commonwealth University, Virginia Military Institute, Virginia Polytechnic Institute and State University, and the University of Virginia.

c) The Chief Information Officer or his designee may grant the authorization upon a written determination that the request conforms to the statewide information technology plan and the individual information technology plan of the requesting agency or institution.

d) Any procurement authorized by the Chief Information Officer or his designee for information technology and telecommunications goods and services, including geographic information systems, shall be issued by the requesting state agency or institution in accordance with the regulations, policies, procedures, standards, and guidelines of the Virginia Information Technologies Agency.

e) Nothing in this subsection shall prevent public institutions of higher education or the Virginia Community College System from using the services of Network Virginia.

f) To ensure that the Commonwealth's research universities maintain a competitive position with access to the national optical research network infrastructure including the National LambdaRail and Internet2, the Network Virginia Contract Administrator is hereby authorized to renegotiate the term of the existing contracts. Additionally, the contract administrator is authorized to competitively negotiate additional agreements in accordance with the Code of Virginia and all applicable regulations, as required, to establish and maintain research network infrastructure.

2. If the billing rates and associated systems for computer, telecommunications and systems development services to state agencies are altered, the Director, Department of Planning and Budget, may transfer appropriations from the general fund between programs affected. These transfers are limited to actions needed to adjust for overfunding or underfunding the program appropriations affected by the altered billing systems.

3. The provisions of this subsection shall not in any way affect the duties and responsibilities of the State Comptroller under the provisions of § 2.2-803, Code of Virginia.

4. It is the intent of the General Assembly that information technology (IT) systems, products, data, and service costs, including geographic information systems (GIS), be contained through the shared use of existing or planned equipment, data, or services which may be available or soon made available for use by state agencies, institutions, authorities, and other public bodies. State

agencies, institutions, and authorities shall cooperate with the Virginia Information Technologies Agency in identifying the development and operational requirements for proposed IT and GIS systems, products, data, and services, including the proposed use, functionality, capacity and the total cost of acquisition, operation and maintenance.

5. This section shall not apply to public institutions of higher education governed by some combination of Chapters 933 and 945 of the 2005 Acts of Assembly, Chapters 933 and 943 of the 2006 Acts of Assembly or Chapters 594 and 616 of the 2008 Acts of Assembly, Chapters 824 and 829 of the 2008 Acts of Assembly and Chapters 675 and 685 of the 2009 Acts of Assembly, or to the Virginia Alcoholic Beverage Control Authority.

6. Notwithstanding any other provision of law, state agencies that do not receive computer services from the Virginia Information Technologies Agency may develop their own policies and procedures governing the sale of surplus computers and laptops to their employees or officials. Any proceeds from the sale of surplus computers or laptops shall be deposited into the appropriate fund or funds used to purchase the equipment.

c. MOTOR VEHICLES AND AIRCRAFT:

1. No motor vehicles shall be purchased or leased with public funds by the state or any officer or employee on behalf of the state without the prior written approval of the Director, Department of General Services.

2. The institutions of higher education and the Alcoholic Beverage Control Authority shall be exempt from this provision but shall be required to report their entire inventory of purchased and leased vehicles including the cost of such to the Director of the Department of General Services by June 30 of each year. The Director of the Department of General Services shall compare the cost of vehicles acquired by institutions of higher education and the Authority to like vehicles under the state contract. If the comparison demonstrates for a given institution or the Authority that the cost to the Commonwealth is greater for like vehicles than would be the case based on a contract of statewide applicability, the Governor or his designee may suspend the exemption granted to the institution or the Authority pursuant to this subparagraph c.

3. The Director, Department of General Services, is hereby authorized to transfer surplus motor vehicles among the state agencies, and determine the value of such surplus equipment for the purpose of maintaining the financial accounts of the state agencies affected by such transfers.

d. MOTION PICTURE, TELEVISION AND RADIO SERVICES PRODUCTION: Except for public institutions of higher education governed by Chapters 933 and 943 of the 2006 Acts of Assembly, no state Executive Department agency or the Virginia Lottery Department shall expend any public funds for the production of motion picture films or of programs for television transmission, or for the operation of television or radio transmission facilities, without the prior written approval of the Governor or as otherwise provided in this act, except for educational television programs produced for elementary-secondary education by authority of the Virginia Information Technologies Agency. The Joint Subcommittee on Rules is authorized to provide the approval of such expenditures for legislative agencies. For judicial agencies and independent agencies, other than the Virginia Lottery Department, prior approval action rests with the supervisory bodies of these entities. With respect to television programs which are so approved and other programs which are otherwise authorized or are not produced for television transmission, state agencies may enter into contracts without competitive sealed bidding, or competitive negotiation, for program production and transmission services which are performed by public telecommunications entities, as defined in § 2.2-2006, Code of Virginia.

e. TRAVEL: Reimbursement for the cost of travel on official business of the state government is authorized to be paid pursuant to law and regulations issued by the State Comptroller to implement such law. Notwithstanding any contrary provisions of law:

1. For the use of personal automobiles in the discharge of official duties outside the continental limits of the United States, the State Comptroller may authorize an allowance not exceeding the actual cost of operation of such automobiles;

2. The first 15,000 miles of use during each fiscal year of personal automobiles in the discharge of official duties within the continental limits of the United States shall be reimbursed at an amount equal to the most recent business standard mileage rate as established by the Internal Revenue Service for employees or self-employed individuals to use in computing their income tax deductible costs for operating passenger vehicles owned or leased by them for business purposes, or in the instance of a state employee, at the lesser of (a) the IRS rate or (b) the lowest combined capital and operational trip pool rate charged by the Department of General Services, Office of Fleet Management Services (OFMS), posted on the OFMS website at time of travel, for the use of a compact state-owned vehicle. If the head of the state agency concerned certifies that a state-owned vehicle was not available, or if, according to regulations issued by the State Comptroller, the use of a personal automobile in lieu of a state-owned automobile is considered to be an advantage to the state, the reimbursement shall be at the rate of the IRS rate. For such use in excess of 15,000 miles in each fiscal year, the reimbursement shall be at a rate of 13.0 cents per mile, unless a state-owned vehicle is not available; then the rate shall be the IRS rate;

3. The State Comptroller may authorize exemptions to restrictions upon use of common carrier accommodations;

4. The State Comptroller may authorize reimbursement by per diem in lieu of actual costs of meals and any other expense category deemed necessary for the efficient and effective operation of state government;

5. State employees traveling on official business of state government shall be reimbursed for their travel costs using the same bank account authorized by the employee in which their net pay is direct deposited; and

6. This section shall not apply to members and employees of public school boards.

f. **SMALL PURCHASE CHARGE CARD, ELECTRONIC DATA INTERCHANGE, DIRECT DEPOSIT, AND PAYLINE OPT OUT:** The State Comptroller is hereby authorized to charge state agencies a fee of \$5 per check or earnings notice when, in his judgment, agencies have failed to comply with the Commonwealth's electronic commerce initiatives to reduce unnecessary administrative costs for the printing and mailing of state checks and earning notices. The fee shall be collected by the Department of Accounts through accounting entries.

g. **PURCHASES OF APPLIANCES AND EQUIPMENT:** State agencies and institutions shall purchase Energy Star rated appliances and equipment in all cases where such appliances and equipment are available.

h. **ELECTRONIC PAYMENTS:** Any recipient of payments from the State Treasury who receives six or more payments per year issued by the State Treasurer shall receive such payments electronically. The State Treasurer shall decide the appropriate method of electronic payment and, through his warrant issuance authority, the State Comptroller shall enforce the provisions of this section. The State Comptroller is authorized to grant administrative relief to this requirement when circumstances justify non-electronic payment.

i. **LOCAL AND NON-STATE SAVINGS AND EFFICIENCIES:** It is the intent of the General Assembly that State agencies shall encourage and assist local governments, school divisions, and other non-state governmental entities in their efforts to achieve cost savings and efficiencies in the provision of mandated functions and services including but not limited to finance, procurement, social services programs, and facilities management.

j. **TELECOMMUNICATION SERVICES AND DEVICES:**

1. The Chief Information Officer and the State Comptroller shall develop statewide requirements for the use of cellular telephones and other telecommunication devices by in-scope Executive Department agencies, addressing the assignment, evaluation of need, safeguarding, monitoring, and usage of these telecommunication devices. The requirements shall include an acceptable use agreement template clearly defining an employee's responsibility when they receive and use a telecommunication device. Statewide requirements shall require some form of identification on a device in case it is lost or stolen and procedures to wipe the device clean of all sensitive information when it is no longer in use.

2. In-scope Executive Department agencies providing employees with telecommunication devices shall develop agency-specific policies, incorporating the guidance provided in § 4-5.04 k. 1. of this act and shall maintain a cost justification for the assignment or a public health, welfare and safety need.

3. The Chief Information Officer shall determine the optimal number of telecommunication vendors and plans necessary to meet the needs of in-scope Executive Department agency personnel. The Chief Information Officer shall regularly procure these services and provide statewide contracts for use by all such agencies. These contracts shall require the vendors to provide detailed usage information in a useable electronic format to enable the in-scope agencies to properly monitor usage to make informed purchasing decisions and minimize costs.

4. The Chief Information Officer shall examine the feasibility of providing tools for in-scope Executive Department agencies to analyze usage and cost data to assist in determining the most cost effective plan combinations for the entity as a whole and individual users.

k. **ALTERNATIVE PROCUREMENT:** If any payment is declared unconstitutional for any reason or if the Attorney General finds in a formal, written, legal opinion that a payment is unconstitutional, in circumstances where a good or service can constitutionally be the subject of a purchase, the administering agency of such payment is authorized to use the affected appropriation to procure, by means of the Commonwealth's Procurement Act, goods and services, which are similar to those sought by such payment in order to accomplish the original legislative intent.

l. **MEDICAL SERVICES:** No expenditures from general or nongeneral fund sources may be made out of any appropriation by the General Assembly for providing abortion services, except otherwise as required by federal law or state statute.

#### § 4-5.05 NONSTATE AGENCIES, INTERSTATE COMPACTS AND ORGANIZATIONAL MEMBERSHIPS

a. The accounts of any agency, however titled, which receives funds from this or any other appropriating act, and is not owned or controlled by the Commonwealth of Virginia, shall be subject to audit or shall present an audit acceptable to the Auditor of Public Accounts when so directed by the Governor or the Joint Legislative Audit and Review Commission.

b.1. For purposes of this subsection, the definition of "nonstate agency" is that contained in § 2.2-1505, Code of Virginia.

2. Allotment of appropriations to nonstate agencies shall be subject to the following criteria:



a) Such agency is located in and operates in Virginia.

b) The agency must be open to the public or otherwise engaged in activity of public interest, with expenditures having actually been incurred for its operation.

3. No allotment of appropriations shall be made to a nonstate agency until such agency has certified to the Secretary of Finance that cash or in-kind contributions are on hand and available to match equally all or any part of an appropriation which may be provided by the General Assembly, unless the organization is specifically exempted from this requirement by language in this act. Such matching funds shall not have been previously used to meet the match requirement in any prior appropriation act.

4. Operating appropriations for nonstate agencies equal to or in excess of \$150,000 shall be disbursed to nonstate agencies in twelve or fewer equal monthly installments depending on when the first payment is made within the fiscal year. Operating appropriations for nonstate agencies of less than \$150,000 shall be disbursed in one payment once the nonstate agency has successfully met applicable match and application requirements.

5. The provisions of § 2.2-4343 A 14, Code of Virginia shall apply to any expenditure of state appropriations by a nonstate agency.

c.1. Each interstate compact commission and each organization in which the Commonwealth of Virginia or a state agency thereof holds membership, and the dues for which are provided in this act or any other appropriating act, shall submit its biennial budget request to the state agency under which such commission or organization is listed in this act. The state agency shall include the request of such commission or organization within its own request, but identified separately. Requests by the commission or organization for disbursements from appropriations shall be submitted to the designated state agency.

2. Each state agency shall submit by November 1 each year, a report to the Director, Department of Planning and Budget, listing the name and purpose for organizational memberships held by that agency with annual dues of \$5,000 or more. The institutions of higher education shall be exempt from this reporting requirement.

#### § 4-5.06 DELEGATION OF AUTHORITY

a. The designation in this act of an officer or agency head to perform a specified duty shall not be deemed to supersede the authority of the Governor to delegate powers under the provisions of § 2.2-104 , Code of Virginia.

b. The nongeneral fund capital outlay decentralization programs initiated pursuant to § 4-5.08b of Chapter 912, 1996 Acts of Assembly as continued in subsequent appropriation acts are hereby made permanent. Decentralization programs for which institutions have executed memoranda of understanding with the Secretary of Administration pursuant to the provisions of § 4-5.08b of Chapter 912, 1996 Acts of Assembly shall no longer be considered pilot projects, and shall remain in effect until revoked.

c. Institutions wishing to participate in a nongeneral fund capital outlay decentralization program for the first time shall submit a letter of interest to the appropriate Cabinet Secretary. Within 90 calendar days of the receipt of the institution's request to participate, the responsible Cabinet Secretary shall determine whether the institution meets the eligibility criteria and, if appropriate, establish a decentralization program at the institution. The Cabinet Secretary shall report to the Governor and Chairmen of the Senate Finance and House Appropriations Committees by December 1 of each year all institutions that have applied for inclusion in a decentralization program and whether the institutions have been granted authority to participate in the decentralization program.

d. The provisions identified in § 4-5.08 f and § 4-5.08 h of Chapter 1042 of the Acts of Assembly of 2003 pertaining to pilot programs for selected capital outlay projects and memoranda of understanding in institutions of higher education are hereby continued. Notwithstanding these provisions, those projects shall be insured through the state's risk management liability program.

e. If during an independent audit conducted by the Auditor of Public Accounts, the audit discloses that an institution is not performing within the terms of the memoranda of understanding or their addenda, the Auditor shall report this information to the Governor, the responsible Cabinet Secretary, and the Chairmen of the Senate Finance and House Appropriations Committees.

f. Institutions that have executed memoranda of understanding with the Secretary of Administration for nongeneral fund capital outlay decentralization programs are hereby granted a waiver from the provisions of § 2.2-4301, Competitive Negotiation, subdivision 3a, Code of Virginia, regarding the not to exceed amount of \$100,000 for a single project, the not to exceed sum of \$500,000 for all projects performed, and the option to renew for two additional one-year terms.

g. Notwithstanding any contrary provision of law or this act, delegations of authority in this act to the Governor shall apply only to agencies and personnel within the Executive Department, unless specifically stated otherwise.

h. This section shall not apply to public institutions of higher education governed by Chapters 933 and 943 of the 2006 Acts of Assembly.

#### § 4-5.07 LEASE, LICENSE OR USE AGREEMENTS

a. Agencies shall not acquire or occupy real property through lease, license or use agreement until the agency certifies to the Director, Department of General Services, that (i) funds are available within the agency's appropriations made by this act for the cost of the lease, license or use agreement and (ii) except for good cause as determined by the Department of General Services, the volume of such space conforms with the space planning procedures for leased facilities developed by the Department of General Services and approved by the Governor. The Department of General Services shall acquire and hold such space for use by state departments, agencies and institutions within the Executive Branch and may utilize brokerage services, portfolio management strategies, strategic planning, transaction management, project and construction management, and lease administration strategies consistent with industry best practices as adopted by the Department from time to time. These provisions may be waived in writing by the Director, Department of General Services. However, these provisions shall not apply to institutions of higher education that have met the conditions prescribed in subsection B of § 23.1-1006, Code of Virginia.

b. Agencies acquiring personal property in accordance with § 2.2-2417, Code of Virginia, shall certify to the State Treasurer that funds are available within the agency's appropriations made by this act for the cost of the lease.

#### § 4-5.08 SEMICONDUCTOR MANUFACTURING PERFORMANCE GRANT PROGRAMS

a. The Comptroller shall not draw any warrants to issue checks for semiconductor manufacturing performance grant programs, pursuant to Title 59.1, Chapter 22.3, Code of Virginia, without a specific legislative appropriation. The appropriation shall be in accordance with the terms and conditions set forth in a memorandum of understanding between a qualified manufacturer and the Commonwealth. These terms and conditions shall supplement the provisions of the Semiconductor Manufacturing Performance Grant Program, the Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program, and the Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program II, as applicable, and shall include but not be limited to the numbers and types of semiconductor wafers that are produced; the level of investment directly related to the building and equipment for manufacturing of wafers or activities ancillary to or supportive of such manufacturer within the eligible locality; and the direct employment related to these programs. To that end, the Secretary of Commerce and Trade shall certify in writing to the Governor and to the Chairmen of the House Appropriations and Senate Finance Committees the extent to which a qualified manufacturer met the terms and conditions. The appropriation shall be made in full or in proportion to a qualified manufacturer's fulfillment of the memorandum of understanding.

b. The Governor shall consult with the House Appropriations and Senate Finance Committees before amending any existing memorandum of understanding. These Committees shall have the opportunity to review any changes prior to their execution by the Commonwealth.

#### § 4-5.09 DISPOSITION OF SURPLUS REAL PROPERTY

a. Notwithstanding the provisions of § 2.2-1156, Code of Virginia, the departments, divisions, institutions, or agencies of the Commonwealth, or the Governor, shall sell or lease surplus real property only under the following circumstances:

1. Any emergency declared in accordance with §§ 44-146.18:2 or § 44-146.28, Code of Virginia, or

2. Not less than thirty days after the Governor notifies, in writing, the Chairmen of the House Appropriations and Senate Finance Committees regarding the planned conveyance, including a statement of the proceeds to be derived from such conveyance and the individual or entity taking title to such property.

3. Surplus property valued at less than \$5,000,000 that is possessed and controlled by a public institution of higher education, pursuant to §§ 2.2-1149 and 2.2-1153, Code of Virginia.

b. In any circumstance provided for in subsection a of this section, the cognizant board or governing body of the agency or institution holding title or otherwise controlling the state-owned property shall approve, in writing, the proposed conveyance of the property.

c. In accordance with § 15.2-2005, Code of Virginia, the consent of the General Assembly is herein provided for the road known as Standpipe Road, that was relocated and established on a portion of the Virginia Department of Transportation's Culpeper District Office property, identified as Tax Map No. 50-28, to improve the operational efficiency of the local road network in the Town of Culpeper. Further, the Virginia Department of Transportation is hereby authorized to convey to the Town of Culpeper, upon such terms and conditions as the Department deems proper and for such considerations the Department may determine, the property on which "Standpipe Road (Relocated)(Variable Width R/W)" on the plat entitled "plat Showing Property and Various Easements for Standpipe Road Relocated, Tax Map 50-28, Town of Culpeper, Culpeper County, Virginia" prepared by ATCS P.L.C and sealed March 14, 2012, together with easements to the Town of Culpeper for electric utility, slopes and drainage as shown on said plat. The conveyance shall be made with the approval of the Governor and in a form approved by the Attorney General. The appropriate officials of the Commonwealth are hereby authorized to prepare, execute, and deliver such deed and other documents as may be necessary to accomplish the conveyance.

d. Notwithstanding the provisions of § 2.2-1156, Code of Virginia, if tax-exempt bonds were issued by the Commonwealth or its

related authorities, boards or institutions to finance the acquisition, construction, improvement or equipping of real property, proceeds from the sale or disposition of such property and any improvements may first be applied toward remediation options available under federal law to maintain the tax-exempt status of such bonds.

§ 4-5.10 SURPLUS PROPERTY TRANSFERS FOR ECONOMIC DEVELOPMENT

a. The Commonwealth shall receive the fair market value of surplus state property which is designated by the Governor for economic development purposes, and for any properties owned by an Industrial Development Authority in any county where the Commonwealth has a continuing interest based on the deferred portion of the purchase price, which shall be assessed by more than one independent appraiser certified as a Licensed General Appraiser. Such property shall not be disposed of for less than its fair market value as determined by the assessments.

b. Recognizing the commercial, business and industrial development potential of certain lands declared surplus, and for any properties owned by an Industrial Development Authority in any county where the Commonwealth has a continuing interest based on the deferred portion of the purchase price, the Governor shall be authorized to utilize funds available in the Governor's discretion, to meet the requirements of the preceding subsection a. Sale proceeds, together with the money from the Commonwealth's Development Opportunity Fund, shall be deposited as provided in § 2.2-1156 D, Code of Virginia.

c. Within thirty days of closing on the sale of surplus property designated for economic development, the Governor or his designee shall report to the Chairmen of the Senate Finance and House Appropriations Committees. The report shall include information on the number of acres sold, sales price, amount of proceeds deposited to the general fund and Conservation Resources Fund, and the fair market value of the sold property.

d. Except for subaqueous lands that have been filled prior to January 1, 2006, the Governor shall not sell or convey those subaqueous lands identified by metes and bounds in Chapter 884 of the Acts of the Assembly of 2006.

§ 4-6.00 POSITIONS AND EMPLOYMENT

§ 4-6.01 EMPLOYEE COMPENSATION

a. The compensation of all kinds and from all sources of each appointee of the Governor and of each officer and employee in the Executive Department who enters the service of the Commonwealth or who is promoted to a vacant position shall be fixed at such rate as shall be approved by the Governor in writing or as is in accordance with rules and regulations established by the Governor. No increase shall be made in such compensation except with the Governor's written approval first obtained or in accordance with the rules and regulations established by the Governor. In all cases where any appointee, officer or employee is employed or promoted to fill a vacancy in a position for which a salary is specified by this act, the Governor may fix the salary of such officer or employee at a lower rate or amount within the respective level than is specified. In those instances where a position is created by an act of the General Assembly but not specified by this act, the Governor may fix the salary of such position in accordance with the provisions of this subsection.

b. Annual salaries of persons appointed to positions by the General Assembly, pursuant to the provisions of §§ 2.2-200 and 2.2-400, Code of Virginia, shall be paid in the amounts shown. *However, if an incumbent is reappointed, his or her salary may be as high as his or her prior salary.*

	<b>July 1, 2016</b>	<b>June 25, 2017</b>	<b>November 24, <del>2017</del>January 12, 2018</b>
	<b>to</b>	<b>to</b>	<b>to</b>
	<b>June 24, 2017</b>	<b>November 24, <del>2017</del>January 12, 2018</b>	<b>June 30, 2018</b>
Chief of Staff	\$167,737	\$167,737	<del>\$167,737</del> \$175,000
Secretary of Administration	\$159,762	\$159,762	<del>\$159,762</del> \$172,000
Secretary of Agriculture and Forestry	\$159,817	\$159,817	<del>\$159,817</del> \$172,000
Secretary of Commerce and Trade	\$166,915	\$166,915	<del>\$166,915</del> \$172,000
Secretary of the Commonwealth	\$158,966	\$158,966	<del>\$158,966</del> \$172,000

Secretary of Education	\$159,960	\$159,960	<del>\$159,960</del> \$172,000
Secretary of Finance	\$170,854	\$170,854	<del>\$170,854</del> \$172,000
Secretary of Health and Human Resources	\$159,291	\$159,291	<del>\$159,291</del> \$172,000
Secretary of Natural Resources	\$158,966	\$158,966	<del>\$158,966</del> \$172,000
Secretary of Public Safety and Homeland Security	\$168,838	\$168,838	<del>\$168,838</del> \$172,000
Secretary of Technology	\$158,966	\$158,966	<del>\$158,966</del> \$172,000
Secretary of Transportation	\$166,915	\$166,915	<del>\$166,915</del> \$172,000
Secretary of Veterans and Defense Affairs	\$163,642	\$163,642	<del>\$163,642</del> \$172,000

c.1.a) Annual salaries of persons appointed to positions listed in subdivision c 6 hereof shall be paid in the amounts shown for the current biennium, unless changed in accordance with conditions stated in subdivisions c 2 through c 5 hereof.

b) The starting salary of a new appointee shall not exceed the midpoint of the range, except where the midpoint salary is less than a ten percent increase from an appointee's preappointment compensation. In such cases, an appointee's starting salary may be set at a rate which is ten percent higher than the preappointment compensation, provided that the maximum of the range is not exceeded. However, in instances where an appointee's preappointment compensation exceeded the maximum of the respective salary range, then the salary for that appointee may be set at the maximum salary for the respective salary range except if the new hire was employed in a state classified position, then the Governor may exceed the maximum salary for the position and set the salary for the employee at a salary level not to exceed the employee's salary at their prior state position.

c) Nothing in subdivision c 1 shall be interpreted to supersede the provisions of § 4-6.01 e, f, g, h, i, j, k, l, and m of this act.

d) For new appointees to positions listed in § 4-6.01c.6., the Governor is authorized to provide for fringe benefits in addition to those otherwise provided by law, including post retirement health care and other non-salaried benefits provided to similar positions in the public sector.

2.a)1) The Governor may increase or decrease the annual salary for incumbents of positions listed in subdivision c 6 below at a rate of up to 10 percent in any single fiscal year between the minimum and the maximum of the respective salary range in accordance with an assessment of performance and service to the Commonwealth.

2) The governing boards of the independent agencies may increase or decrease the annual salary for incumbents of positions listed in subdivision c.7. below at a rate of up to 10 percent in any fiscal year between the minimum and maximum of the respective salary range, in accordance with an assessment of performance and service to the Commonwealth.

b)1) The appointing or governing authority may grant performance bonuses of 0-5 percent for positions whose salaries are listed in §§ 1-1 through 1-9, and 4-6.01 b, c, and d of this act, based on an annual assessment of performance, in accordance with policies and procedures established by such appointing or governing authority. Such performance bonuses shall be over and above the salaries listed in this act, and shall not become part of the base rate of pay.

2) The appointing or governing authority shall report performance bonuses which are granted to executive branch employees to the Department of Human Resource Management for retention in its records.

3. From the effective date of the Executive Pay Plan set forth in Chapter 601, Acts of Assembly of 1981, all incumbents holding positions listed in this § 4-6.01 shall be eligible for all fringe benefits provided to full-time classified state employees and, notwithstanding any provision to the contrary, the annual salary paid pursuant to this § 4-6.01 shall be included as creditable compensation for the calculation of such benefits.

4. Notwithstanding § 4-6.01.c.2.b)1) of this Act, the Board of Commissioners of the Virginia Port Authority may supplement the salary of its Executive Director, with the prior approval of the Governor. The Board should be guided by criteria which provide a

reasonable limit on the total additional income of the Executive Director. The criteria should include, without limitation, a consideration of the salaries paid to similar officials at comparable ports of other states. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.

5. With the written approval of the Governor, the Board of Trustees of the Virginia Museum of Fine Arts, the Science Museum of Virginia, the Virginia Museum of Natural History, the Jamestown-Yorktown Foundation, Gunston Hall, and the Library Board may supplement the salary of the Director of each museum, and the Librarian of Virginia from nonstate funds. In approving a supplement, the Governor should be guided by criteria which provide a reasonable limit on the total additional income and the criteria should include, without limitation, a consideration of the salaries paid to similar officials at comparable museums and libraries of other states. The respective Boards shall report approved supplements to the Department of Human Resource Management for retention in its records.

6.a) The following salaries shall be paid for the current biennium in the amounts shown, however, all salary changes shall be subject to subdivisions c 2 through c 5 above.

	<b>July 1, 2016 to June 24, 2017</b>	<b>June 25, 2017 to November 24, 2017</b>	<b>November 25, 2017 to June 30, 2018</b>
<b>Level I Range</b>	<b>\$150,915 - \$206,467</b>	<b>\$150,915 - \$206,467</b>	<b>\$150,915 - \$206,467</b>
<b>Midpoint</b>	<b>\$178,691</b>	<b>\$178,691</b>	<b>\$178,691</b>
Chief Information Officer, Virginia Information Technologies Agency	\$175,000	\$175,000	\$175,000
Commissioner, Department of Motor Vehicles	\$160,165	\$160,165	\$160,165
Commissioner, Department of Social Services	\$150,915	\$150,915	\$150,915
Commissioner, Department of Behavioral Health and Developmental Services	\$178,500	\$178,500	\$178,500
Commonwealth Transportation Commissioner	\$202,419	\$202,419	\$202,419
Director, Department of Corrections	\$156,060	\$156,060	\$156,060
Director, Department of Environmental Quality	\$184,649	\$184,649	\$184,649
Director, Department of Medical Assistance Services	\$193,736	\$193,736	\$193,736
Director, Department of Planning and Budget	\$167,669	\$167,669	\$167,669
State Health Commissioner	\$196,139	\$196,139	\$196,139
State Tax Commissioner	\$159,855	\$159,855	\$159,855
Superintendent of Public Instruction	\$206,467	\$206,467	\$206,467
Superintendent of State Police	\$179,325	\$179,325	\$179,325

	<b>July 1, 2016 to June 24, 2017</b>	<b>June 25, 2017 to November 24, 2017</b>	<b>November 25, 2017 to June 30, 2018</b>
<b>Level II Range</b>	<b>\$118,223 - \$167,541</b>	<b>\$118,223 - \$167,541</b>	<b>\$118,223 - \$167,541</b>
<b>Midpoint</b>	<b>\$142,882</b>	<b>\$142,882</b>	<b>\$142,882</b>
Alcoholic Beverage Control Commissioner	\$125,935	\$125,935	\$125,935
Alcoholic Beverage Control Commissioner	\$124,440	\$124,440	\$124,440
Chairman, Alcoholic Beverage Control Board	\$133,598	\$133,598	\$133,598
Commissioner, Department for Aging and Rehabilitative Services	\$151,354	\$151,354	\$151,354
Commissioner, Department of Agriculture and Consumer Services	\$165,552	\$165,552	\$165,552
Commissioner, Department of Veterans Services	\$142,800	\$142,800	\$142,800
Commissioner, Virginia Employment Commission	\$156,970	\$156,970	\$156,970
Executive Director, Department of Game and Inland Fisheries	\$140,208	\$140,208	\$140,208
Commissioner, Marine Resources Commission	\$118,223	\$118,223	\$118,223
Director, Department of Forensic Science	\$162,685	\$162,685	\$162,685
Director, Department of General Services	\$162,344	\$162,344	\$162,344
Director, Department of Human Resource Management	\$145,628	\$145,628	\$145,628
Director, Department of Juvenile Justice	\$123,165	\$123,165	\$123,165
Director, Department of Mines, Minerals and Energy	\$142,500	\$142,500	\$142,500
Director, Department of Rail and Public Transportation	\$147,900	\$147,900	\$147,900
Director, Department of Small Business and Supplier Diversity	\$135,404	\$135,404	\$135,404
Executive Director, Motor	\$111,000	\$111,000	\$111,000

## Vehicle Dealer Board

Executive Director, Virginia Port Authority	\$137,186	\$137,186	\$137,186
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State Comptroller	\$167,541	\$167,541	\$167,541
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State Treasurer	\$167,408	\$167,408	\$167,408
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**July 1, 2016  
to  
June 24, 2017**

**June 25, 2017  
to  
November 24, 2017**

**November 25, 2017  
to  
June 30, 2018**

<b>Level III Range</b>	<b>\$107,748 - \$149,112</b>	<b>\$107,748 - \$149,112</b>	<b>\$107,748 - \$149,112</b>
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<b>Midpoint</b>	<b>\$128,430</b>	<b>\$128,430</b>	<b>\$128,430</b>
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Adjutant General	\$135,548	\$135,548	\$135,548
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Chairman, Virginia Parole Board	\$127,485	\$127,485	\$127,485
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Vice Chairman, Virginia Parole Board	\$114,704	\$114,704	\$114,704
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Member, Virginia Parole Board	\$112,455	\$112,455	\$112,455
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Commissioner, Department of Labor and Industry	\$135,579	\$135,579	\$135,579
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Coordinator, Department of Emergency Management	\$122,791	\$122,791	\$122,791
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Director, Department of Aviation	\$134,286	\$134,286	\$134,286
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Director, Department of Conservation and Recreation	\$147,162	\$147,162	\$147,162
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Director, Department of Criminal Justice Services	\$121,380	\$121,380	\$121,380
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Director, Department of Health Professions	\$131,223	\$131,223	\$131,223
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Director, Department of Historic Resources	\$107,748	\$107,748	\$107,748
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Director, Department of Housing and Community Development	\$133,297	\$133,297	\$133,297
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Director, Department of Professional and Occupational Regulation	\$147,339	\$147,339	\$147,339
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Director, The Science Museum of Virginia	\$134,755	\$134,755	\$134,755
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Director, Virginia Museum of	\$140,112	\$140,112	\$140,112
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## Fine Arts

Director, Virginia Museum of Natural History	\$115,029	\$115,029	\$115,029
Executive Director, Board of Accountancy	\$128,430	\$128,430	\$128,430
Executive Director, Jamestown-Yorktown Foundation	\$136,784	\$136,784	\$136,784
Executive Secretary, Virginia Racing Commission	\$110,000	\$110,000	\$110,000
Librarian of Virginia	\$149,112	\$149,112	\$149,112
State Forester, Department of Forestry	\$140,760	\$140,760	\$140,760

**July 1, 2016  
to  
June 24, 2017**

**June 25, 2017  
to  
November 24, 2017**

**November 25, 2017  
to  
June 30, 2018**

**Level IV Range**                      **\$96,685 - \$114,945**                      **\$96,685 - \$114,945**                      **\$96,685 - \$114,945**

**Midpoint**                              **\$105,815**                              **\$105,815**                              **\$105,815**

Administrator, Commonwealth's Attorneys' Services Council	\$104,622	\$104,622	\$104,622
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Commissioner, Virginia Department for the Blind and Vision Impaired	\$114,945	\$114,945	\$114,945
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Executive Director, Frontier Culture Museum of Virginia	\$112,002	\$112,002	\$112,002
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Commissioner, Department of Elections	\$108,202	\$108,202	\$108,202
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Executive Director, Virginia-Israel Advisory Board	\$96,685	\$96,685	\$96,685
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**July 1, 2016  
to  
June 24, 2017**

**June 25, 2017  
to  
November 24, 2017**

**November 25, 2017  
to  
June 30, 2018**

**Level V Range**                      **\$22,831 - \$95,706**                      **\$22,831 - \$95,706**                      **\$22,831 - \$95,706**

**Midpoint**                              **\$59,268**                              **\$59,268**                              **\$59,268**

Director, Gunston Hall	\$87,900	\$87,900	\$87,900
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Director, Virginia Department for the Deaf and Hard-of-Hearing	\$95,706	\$95,706	\$95,706
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Executive Director,	\$92,162	\$92,162	\$92,162
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## Department of Fire Programs

Executive Director, Virginia Commission for the Arts	\$88,009	\$88,009	\$88,009
Chairman of Board Chairman, Compensation Board	\$22,831	\$22,831	\$22,831

7. Annual salaries of the directors of the independent agencies, as listed in this subdivision, shall be paid in the amounts shown. All salary changes shall be subject to subdivisions c 1, c 2, and c 3 above.

	<b>July 1, 2016 to June 24, 2017</b>	<b>June 25, 2017 to November 24, 2017</b>	<b>November 25, 2017 to June 30, 2018</b>
<b>Independent Range</b>	<b>\$166,946 - \$180,458</b>	<b>\$166,946 - \$180,458</b>	<b>\$166,946 - \$180,458</b>
<b>Midpoint</b>	<b>\$173,702</b>	<b>\$173,702</b>	<b>\$173,702</b>
Director, Virginia Lottery	\$166,946	\$166,946	\$166,946
Director, Virginia Retirement System	\$180,458	\$180,458	\$180,458
Chief Executive Officer, Virginia College Savings Plan	\$178,021	\$178,021	\$178,021

8. Notwithstanding any provision of this Act, the Board of Trustees of the Virginia Retirement System may supplement the salary of its Director. The Board should be guided by criteria, which provide a reasonable limit on the total additional income of the Director. The criteria should include, without limitation, a consideration of the salaries paid to similar officials in comparable public pension plans. The Board shall report such criteria and potential supplement level to the Chairmen of the Senate Finance and House Appropriations Committees at least 60 days prior to the effectuation of the compensation action. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.

9. Notwithstanding any provision of this Act, the Board of the Virginia College Savings Plan may supplement the compensation of its Chief Executive Officer. The Board should be guided by criteria which provide a reasonable limit on the total additional income of the Chief Executive Officer. The criteria should include, without limitation, a consideration of compensation paid to similar officials in comparable qualified tuition programs, independent public agencies or other entities with similar responsibilities and size. The Board shall report such criteria and potential supplement level to the Chairmen of the Senate Finance and House Appropriations Committees at least 60 days prior to the effectuation of the compensation action. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.

d.1. Annual salaries of the presidents of the senior institutions of higher education, the President of Richard Bland College, the Chancellor of the University of Virginia's College at Wise, the Superintendent of the Virginia Military Institute, the Director of the State Council of Higher Education, the Director of the Southern Virginia Higher Education Center, the Director of the Southwest Virginia Higher Education Center and the Chancellor of Community Colleges, as listed in this paragraph, shall be paid in the amounts shown. The annual salaries of the presidents of the community colleges shall be fixed by the State Board for Community Colleges within a salary structure submitted to the Governor prior to June 1 each year for approval.

2.a) The board of visitors of each institution of higher education or the boards of directors for Southern Virginia Higher Education Center, Southwest Virginia Higher Education Center, and the New College Institute may annually supplement the salary of a president or director from private gifts, endowment funds, foundation funds, or income from endowments and gifts. Supplements paid from other than the cited sources prior to June 30, 1997, may continue to be paid. In approving a supplement, the board of visitors or board of directors should be guided by criteria which provide a reasonable limit on the total additional income of a president or director. The criteria should include a consideration of additional income from outside sources including, but not being limited to, service on boards of directors or other such services. The board of visitors or board of directors shall report approved supplements to the Department of Human Resource Management for retention in its records.

b) The State Board for Community Colleges may annually supplement the salary of the Chancellor from any available appropriations of the Virginia Community College System. In approving a supplement, the State Board for Community Colleges should be guided by criteria which provide a reasonable limit on the total additional income of the Chancellor. The criteria should include consideration of additional income from outside sources including, but not being limited to, service on

boards of directors or other such services. The Board shall report approved supplements to the Department of Human Resource Management for retention in its records.

c) Norfolk State University is authorized to supplement the salary of its president from educational and general funds up to \$17,000.

d) Should a vacancy occur for the Director of the State Council of Higher Education on or after the date of enactment of this act, the salary for the new director shall be established by the State Council of Higher Education based on the salary range for Level I agency heads. Furthermore, the state council may provide a bonus of up to five percent of the annual salary for the new director.

	<b>July 1, 2016 to June 24, 2017</b>	<b>June 25, 2017 to November 24, 2017</b>	<b>November 25, 2017 to June 30, 2018</b>
<b>NEW COLLEGE INSTITUTE</b>			
Executive Director, New College Institute	\$126,844	\$126,844	\$126,844
<b>STATE COUNCIL OF HIGHER EDUCATION FOR VIRGINIA</b>			
Director, State Council of Higher Education for Virginia	\$193,669	\$193,669	\$193,669
<b>SOUTHERN VIRGINIA HIGHER EDUCATION CENTER</b>			
Director, Southern Virginia Higher Education Center	\$130,362	\$130,362	\$130,362
<b>SOUTHWEST VIRGINIA HIGHER EDUCATION CENTER</b>			
Director, Southwest Virginia Higher Education Center	\$130,000	\$130,000	\$130,000
<b>VIRGINIA COMMUNITY COLLEGE SYSTEM</b>			
Chancellor of Community Colleges	\$175,705	\$175,705	\$175,705
<b>SENIOR COLLEGE PRESIDENTS' SALARIES</b>			
Chancellor, University of Virginia's College at Wise	\$127,210	\$127,210	\$127,210
President, Christopher Newport University	\$138,452	\$138,452	\$138,452
President, The College of William and Mary in Virginia	\$163,602	\$163,602	\$163,602
President, George Mason University	\$154,298	\$154,298	\$154,298
President, James Madison University	\$159,372	\$159,372	\$159,372
President, Longwood University	\$153,858	\$153,858	\$153,858
President, Norfolk State University	\$146,500	\$146,500	\$146,500

President, Old Dominion University	\$173,735	\$173,735	\$173,735
President, Radford University	\$159,391	\$159,391	\$159,391
President, Richard Bland College	\$134,420	\$134,420	\$134,420
President, University of Mary Washington	\$146,711	\$146,711	\$146,711
President, University of Virginia	\$188,749	\$188,749	\$188,749
President, Virginia Commonwealth University	\$181,387	\$181,387	\$181,387
President, Virginia Polytechnic Institute and State University	\$194,378	\$194,378	\$194,378
President, Virginia State University	\$149,496	\$149,496	\$149,496
Superintendent, Virginia Military Institute	\$150,277	\$150,277	\$150,277

e. 1. Salaries for newly employed or promoted employees shall be established consistent with the compensation and classification plans established by the Governor.

2. The State Comptroller is hereby authorized to require payment of wages or salaries to state employees by direct deposit or by credit to a prepaid debit card or card account from which the employee is able to withdraw or transfer funds.

f. The provisions of this section, requiring prior written approval of the Governor relative to compensation, shall apply also to any system of incentive award payments which may be adopted and implemented by the Governor. The cost of implementing any such system shall be paid from any funds appropriated to the affected agencies.

g. No lump sum appropriation for personal service shall be regarded as advisory or suggestive of individual salary rates or of salary schedules to be fixed under law by the Governor payable from the lump sum appropriation.

h. Subject to approval by the Governor of a plan for a statewide employee meritorious service awards program, as provided for in § 2.2-1201, Code of Virginia, the costs for such awards shall be paid from any operating funds appropriated to the affected agencies.

i. The General Assembly hereby affirms and ratifies the Governor's existing authority and the established practice of this body to provide for pay differentials or to supplement base rates of pay for employees in specific job classifications in particular geographic and/or functional areas where, in the Governor's discretion, they are needed for the purpose of maintaining salaries which enable the Commonwealth to maintain a competitive position in the relevant labor market.

j.1. If at any time the Administrator of the Commonwealth's Attorneys' Services Council serves on the faculty of a state-supported institution of higher education, the faculty appointment must be approved by the Council. Such institution shall pay one-half of the salary listed in § 4-6.01 c 6 of this act. Further, such institution may provide compensation in addition to that listed in § 4-6.01 c 6; provided, however, that such additional compensation must be approved by the Council.

2. If the Administrator ceases to be a member of the faculty of a state-supported institution of higher education, the total salary listed in § 4-6.01 c 6 shall be paid from the Council's appropriation.

k.1.a. Except as otherwise provided for in this subdivision, any increases in the salary band assignment of any job role contained in the compensation and classification plans approved by the Governor shall be effective beginning with the first pay period, defined as the pay period from June 25 through July 9, of the fiscal year if: (1) the agency certifies to the Secretary of Finance that funds are available within the agency's appropriation to cover the cost of the increase for the remainder of the current biennium and presents a plan for covering the costs next biennium and the Secretary concurs, or (2) such funds are appropriated by the General Assembly. If at any time the Secretary of Administration shall certify that such change in the salary band assignment for a job role is of an emergency nature and the Secretary of Finance shall certify that funds are available to cover the cost of the increase for the remainder of the biennium within the agency's appropriation, such change in compensation may be effective on a date agreed upon by these two Secretaries. The Secretary of Administration shall provide a monthly

report of all such emergency changes in accordance with § 4-8.00, Reporting Requirements.

b. Notwithstanding any other provision of law, state employees will be paid on the first workday of July for the work period June 10 to June 24 in any calendar year in which July 1 falls on a weekend.

2. Salary adjustments for any employee through a promotion, role change, exceptional recruitment and retention incentive options, or in-range adjustment shall occur only if: a) the agency has sufficient funds within its appropriation to cover the cost of the salary adjustment for the remainder of the current biennium or b) such funds are appropriated by the General Assembly.

3. No changes in salary band assignments affecting classified employees of more than one agency shall become effective unless the Secretary of Finance certifies that sufficient funds are available to provide such increase or plan to all affected employees supported from the general fund.

1. Full-time employees of the Commonwealth, including faculty members of state institutions of higher education, who are appointed to a state-level board, council, commission or similar collegial body shall not receive any such compensation for their services as members or chairmen except for reimbursement of reasonable and necessary expenses. The foregoing provision shall likewise apply to the Compensation Board, pursuant to § 15.2-1636.5, Code of Virginia.

m.1. Notwithstanding any other provision of law, the board of visitors or other governing body of any public institution of higher education is authorized to establish age and service eligibility criteria for faculty participating in voluntary early retirement incentive plans for their respective institutions pursuant to § 23.1-1302 B and the cash payment offered under such compensation plans pursuant to § 23.1-1302 D, Code of Virginia. Notwithstanding the limitations in § 23.1-1302 D, the total cost in any fiscal year for any such compensation plan, shall be set forth by the governing body in the compensation plan for approval by the Governor and review for legal sufficiency by the Office of the Attorney General.

2. Notwithstanding any other provision of law, employees holding full-time, academic-year classified positions at public institutions of higher education shall be considered "state employees" as defined in § 51.1-124.3, Code of Virginia, and shall be considered for medical/hospitalization, retirement service credit, and other benefits on the same basis as those individuals appointed to full-time, 12-month classified positions.

n. Notwithstanding the Department of Human Resource Management Policies and Procedures, payment to employees with five or more years of continuous service who either terminate or retire from service shall be paid in one sum for twenty-five percent of their sick leave balance, provided, however, that the total amount paid for sick leave shall not exceed \$5,000 and the remaining seventy-five percent of their sick leave shall lapse. This provision shall not apply to employees who are covered by the Virginia Sickness and Disability Program as defined in § 51.1-1100, Code of Virginia. Such employees shall not be paid for their sick leave balances. However, they will be paid, if eligible as described above, for any disability leave credits they have at separation or retirement or may convert disability credits to service credit under the Virginia Retirement System pursuant to § 51.1-1103 (F), Code of Virginia.

o. It is the intent of the General Assembly that calculation of the faculty salary benchmark goal for the Virginia Community College System shall be done in a manner consistent with that used for four-year institutions, taking into consideration the number of faculty at each of the community colleges. In addition, calculation of the salary target shall reflect an eight percent salary differential in a manner consistent with other public four-year institutions and for faculty at Northern Virginia Community College.

p. Any public institution of higher education that has met the eligibility criteria set out in Chapters 933 and 945 of the 2005 Acts of Assembly may supplement annual salaries for classified employees from private gifts, endowment funds, or income from endowments and gifts, subject to policies approved by the board of visitors. The Commonwealth shall have no general fund obligations for the continuation of such salary supplements.

q. The Governor, or any other appropriate Board or Public Body, is authorized to adjust the salaries of employees specified in this item, and other items in the Act, to reflect the compensation adjustments authorized in this Act.

r. Any public institution of higher education shall not provide general fund monies above \$100,000 for any individual athletic coaching salaries after July 1, 2013. Athletic coaching salaries with general fund monies above this amount shall be phased-down over a five-year period at 20 percent per year until reaching the cap of \$100,000.

#### § 4-6.02 EMPLOYEE TRAINING AND STUDY

Subject to uniform rules and regulations established by the Governor, the head of any state agency may authorize, from any funds appropriated to such department, institution or other agency in this act or subsequently made available for the purpose, compensation or expenses or both compensation and expenses for employees pursuing approved training courses or academic studies for the purpose of becoming better equipped for their employment in the state service. The rules and regulations shall include reasonable provision for the return of any employee receiving such benefits for a reasonable period of duty, or for reimbursement to the state for expenditures incurred on behalf of the employee should he not return to state service.

#### § 4-6.03 EMPLOYEE BENEFITS

a. Any medical/hospitalization benefit program provided for state employees shall include the following provision: any state

employee, as defined in § 2.2-2818, Code of Virginia, shall have the option to accept or reject coverage.

b. Except as provided for sworn personnel of the Department of State Police, no payment of, or reimbursement for, the employer paid contribution to the State Police Officers' Retirement System, or any system offering like benefits, shall be made by the Compensation Board of the Commonwealth at a rate greater than the employer rate established for the general classified workforce of the Commonwealth covered under the Virginia Retirement System. Any cost for benefits exceeding such general rate shall be borne by the employee or, in the case of a political subdivision, by the employer.

c. Each agency may, within the funds appropriated by this act, implement a transit and ridesharing incentive program for its employees. With such programs, agencies may reimburse employees for all or a portion of the costs incurred from using public transit, car pools, or van pools. The Secretary of Transportation shall develop guidelines for the implementation of such programs and any agency program must be developed in accordance with such guidelines. The guidelines shall be in accordance with the federal National Energy Policy Act of 1992 (P.L. 102-486), and no program shall provide an incentive that exceeds the actual costs incurred by the employee.

d. Any hospital that serves as the primary medical facility for state employees may be allowed to participate in the State Employee Health Insurance Program pursuant to § 2.2-2818, Code of Virginia, provided that (1) such hospital is not a participating provider in the network, contracted by the Department of Human Resource Management, that serves state employees and (2) such hospital enters into a written agreement with the Department of Human Resource Management as to the rates of reimbursement. The department shall accept the lowest rates offered by the hospital from among the rates charged by the hospital to (1) its largest purchaser of care, (2) any state or federal public program, or (3) any special rate developed by the hospital for the state employee health benefits program which is lower than either of the rates above. If the department and the hospital cannot come to an agreement, the department shall reimburse the hospital at the rates contained in its final offer to the hospital until the dispute is resolved. Any dispute shall be resolved through arbitration or through the procedures established by the Administrative Process Act, as the hospital may decide, without impairment of any residual right to judicial review.

e. Any classified employee of the Commonwealth and any person similarly employed in the legislative, judicial and independent agencies who (i) is compensated on a salaried basis and (ii) works at least twenty hours per week shall be considered a full-time employee for the purposes of participation in the Virginia Retirement System's group life insurance and retirement programs. Any part-time magistrate hired prior to July 1, 1999, shall have the option of participating in the programs under this provision.

f.1. Any member of the Virginia Retirement System who is retired under the provisions of § 51.1-155.1, Code of Virginia who: 1) returns to work in a position that is covered by the provisions of § 51.1-155.1, Code of Virginia after a break of not less than four years, 2) receives no other compensation for service to a public employer than that provided for the position covered by § 51.1-155.1, Code of Virginia during such period of reemployment, 3) retires within one year of commencing such period of reemployment, and 4) retires directly from service at the end of such period of reemployment may either:

a) Revert to the previous retirement benefit received under the provisions of § 51.1-155.1, Code of Virginia, including any annual cost of living adjustments granted thereon. This benefit may be adjusted upward to reflect the effect of such additional months of service and compensation received during the period of reemployment, or

b) Retire under the provisions of Title 51.1 in effect at the termination of his or her period of reemployment, including any purchase of service that may be eligible for purchase under the provisions of § 51.1-142.2, Code of Virginia.

2. The Virginia Retirement System shall establish procedures for verification by the employer of eligibility for the benefits provided for in this paragraph.

g. Notwithstanding any other provision of law, no agency head compensated by funds appropriated in this act may be a member of the Virginia Law Officers' Retirement System created under Title 51.1, Chapter 2.1, Code of Virginia. The provisions of this paragraph are effective on July 1, 2002, and shall not apply to the Chief of the Capitol Police.

h. Full-time employees appointed by the Governor who, except for meeting the minimum service requirements, would be eligible for the provisions of § 51.1-155.1, Code of Virginia, may, upon termination of service, use any severance allowance payment to purchase service to meet, but not exceed, the minimum service requirements of § 51.1-155.1, Code of Virginia. Such service purchase shall be at the rate of 15 percent of the employee's final creditable compensation or average final compensation, whichever is greater, and shall be completed within 90 days of separation of service.

i. When calculating the retirement benefits payable under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), the Virginia Law-enforcement Officers' Retirement System (VaLORS), or the Judicial Retirement System (JRS) to any employee of the Commonwealth or its political subdivisions who is called to active duty with the armed forces of the United States, including the United States Coast Guard, the Virginia Retirement System shall:

1) utilize the pre-deployment salary, or the actual salary paid by the Commonwealth or the political subdivision, whichever is higher, when calculating average compensation, and

2) include those months after September 1, 2001 during which the employee was serving on active duty with the armed forces of the United States in the calculation of creditable service.

j. The provisions in § 51.1-144, Code of Virginia, that require a member to contribute five percent of his creditable compensation for each pay period for which he receives compensation on a salary reduction basis, shall not apply to any (i) "state employee," as defined in § 51.1-124.3, Code of Virginia, who is an elected official, or (ii) member of the Judicial Retirement System under Chapter 3 of Title 51.1 (§ 51.1-300 et seq.), who is not a "person who becomes a member on or after July 1, 2010," as defined in § 51.1-124.3, Code of Virginia.

k. Notwithstanding the provisions of subsection G of § 51.1-156, any employee of a school division who completed a period of 24 months of leave of absence without pay during October 2013 and who had previously submitted an application for disability retirement to VRS in 2011 may submit an application for disability retirement under the provisions of § 51.1-156. Such application shall be received by the Virginia Retirement System no later than October 1, 2014. This provision shall not be construed to grant relief in any case for which a court of competent jurisdiction has already rendered a decision, as contemplated by Article II, Section 14 of the Constitution of Virginia.

#### § 4-6.04 CHARGES

a. **FOOD SERVICES:** Except as exempted by the prior written approval of the Director, Department of Human Resource Management, and the provisions of § 2.2-3605, Code of Virginia, state employees shall be charged for meals served in state facilities. Charges for meals will be determined by the agency. Such charges shall be not less than the value of raw food and the cost of direct labor and utilities incidental to preparation and service. Each agency shall maintain records as to the calculation of meal charges and revenues collected. Except where appropriations for operation of the food service are from nongeneral funds, all revenues received from such charges shall be paid directly and promptly into the general fund. The provisions of this paragraph shall not apply to on-duty employees assigned to correctional facilities operated by the Departments of Corrections and Juvenile Justice.

#### b. HOUSING SERVICES:

1. Each agency will collect a fee from state employees who occupy state-owned or leased housing, subject to guidelines provided by the Director, Department of General Services. Each agency head is responsible for establishing a fee for state-owned or leased housing and for documenting in writing why the rate established was selected. In exceptional circumstances, which shall be documented as being in the best interest of the Commonwealth by the agency requesting an exception, the Director, Department of General Services may waive the requirement for collection of fees.

2. All revenues received from housing fees shall be promptly deposited in the state treasury. For housing for which operating expenses or rent are financed by general fund appropriations, such revenues shall be deposited to the credit of the general fund. For housing for which operating expenses or rent are financed by nongeneral fund appropriations, such revenues shall be deposited to the credit of the nongeneral fund. Agencies which provide housing for which operating expenses or rent are financed from both general fund and nongeneral fund appropriations shall allocate such revenues, when deposited in the state treasury, to the appropriate fund sources in the same proportion as the appropriations. However, without exception, any portion of a housing fee attributable to depreciation for housing which was constructed with general fund appropriations shall be paid into the general fund.

#### c. PARKING SERVICES:

##### 1. State-owned parking facilities

Agencies with parking space for employees in state-owned facilities shall, when required by the Director, Department of General Services, charge employees for such space on a basis approved by the Governor. All revenues received from such charges shall be paid directly and promptly into a special fund in the state treasury to be used, as determined by the Governor, for payment of costs for the provision of vehicle parking spaces. Interest shall be added to the fund as earned. -

##### 2. Leased parking facilities in metropolitan Richmond area

Agencies occupying private sector leased or rental space in the metropolitan Richmond area, not including institutions of higher education, shall be required to charge a fee to employees for vehicle parking spaces that are assigned to them or are otherwise available either incidental to the lease or rental agreement or pursuant to a separate lease agreement for private parking space. In such cases, the individual employee parking fee shall not be less than that paid by employees parking in Department of General Services parking facilities at the Seat of Government. The Director, Department of General Services may amend or waive the fee requirement for good cause. Revenues derived from employees paying for parking spaces in leased facilities will be retained by the leasing agency to be used to offset the cost of the lease to which it pertains. Any lease for private parking space must be approved by the Director, Department of General Services.

3. The assignment of Lot P1A of the Department of General Services, Capitol Area Site Plan, to include parking spaces 1 through 37, but excluding spaces 34 and 36, which shall be reserved for the Department of General Services, and the surrounding surfaces around those spaces shall be under the control of the Committee on Joint Rules and administered by the Clerk of the House and the Clerk of the Senate. Any employee permanently assigned to any of these spaces shall be subject to the provisions of paragraph 1 of

this item.

#### § 4-6.05 SELECTION OF APPLICANTS FOR CLASSIFIED POSITIONS

It is the responsibility of state agency heads to ensure that all provisions outlined in Title 2.2, Chapter 29, Code of Virginia (the Virginia Personnel Act), and executive orders that govern the practice of selecting applicants for classified positions are strictly observed. The Governor's Secretaries shall ensure this provision is faithfully enforced.

#### § 4-6.06 POSITIONS GOVERNED BY CHAPTERS 933 AND 943 OF THE 2006 ACTS OF ASSEMBLY

Except as provided in subsection A of § 23.1-1020 of the Code of Virginia, § 4-6.00 shall not apply to public institutions of higher education governed by Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly and Chapters 675 and 685 of the 2009 Acts of Assembly, with regard to their participating covered employees, as that term is defined in those two chapters, except to the extent a specific appropriation or language in this act addresses such an employee.

### § 4-7.00 STATEWIDE PLANS

#### § 4-7.01 MANPOWER CONTROL PROGRAM

a.1. The term Position Level is defined as the number of full-time equivalent (FTE) salaried employees assigned to an agency in this act. Except as provided in § 4-7.01 b, the Position Level number stipulated in an agency's appropriation is the upper limit for agency employment which cannot be exceeded during the fiscal year without approval from the Director, Department of Planning and Budget for Executive Department agencies, approval from the Joint Committee on Rules for Legislative Department agencies or approval from the appropriate governing authority for the independent agencies.

2. Any approval granted under this subsection shall be reported in writing to the Chairmen of the House Appropriations Committee and the Senate Finance Committee, the Governor and the Directors of the Department of Planning and Budget and Department of Human Resource Management within ten days of such approval. Approvals for executive department agencies shall be based on threats to life, safety, health, or property, or compliance with judicial orders or federal mandates, to support federal grants or private donations, to administer a program for another agency or to address an immediate increase in workload or responsibility or when to delay approval of increased positions would result in a curtailment of services prior to the next legislative session. Any such position level increases pursuant to this provision may not be approved for more than one year.

b. The Position Levels stipulated for the individual agencies within the Department of Behavioral Health and Developmental Services and the Department of Corrections are for reference only and are subject to changes by the applicable Department, provided that such changes do not result in exceeding the Position Level for that department.

c.1. The Governor shall implement such policies and procedures as are necessary to ensure that the number of employees in the Executive Department, excluding institutions of higher education and the State Council of Higher Education, may be further restricted to the number required for efficient operation of those programs approved by the General Assembly. Such policies and procedures shall include periodic review and analysis of the staffing requirements of all Executive Department agencies by the Department of Planning and Budget with the object of eliminating through attrition positions not necessary for the efficient operation of programs.

2. The institutions of higher education and the State Council of Higher Education are hereby authorized to fill all positions authorized in this act. This provision shall be waived only upon the Governor's official declaration that a fiscal emergency exists requiring a change in the official estimate of general fund revenues available for appropriation.

d.1. Position Levels are for reference only and are not binding on agencies in the legislative department, independent agencies, the Executive Offices other than the offices of the Governor's Secretaries, and the judicial department.

2. Positions assigned to programs supported by internal service funds are for reference only and may fluctuate depending upon workload and funding availability.

3. Positions assigned to sponsored programs, auxiliary enterprises, continuing education, and teaching hospitals in the institutions of higher education are for reference only and may fluctuate depending upon workload and funding availability. Positions assigned to Item Detail 43012, State Health Services Technical Support and Administration, at Virginia Commonwealth University are for reference only and may fluctuate depending upon workload and funding availability.

4. Positions assigned to educational and general programs in the institutions of higher education are for reference only and may fluctuate depending upon workload and funding availability. However, total general fund positions filled by an institution of higher education may not exceed 105 percent of the general fund positions appropriated without prior approval from the Director, Department of Planning and Budget.

5. Positions assigned to Item Details 47001, Job Placement Services; 47002, Unemployment Insurance Services; 47003, Workforce Development Services; and 53402, Economic Information Services, at the Virginia Employment Commission are

for reference only and may fluctuate depending upon workload and funding availability. Unless otherwise required by the funding source, after enactment of this act, any new positions hired using this provision shall not be subject to transitional severance benefit provisions of the Workforce Transition Act of 1995, Title 2.2, Chapter 32, Code of Virginia.

e. Prior to implementing any Executive Department hiring freeze, the Governor shall consider the needs of the Commonwealth in regards to the safe and efficient operation of state facilities and performance of essential services to include the exemption of certain positions assigned to agencies and institutions that provide services pertaining to public safety and public health from such hiring freezes.

f.1. Full-time, part-time, wage or contractual state employees assigned to the Governor's Cabinet Secretaries from agencies and institutions under their control for the purpose of carrying out temporary assignments or projects may not be so assigned for a period exceeding 180 days in any calendar year. The permanent transfer of positions from an agency or institution to the Offices of the Secretaries, or the temporary assignment of agency or institutional employees to the Offices of the Secretaries for periods exceeding 180 days in any calendar year regardless of the separate or discrete nature of the projects, is prohibited without the prior approval of the General Assembly.

2. Not more than three positions in total, as described in subsection 1 hereof, may be assigned at any time to the Office of any Cabinet Secretary, unless specifically approved in writing by the Governor. The Governor shall notify the Chairmen of the House Appropriations and Senate Finance Committees in the case of any such approvals.

g. All state employees, including those in the legislative, judicial, and executive branches and the independent agencies of the Commonwealth, who are not eligible for benefits under a health care plan established and administered by the Department of Human Resource Management (DHRM) pursuant to Va. Code § 2.2-2818, or by an agency administering its own health care plan, may not work more than 29 hours per week on average over a twelve month period. Adjunct faculty at institutions of higher education may not work more than 29 hours per week on average over a twelve month period, including classroom or other instructional time plus additional hours determined by the institution as necessary to perform the adjunct faculty's duties. DHRM shall provide relevant program requirements to agencies and employees, including, but not limited to, information on wage, variable and seasonal employees. All state agencies/employers in all branches of government shall provide information requested by DHRM concerning hours worked by employees as needed to comply with the Affordable Care Act (the "Act") and this provision. State agencies/employers are accountable for compliance with this provision, and are responsible for any costs associated with maintaining compliance with it and for any costs or penalties associated with any violations of the Act or regulations thereunder and any such costs shall be borne by the agency from existing appropriations. The provisions of this paragraph shall not apply to employees of state teaching hospitals that have their own health insurance plan; however, the state teaching hospitals are accountable for compliance with, and are responsible for any costs associated with maintaining compliance with the Act and for any costs or penalties associated with any violations of the Act or regulations thereunder and any such costs shall be borne by the agency from existing appropriations. Subject to approval of the Governor, DHRM shall modify this provision consistent with any updates or changes to federal law and regulations.

#### **§ 4-8.00 REPORTING REQUIREMENTS**

##### **§ 4-8.01 GOVERNOR**

a. General:

1. The Governor shall submit the information specified in this section to the Chairmen of the House Appropriations and Senate Finance Committees on a monthly basis, or at such intervals as may be directed by said Chairmen, or as specified elsewhere in this act. The information on agency operating plans and expenditures as well as agency budget requests shall be submitted in such form, and by such method, including electronically, as may be mutually agreed upon. Such information shall be preserved for public inspection in the Department of Planning and Budget.

2. The Governor shall make available annually to the Chairmen of the Senate Finance, House Finance, and House Appropriations Committees a report concerning the receipt of any nongeneral funds above the amount(s) specifically appropriated, their sources, and the amounts for each agency affected.

3. a) It is the intent of the General Assembly that reporting requirements affecting state institutions of higher education be reduced or consolidated where appropriate. State institutions of higher education, working with the Secretary of Education and Workforce, Secretary of Finance, and the Director, Department of Planning and Budget, shall continue to identify specific reporting requirements that the Governor may consider suspending.

b) Reporting generally should be limited to instances where (1) there is a compelling state interest for state agencies to collect, use, and maintain the information collected; (2) substantial risk to the public welfare or safety would result from failing to collect the information; or (3) the information collected is central to an essential state process mandated by the Code of Virginia.

c) Upon the effective date of this act, and until its expiration date, the following reporting requirements are hereby suspended or modified as specified below:



<b>Agency</b>	<b>Report Title of Descriptor</b>	<b>Authority</b>	<b>Action</b>
Department of Accounts	Intercollegiate Athletics Receipts & Disbursements	Code of Virginia § 23.1-102.	Suspend reporting.
Department of Accounts	Prompt Pay Summary Report	Agency Directive	Change reporting from monthly to quarterly.
Department of General Services	Usage of State-Assigned and State-Owned Vehicles Report	Agency Directive -- Executive Order 89 (2005)	Suspend reporting.
Department of General Services	Gas Report/Repair Charge	Agency Directive--Executive Order 89 (2005)	Suspend reporting.
Department of Human Resource Management	Report of Personnel Development Service	Agency Directive	Suspend reporting.
Department of Human Resource Management	Human Capital Report (Full-Time, Part-Time, Temporary, Contractual employees funded by the Commonwealth)	Code of Virginia § 2.2-1201. A. 14.	Change reporting from annually to monthly.
Department of Human Resource Management State Employee Workers' Compensation Program	Work-related injuries and illnesses report -- goals, strategies, and results	Agency Directive -- Executive Order 94 (2005)	Suspend reporting.
Governor's Office	Small, Women-and Minority-owned Businesses (SWaM)	Executive Directive	Change reporting from weekly to monthly.
Secretary of Commerce and Trade	Recruitment of National and Regional Conferences Report	Agency Directive -- Executive Order 14 (2006)	Suspend reporting.

d) The Department of Planning and Budget (DPB) and the State Council of Higher Education for Virginia (SCHEV) shall work jointly to attempt to consolidate various reporting requirements pertaining to the estimates and projections of nongeneral fund revenues in institutions of higher education. The purpose of this effort shall be aimed at developing a common form for use in collecting nongeneral fund data for DPB's six-year nongeneral fund revenue estimate submission and SCHEV's annual survey of nongeneral fund revenue from institutions of higher education.

b. Operating Appropriations Reports:

1. Status of Adjustments to Appropriations. Such information must include increases and decreases of appropriations or allotments, transfers and additional revenues. A report of appropriation transfers from one agency to another made pursuant to § 4-1.03 of this act shall be made available via electronic means to the Chairmen of the House Appropriations and Senate Finance Committees, and the public by the tenth day of the month following that in which such transfer occurs, unless otherwise specified in § 4-1.03.

2. Status of each sum sufficient appropriation. The information must include the amount of expenditures for the period just completed and the revised estimates of expenditures for the remaining period of the current biennium, as well as an explanation of differences between the amount of the actual appropriation and actual and/or projected appropriations for each year of the current biennium.

3. Status of Economic Contingency Appropriation. The information must include actions taken related to the appropriation for economic contingency.

4. Status of Withholding Appropriations. The information must include amounts withheld and the agencies affected.

5. Status of reductions occurring in general and nongeneral fund revenues in relation to appropriations.

6. Status of approvals of deficits.

c. Employment Reports:

1. Status of changes in positions and employment of state agencies affected. The information must include the number of

positions and the agencies affected.

2. Status of the employment by the Attorney General of special counsel in certain highway proceedings brought pursuant to Chapter 10 of Title 33.2, Code of Virginia, on behalf of the Commissioner of Highways, as authorized by § 2.2-510, Code of Virginia. This report shall include fees for special counsel for the respective county or city for which the expenditure is made and shall be submitted within 60 days of the close of the fiscal year (see § 4-5.02 a.3).

3. Changes in the level of compensation authorized pursuant to § 4-6.01 k, Employee Compensation. Such report shall include a list of the positions changed, the number of employees affected, the source and amount of funds, and the nature of the emergency.

4. Pursuant to requirements of § 2.2-203.1, Code of Virginia, the Secretary of Administration, in cooperation with the Secretary of Technology, shall provide a report describing the Commonwealth's telecommuting policies, which state agencies and localities have adopted telecommuting policies, the number of state employees who telecommute, the frequency with which state employees telecommute by locality, and the efficacy of telecommuting policies in accomplishing the provision of state services and completing state functions. This report shall be provided to the Chairmen of the House Committee on Appropriations, the House Committee on Science and Technology, the Senate Committee on Finance, and the Senate Committee on General Laws and Technology each year by October 1.

d. Capital Appropriations Reports:

1. Status of progress of capital projects on an annual basis (see § 4-4.01 o).

2. Notice of all capital projects authorized under § 4-4.01 m (see § 4-4.01 m. 1. b) 4)).

e. Utilization of State Owned and Leased Real Property:

1. By November 15 of each year, the Department of General Services (DGS) shall consolidate the reporting requirements of § 2.2-1131.1 and § 2.2-1153 of the Code of Virginia into a single report eliminating the individual reports required by § 2.2-1131.1 and § 2.2-1153 of the Code of Virginia. This report shall be submitted to the Governor and the General Assembly and include (i) information on the implementation and effectiveness of the program established pursuant to subsection A of § 2.2-1131.1, (ii) a listing of real property leases that are in effect for the current year, the agency executing the lease, the amount of space leased, the population of each leased facility, and the annual cost of the lease; and, (iii) a report on DGS's findings and recommendations under the provisions of § 2.2-1153, and recommendations for any actions that may be required by the Governor and the General Assembly to identify and dispose of property not being efficiently and effectively utilized.

2. By October 1 of each year, each agency that controls leased property, where such leased property is not under the DGS lease administration program, shall provide a report on each leased facility or portion thereof to DGS in a manner and form prescribed by DGS. Specific data included in the report shall identify at a minimum, the number of square feet occupied, the number of employees and contractors working in the leased space, if applicable, and the cost of the lease.

f. Services Reports:

Status of any exemptions by the State Council of Higher Education to policy which prohibits use of funds in this act for the operation of any academic program by any state institution of higher education, unless approved by the Council and included in the Governor's recommended budget, or approved by the General Assembly (see § 4-5.05 b 2).

g. Standard State Agency Abbreviations:

The Department of Planning and Budget shall be responsible for maintaining a list of standard abbreviations of the names of state agencies. The Department shall make a listing of agency standard abbreviations available via electronic means on a continuous basis to the Chairmen of the House Appropriations and Senate Finance Committees, the State Comptroller, the Director, Department of Human Resource Management and the Chief Information Officer, Virginia Information Technologies Agency, and the public.

h. Educational and General Program Nongeneral Fund Administrative Appropriations Approved by the Department of Planning and Budget:

The Secretary of Finance and Secretary of Education, in collaboration with the Director, Department of Planning and Budget, shall report in December and June of each year to the Chairmen of the House Appropriations and Senate Finance Committees on adjustments made to higher education operating funds in the Educational and General Programs (10000) items for each public college and university contained in this budget. The report shall include actual or projected adjustments which increase nongeneral funds or actual or projected adjustments that transfer nongeneral funds to other items within the institution. The report shall provide the justification for the increase or transfer and the relative impact on student groups.

§ 4-8.02 STATE AGENCIES

a. As received, all state agencies shall forward copies of each federal audit performed on agency or institution programs or activities to the Auditor of Public Accounts and to the State Comptroller. Upon request, all state agencies shall provide copies of all internal

audit reports and access to all working papers prepared by such auditors to the Auditor of Public Accounts and to the State Comptroller.

b. Annually: Within five calendar days after state agencies submit their budget requests, amendment briefs, or requests for amendments to the Department of Planning and Budget, the Director, Department of Planning and Budget shall submit, electronically if available, copies to the Chairmen of the Senate Finance and House Appropriations Committees.

c. By September 1 of each year, state agencies receiving any asset as the result of a law-enforcement seizure and subsequent forfeiture by either a state or federal court, shall submit a report identifying all such assets received during the prior fiscal year and their estimated net worth, to the Chairmen of the House Appropriations and Senate Finance Committees.

d. Any state agency that is required to return federal grant funding as a result of not fulfilling the specifications of a grant, shall, as soon as practicable but no later than November 1st, report to the Chairmen of the Senate Finance and House Appropriations Committees of such forfeiting of federal grant funding.

#### § 4-8.03 LOCAL GOVERNMENTS

a.1. The Auditor of Public Accounts shall establish a workgroup to develop criteria for a preliminary determination that a local government may be in fiscal distress. Such criteria shall be based upon information regularly collected by the Commonwealth or otherwise regularly made public by the local government. This information includes expenditure reports submitted to the Auditor, budget information posted on local government websites, and reports prepared by the Commission on Local Government on revenue fiscal stress. Information provided by the Virginia Retirement System, the Virginia Resources Authority, the Virginia Public Building Authority, and other state and regional authorities concerning late or missed debt service payments shall be shared with the Auditor. Fiscal distress as used in this context shall mean a situation whereby the provision and sustainability of public services is threatened by various administrative and financial shortcomings including but not limited to cash flow issues; inability to pay expenses; revenue shortfalls; deficit spending; structurally imbalanced budgets; billing and revenue collection inadequacies and discrepancies; debt overload; failure to meet obligations to authorities, school divisions, or political subdivisions of the Commonwealth; and/or lack of trained and qualified staff to process administrative and financial transactions. Fiscal distress may be caused by factors internal to the unit of government or external to the unit of government and in various degrees such conditions may or may not be controllable by management, or the local governing body, or its constitutional officers.

2. Based upon the criteria established by the workgroup and using information identified above, the Auditor of Public Accounts shall establish a prioritized early warning system. Under the prioritized early warning system, the Auditor of Public Accounts shall establish a regular process whereby it reviews data on at least an annual basis to make a preliminary determination that a local government is in fiscal distress.

3. For local governments where the Auditor of Public Accounts has made a preliminary determination of fiscal distress based upon the early warning system criteria, the Auditor of Public Accounts shall notify the local governing body of its preliminary determination that it may meet the criteria for fiscal distress. Based upon the request of the local governing body or chief executive officer, the Auditor of Public Accounts may conduct a review and request documents and data from the local government. Such review shall consider factors including, but not limited to, budget processes, debt, borrowing, expenses and payables, revenues and receivables, and other areas including staffing, and the identification of external variables contributing to a locality's financial position, and if so, the scope of the issues involved. Any local governing body that receives requests for information from the Auditor of Public Accounts pursuant to such preliminary determination based on the above described threshold levels shall acknowledge receipt of such a request and shall ensure that a response is provided within the time frames specified by the Auditor of Public Accounts. After such review, if the Auditor of Public Accounts is of the opinion that state assistance, oversight, or targeted intervention is needed, either to further assess, help stabilize, or remediate the situation, the Auditor shall notify the Governor and the Chairmen of the House Appropriations and Senate Finance Committees, and the governing body of the local government in writing outlining specific issues or actions that need to be addressed by state intervention.

4. The notification issued by the Auditor of Public Accounts pursuant to paragraph 3 above shall satisfy the notification requirement necessary to effectuate the provisions of this act in paragraph b.3 below.

b.1. The Director of the Department of Planning and Budget shall identify any amounts remaining unexpended from general fund appropriations in this Act as of June 30, 2017, which constitute state aid to local governments. The Director shall provide a listing of such amounts designated by item number and by program on or before August 15, 2017, to the Governor and the Chairmen of the House Appropriations Committee and the Senate Finance Committee.

2. From such unexpended balances identified by the Director of the Department of Planning and Budget, the Governor may reappropriate up to \$500,000 *from the first year to the second year and up to \$750,000 from the second year to the subsequent year* from amounts which would otherwise revert to the balance of the general fund and transfer such amounts as necessary to establish a component of fund balance which may be used for the purpose of providing technical assistance and intervention actions for local governments deemed to be fiscally distressed and in need of intervention to address such distress. Any such reappropriation approved by the Governor, shall be separately identified in the commitments specified on the balance sheet and

financial statements of the State Comptroller for the close of fiscal year 2017 and thereafter, to the extent that such reserve is not used or added to by future appropriation actions.

3. Prior to any expenditure of the reappropriated reserve, the Governor and the Chairmen of the House Appropriations Committee and the Senate Finance Committee must receive a notification from the Auditor of Public Accounts that a specific locality is in need of intervention because of a worsening financial situation. The Auditor of Public Accounts may issue such a notification upon receipt of audited financial statement or other information that indicates the existence of fiscal distress. But, no such notification shall be made until appropriate follow up and correspondence ascertains that, in the opinion of the Auditor of Public Accounts, such fiscal distress indeed exists. Such notification may also be issued by the Auditor of Public Accounts if written concerns raised about fiscal distress are not adequately addressed by the locality in question.

4. Once the Governor has received a notification from the Auditor of Public Accounts indicating fiscal distress in a specific local government, the Governor shall consult with the Chairmen of the House Appropriations Committee and the Senate Finance Committee about a plan for state intervention prior to any expenditure of funds from the cash reserve. Any plan approved by the Governor for intervention should, at a minimum, specify the purpose of such intervention, the estimated duration of the intervention, and the anticipated resources (dollars and personnel) directed toward such effort. The staffing necessary to carry out the intervention plan may be assembled from either public agencies or private entities or both and, notwithstanding any other provisions of law, the Governor may use an expedited method of procurement to secure such staffing when, in his judgment, the need for intervention is of an emergency nature such that action must be taken in a timely manner to avoid or address unacceptable financial risks to the Commonwealth.

5. The governing body and the elected constitutional officers of a locality subject to an intervention plan approved by the Governor shall assist all state appointed staff conducting the intervention regardless of whether such staff are from public agencies or private entities. Intervention staff shall provide periodic reports in writing to the Governor and the Chairmen of the House Appropriations Committee and the Senate Finance Committee outlining the scope of issues discovered and any recommendations made to remediate such issues, and the progress that is made on such recommendations or other remediation efforts. These periodic reports shall specifically address the degree of cooperation the intervention team is receiving from locally elected officials, including constitutional officers, city, county, or town managers and other local personnel in regards to their intervention work.

6. The Department of General Services is hereby encouraged to develop a master contract of qualified private sector turnaround specialists with expertise in local government intervention that the Governor can use to procure intervention services in an expeditious manner when he determines that state intervention is warranted in situations of local fiscal distress.

#### **§ 4-9.00 HIGHER EDUCATION RESTRUCTURING**

##### **§ 4-9.01 ASSESSMENT OF INSTITUTIONAL PERFORMANCE**

Consistent with § 23.1-206, Code of Virginia, the following education-related and financial and administrative management measures shall be the basis on which the State Council of Higher Education shall annually assess and certify institutional performance. Such certification shall be completed and forwarded in writing to the Governor and the General Assembly no later than October 1 of each even-numbered year. Institutional performance on measures set forth in paragraph D of this section shall be evaluated year-to-date by the Secretaries of Finance, Administration, and Technology as appropriate, and communicated to the State Council of Higher Education before October 1 of each even-numbered year. Financial benefits provided to each institution in accordance with § 2.2-5005 will be evaluated in light of that institution's performance.

In general, institutions are expected to achieve all performance measures in order to be certified by SCHEV, but it is understood that there can be circumstances beyond an institution's control that may prevent achieving one or more performance measures. The Council shall consider, in consultation with each institution, such factors in its review: (1) institutions meeting all performance measures will be certified by the Council and recommended to receive the financial benefits, (2) institutions that do not meet all performance measures will be evaluated by the Council and the Council may take one or more of the following actions: (a) request the institution provide a remediation plan and recommend that the Governor withhold release of financial benefits until Council review of the remediation plan or (b) recommend that the Governor withhold all or part of financial benefits.

Further, the State Council shall have broad authority to certify institutions as having met the standards on education-related measures. The State Council shall likewise have the authority to exempt institutions from certification on education-related measures that the State Council deems unrelated to an institution's mission or unnecessary given the institution's level of performance.

The State Council may develop, adopt, and publish standards for granting exemptions and ongoing modifications to the certification process.

##### **a. BIENNIAL ASSESSMENTS**

1. Institution meets at least 95 percent of its State Council-approved biennial projections for in-state undergraduate headcount enrollment.

2. Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state associate and

bachelor degree awards.

3. Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state STEM-H (Science, Technology, Engineering, Mathematics, and Health professions) associate and bachelor degree awards.

4. Institution meets at least 95 percent of its State Council-approved biennial projections for the number of in-state, upper level - sophomore level for two-year institutions and junior and senior level for four-year institutions - program-placed, full-time equivalent students.

5. Maintain or increase the number of in-state associate and bachelor degrees awarded to students from under-represented populations.

6. Maintain or increase the number of in-state two-year transfers to four-year institutions.

b. Elementary and Secondary Education

1. The Virginia Department of Education shall share data on teachers, including identifying information, with the State Council of Higher Education for Virginia in order to evaluate the efficacy of approved programs of teacher education, the production and retention of teachers, and the exiting of teachers from the teaching profession.

2. a) The Virginia Department of Education and the State Council of Higher Education for Virginia shall share personally identifiable information from education records in order to evaluate and study student preparation for and enrollment and performance at state institutions of higher education in order to improve educational policy and instruction in the Commonwealth. However, such study shall be conducted in such a manner as to not permit the personal identification of students by persons other than representatives of the Department of Education or the State Council for Higher Education for Virginia, and such shared information shall be destroyed when no longer needed for purposes of the study.

b) Notwithstanding § 2.2-3800 of the Code of Virginia, the Virginia Department of Education, State Council of Higher Education for Virginia, Virginia Community College System, and the Virginia Employment Commission may collect, use, share, and maintain de-identified student data to improve student and program performance including those for career readiness.

3. Institutions of higher education shall disclose information from a pupil's scholastic record to the Superintendent of Public Instruction or his designee for the purpose of studying student preparation as it relates to the content and rigor of the Standards of Learning. Furthermore, the superintendent of each school division shall disclose information from a pupil's scholastic record to the Superintendent of Public Instruction or his designee for the same purpose. All information provided to the Superintendent or his designee for this purpose shall be used solely for the purpose of evaluating the Standards of Learning and shall not be redisclosed, except as provided under federal law. All information shall be destroyed when no longer needed for the purposes of studying the content and rigor of the Standards of Learning.

c. SIX-YEAR PLAN

Institution prepares six-year financial plan consistent with § 23.1-907.

d. FINANCIAL AND ADMINISTRATIVE STANDARDS

The financial and administrative standards apply to all institutions except those governed under Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly.

1. As specified in § 2.2-5004, Code of Virginia, institution takes all appropriate actions to meet the following financial and administrative standards:

a) An unqualified opinion from the Auditor of Public Accounts upon the audit of the public institution's financial statements;

b) No significant audit deficiencies attested to by the Auditor of Public Accounts;

c) Substantial compliance with all financial reporting standards approved by the State Comptroller;

d) Substantial attainment of accounts receivable standards approved by the State Comptroller, including but not limited to, any standards for outstanding receivables and bad debts; and

e) Substantial attainment of accounts payable standards approved by the State Comptroller including, but not limited to, any standards for accounts payable past due.

2. Institution complies with a debt management policy approved by its governing board that defines the maximum percent of institutional resources that can be used to pay debt service in a fiscal year, and the maximum amount of debt that can be prudently issued within a specified period.

3. The institution will achieve the classified staff turnover rate goal established by the institution; however, a variance of 15 percent from the established goal will be acceptable.

4. The institution will substantially comply with its annual approved Small, Women and Minority (SWAM) plan as submitted to the Department of Small Business and Supplier Diversity; however, a variance of 15 percent from its SWAM purchase goal, as stated in the plan, will be acceptable.

The institution will make no less than 75 percent of dollar purchases through the Commonwealth's enterprise-wide internet procurement system (eVA) from vendor locations registered in eVA.

5. The institution will complete capital projects (with an individual cost of over \$1,000,000) within the budget originally approved by the institution's governing board for projects initiated under delegated authority, or the budget set out in the Appropriation Act or other Acts of Assembly. If the institution exceeds the budget for any such project, the Secretaries of Administration and Finance shall review the circumstances causing the cost overrun and the manner in which the institution responded and determine whether the institution shall be considered in compliance with the measure despite the cost overrun.

6. The institution will complete major information technology projects (with an individual cost of over \$1,000,000) within the budgets and schedules originally approved by the institution's governing board. If the institution exceeds the budget and/or time schedule for any such project, the Secretary of Technology shall review the circumstances causing the cost overrun and/or delay and the manner in which the institution responded and determine whether the institution appropriately adhered to Project Management Institute's best management practices and, therefore, shall be considered in compliance with the measure despite the cost overrun and/or delay.

#### e. FINANCIAL AND ADMINISTRATIVE STANDARDS

The financial and administrative standards apply to institutions governed under Chapters 933 and 943 of the 2006 Acts of Assembly, Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly. They shall be measured by the administrative standards outlined in the Management Agreements and § 4-9.02.d.4. of this act. However, the Governor may supplement or replace those administrative performance measures with the administrative performance measures listed in this paragraph. Effective July 1, 2009, the following administrative and financial measures shall be used for the assessment of institutional performance for institutions governed under Chapters 933 and 943 of the 2006 Acts of Assembly and those governed under Chapters 594 and 616 of the 2008 Acts of Assembly, and Chapters 675 and 685 of the 2009 Acts of Assembly.

##### 1. Financial

- a) An unqualified opinion from the Auditor of Public Accounts upon the audit of the public institution's financial statements;
- b) No significant audit deficiencies attested to by the Auditor of Public Accounts;
- c) Substantial compliance with all financial reporting standards approved by the State Comptroller;
- d) Substantial attainment of accounts receivable standards approved by the State Comptroller, including but not limited to, any standards for outstanding receivables and bad debts; and
- e) Substantial attainment of accounts payable standards approved by the State Comptroller including, but not limited to, any standards for accounts payable past due.

##### 2. Debt Management

- a) The institution shall maintain a bond rating of AA- or better;
- b) The institution achieves a three-year average rate of return at least equal to the imoney.net money market index fund; and
- c) The institution maintains a debt burden ratio equal to or less than the level approved by the Board of Visitors in its debt management policy.

##### 3. Human Resources

- a) The institution's voluntary turnover rate for classified plus university/college employees will meet the voluntary turnover rate for state classified employees within a variance of 15 percent; and
- b) The institution achieves a rate of internal progression within a range of 40 to 60 percent of the total salaried staff hires for the fiscal year.

##### 4. Procurement

- a) The institution will substantially comply with its annual approved Small, Women and Minority (SWAM) procurement plan as submitted to the Department of Small Business and Supplier Diversity; however, a variance of 15 percent from its SWAM purchase

goal, as stated in the plan, will be acceptable; and

b) The institution will make no less than 80 percent of purchase transactions through the Commonwealth's enterprise-wide internet procurement system (eVA) with no less than 75 percent of dollars to vendor locations in eVA.

#### 5. Capital Outlay

a) The institution will complete capital projects (with an individual cost of over \$1,000,000) within the budget originally approved by the institution's governing board at the preliminary design state for projects initiated under delegated authority, or the budget set out in the Appropriation Act or other Acts of Assembly which provides construction funding for the project at the preliminary design state. If the institution exceeds the budget for any such project, the Secretaries of Administration and Finance shall review the circumstances causing the cost overrun and the manner in which the institution responded and determine whether the institution shall be considered in compliance with the measure despite the cost overrun;

b) The institution shall complete capital projects with the dollar amount of owner requested change orders not more than 2 percent of the guaranteed maximum price (GMP) or construction price; and

c) The institution shall pay competitive rates for leased office space – the average cost per square foot for office space leased by the institution is within 5 percent of the average commercial business district lease rate for similar quality space within reasonable proximity to the institution's campus.

#### 6. Information Technology

a) The institution will complete major information technology projects (with an individual cost of over \$1,000,000) on time and on budget against their managed project baseline. If the institution exceeds the budget and/or time schedule for any such project, the Secretary of Technology shall review the circumstances causing the cost overrun and/or delay and the manner in which the institution responded and determine whether the institution appropriately adhered to Project Management Institute's best management practices and, therefore, shall be considered in compliance with the measure despite the cost overrun and/or delay; and

b) The institution will maintain compliance with institutional security standards as evaluated in internal and external audits. The institution will have no significant audit deficiencies unresolved beyond one year.

#### f. REPORTING

The Director, Department of Planning and Budget, with cooperation from the Comptroller and institutions of higher education governed under Management Agreements, shall develop uniform reporting requirements and formats for revenue and expenditure data.

#### g. EXEMPTION

The requirements of this section shall not be in effect if they conflict with § 23.1-206.D. of Chapters 828 and 869 of the Acts of Assembly of 2011.

### § 4-9.02 LEVEL II AUTHORITY

a. Notwithstanding the provisions of § 5 of Chapter 824 and 829 of the 2008 Acts of Assembly, institutions of higher education that have met the eligibility criteria for additional operational and administrative authority set forth in Chapters 824 and 829 of the 2008 Acts of Assembly shall be allowed to enter into separate negotiations for additional operational authority for a third and separate functional area listed in Chapter 824 and 829 of the 2008 Acts of Assembly, provided they have:

1. successfully completed at least three years of effectiveness and efficiencies operating under such additional authority granted by an original memorandum of understanding;

2. successfully renewed an additional memoranda of understanding for a five year term for each of the original two areas.

The institutions shall meet all criteria and follow policies for negotiating and establishing a memorandum of understanding with the Commonwealth of Virginia as provided in § 2.0 (Information Technology), § 3.0 (Procurement), and § 4.0 (Capital Outlay) of Chapter 824 and 829 of the 2008 Acts of Assembly.

b. As part of the memorandum of understanding, each institution shall be required to adopt at least one new education-related measure for the new area of operational authority. Each education-related measure and its respective target shall be developed in consultation with the Secretary of Finance, Secretary of Education, the appropriate Cabinet Secretary, and the State Council of Higher Education for Virginia. Each education-related measure and its respective target must be approved by the State Council of Higher Education for Virginia and shall become part of the certification required by § 23.1-206.

c. 1. As part of a five-year pilot program, George Mason University and James Madison University are authorized, for a period of five years, to exercise additional financial and administrative authority as set out in each of the three functional areas of

information technology, procurement and capital projects as set forth and subject to all the conditions in §§ 2.0, 3.0 and 4.0 of the second enactment of Chapter 824 and 829 of the Acts of Assembly of 2008 except that (i) any effective dates contained in Chapter 824 and 829 of the Acts of Assembly of 2008 are superseded by the provisions of this item, and (ii) the institution is not required to have a signed memorandum of understanding with the Secretary of Administration regarding participation in the nongeneral fund decentralization program as provided in subsection C of § 2.2-1132 in order to be eligible for the additional capital project authority.

2. In addition, each institution shall exercise additional financial and administrative authority over financial operations as follows:

a) BOARD OF VISITORS ACCOUNTABILITY AND DELEGATION OF AUTHORITY.

The Board of Visitors of the University shall at all times be fully and ultimately accountable for the proper fulfillment of the duties and responsibilities set forth in, and for the appropriate implementation of, this Policy. Consistent with this full and ultimate accountability, however, the Board may, pursuant to its legally permissible procedures, specifically delegate either herein or by separate Board resolution the duties and responsibilities set forth in this Policy to a person or persons within the University, who, while continuing to be fully accountable for such duties and responsibilities, may further delegate the implementation of those duties and responsibilities pursuant to the University's usual delegation policies and procedures.

b) FINANCIAL MANAGEMENT AND REPORTING SYSTEM.

The President, acting through the Executive Vice President, Chief Operating Officer, or Chief Financial Officer, shall continue to be authorized by the Board to maintain existing and implement new policies governing the management of University financial resources. These policies shall continue to (i) ensure compliance with Generally Accepted Accounting Principles, (ii) ensure consistency with the current accounting principles employed by the Commonwealth, including the use of fund accounting principles, with regard to the establishment of the underlying accounting records of the University and the allocation and utilization of resources within the accounting system, including the relevant guidance provided by the State Council of Higher Education for Virginia chart of accounts with regard to the allocation and proper use of funds from specific types of fund sources, (iii) provide adequate risk management and internal controls to protect and safeguard all financial resources, including moneys transferred to the University pursuant to a general fund appropriation, and ensure compliance with the requirements of the Appropriation Act.

The financial management system shall continue to include a financial reporting system to satisfy both the requirements for inclusion into the Commonwealth's Comprehensive Annual Financial Report, as specified in the related State Comptroller's Directives, and the University's separately audited financial statements. To ensure observance of limitations and restrictions placed on the use of the resources available to the University, the accounting and bookkeeping system of the University shall continue to be maintained in accordance with the principles prescribed for governmental organizations by the Governmental Accounting Standards Board.

In addition, the financial management system shall continue to provide financial reporting for the President, acting through the Executive Vice President, Chief Operating Officer, or Chief Financial Officer, and the Board of Visitors to enable them to provide adequate oversight of the financial operations of the University.

c) FINANCIAL MANAGEMENT POLICIES.

The President, acting through the Executive Vice President, Chief Operating Officer, or Chief Financial Officer, shall create and implement any and all financial management policies necessary to establish a financial management system with adequate risk management and internal control processes and procedures for the effective protection and management of all University financial resources. Such policies will not address the underlying accounting principles and policies employed by the Commonwealth and the University, but rather will focus on the internal operations of the University's financial management. These policies shall include, but need not be limited to, the development of a tailored set of finance and accounting practices that seek to support the University's specific business and administrative operating environment in order to improve the efficiency and effectiveness of its business and administrative functions. In general, the system of independent financial management policies shall be guided by the general principles contained in the Commonwealth's Accounting Policies and Procedures such as establishing strong risk management and internal accounting controls to ensure University financial resources are properly safeguarded and that appropriate stewardship of public funds is obtained through management's oversight of the effective and efficient use of such funds in the performance of University programs.

The University shall continue to follow the Commonwealth's accounting policies until such time as specific alternate policies can be developed, approved and implemented. Such alternate policies shall include applicable accountability measures and shall be submitted to the State Comptroller for review and comment before they are implemented by the University.

d) FINANCIAL RESOURCE RETENTION AND MANAGEMENT.

The Board of Visitors shall retain the authority to establish tuition, fee, room, board, and other charges, with appropriate commitment provided to need-based grant aid for middle- and lower-income undergraduate Virginians. Except as provided otherwise in the Appropriation Act, it is the intent of the Commonwealth and the University that the University shall be exempt from the revenue restrictions in the general provisions of the Appropriation Act related to non-general funds. In addition, unless prohibited by the Appropriation Act, it is the intent of the Commonwealth and the University that the University shall be entitled to



retain non-general fund savings generated from changes in Commonwealth rates and charges, including but not limited to health, life, and disability insurance rates, retirement contribution rates, telecommunications charges, and utility rates, rather than reverting such savings back to the Commonwealth. This financial resource policy assists the University by providing the framework for retaining and managing non-general funds, for the receipt of general funds, and for the use and stewardship of all these funds.

The President, acting through the Executive Vice President, Chief Operating Officer, or Chief Financial Officer, shall continue to provide oversight of the University's cash management system which is the framework for the retention of non-general funds. The Internal Audit Department of the University shall periodically audit the University's cash management system in accordance with appropriate risk assessment models and make reports to the Audit and Compliance Committee of the Board of Visitors. Additional oversight shall continue to be provided through the annual audit and assessment of internal controls performed by the Auditor of Public Accounts. For the receipt of general and non-general funds, the University shall conform to the Security for Public Deposits Act, Chapter 44 (§ 2.2-4400 et seq.) of Title 2.2 of the Code of Virginia as it currently exists and from time to time may be amended.

e) ACCOUNTS RECEIVABLE MANAGEMENT AND COLLECTION.

The President, through the Executive Vice President, Chief Operating Officer, or Chief Financial Officer, shall continue to be authorized to create and implement any and all Accounts Receivable Management and Collection policies as part of a system for the management of University financial resources. The policies shall be guided by the requirements of the Virginia Debt Collection Act, Chapter 48 (§ 2.2-4800 et seq.) of the Code of Virginia, such that the University shall take all appropriate and cost effective actions to aggressively collect accounts receivable in a timely manner.

These shall include, but not be limited to, establishing the criteria for granting credit to University customers; establishing the nature and timing of collection procedures within the above general principles; and the independent authority to select and contract with collection agencies and, after consultation with the Office of the Attorney General, private attorneys as needed to perform any and all collection activities for all University accounts receivable such as reporting delinquent accounts to credit bureaus, obtaining judgments, garnishments, and liens against such debtors, and other actions. In accordance with sound collection activities, the University shall continue to utilize the Commonwealth's Debt Set-Off Collection Programs, shall develop procedures acceptable to the Tax Commissioner and the State Comptroller to implement such Programs, and shall provide a quarterly summary report of receivables to the Department of Accounts in accordance with the reporting procedures established pursuant to the Virginia Debt Collection Act.

f) DISBURSEMENT MANAGEMENT.

The President, acting through the Executive Vice President, Chief Operating Officer, or Chief Financial Officer, shall continue to be authorized to create and implement any and all disbursement policies as part of a system for the management of University financial resources. The disbursement management policies shall continue to define the appropriate and reasonable uses of all funds, from whatever source derived, in the execution of the University's operations. These policies also shall continue to address the timing of appropriate and reasonable disbursements consistent with the Prompt Payment Act, and the appropriateness of certain goods or services relative to the University's mission, including travel-related disbursements. Further, the University's disbursement policy shall continue to provide for the mechanisms by which payments are made including the use of charge cards, warrants, and electronic payments.

These disbursement policies shall authorize the President, acting through the Executive Vice President, Chief Operating Officer, or Chief Financial Officer, to independently select, engage, and contract for such consultants, accountants, and financial experts, and other such providers of expert advice and consultation, and, after consultation with the Office of the Attorney General, private attorneys, as may be necessary or desirable in his or her discretion. The policies also shall continue to include the ability to locally manage and administer the Commonwealth's credit card and cost recovery programs related to disbursements, subject to any restrictions contained in the Commonwealth's contracts governing those programs, provided that the University shall submit the credit card and cost recovery aspects of its financial and operations policies to the State Comptroller for review and comment prior to implementing those aspects of those policies. The disbursement policies shall ensure that adequate risk management and internal control procedures shall be maintained over previously decentralized processes for public records, payroll, and non-payroll disbursements. The University shall continue to provide summary quarterly prompt payment reports to the Department of Accounts in accordance with the reporting procedures established pursuant to the Prompt Payment Act.

The University's disbursement policies shall be guided by the principles of the Commonwealth's policies as included in the Commonwealth's Accounting Policy and Procedures Manual. The University shall continue to follow the Commonwealth's disbursement policies until such time as specific alternative policies can be developed, approved and implemented. Such alternate policies shall be submitted to the State Comptroller for review and comment prior to their implementation by the University.

3. The Auditor of Public Accounts or his legally authorized representatives shall audit annually the accounts of each institution and shall distribute copies of each annual audit to the Governor and to the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance. Pursuant to § 30-133, the Auditor of Public Accounts and his legally

authorized representatives shall examine annually the accounts and books of each such institution, but the institution shall not be deemed to be a state or governmental agency, advisory agency, public body, or agency or instrumentality for purposes of Chapter 14 (§ 30-130 et seq.) of Title 30 except for those provisions in such chapter that relate to requirements for financial recordkeeping and bookkeeping. Each such institution shall be subject to periodic external review by the Joint Legislative and Audit Review Commission and such other reviews and audits as shall be required by law.

d. Subject to review of its Shared Services Center by the Department of General Services, and approval to proceed with decentralized procurement of authority by the Department of General Services, the Virginia Community College System (VCCS) is authorized, for a period of five years, to exercise additional financial and administrative authority as set out in each of the three functional areas of information technology, procurement and capital projects as set forth and subject to all the conditions in §§ 2.0, 3.0 and 4.0 of the second enactment of Chapter 824 and 829 of the Acts of Assembly of 2008 except that (i) any effective dates contained in Chapter 824 and 829 of the Acts of Assembly of 2008 are superseded by the provisions of this item. The State Board for Community Colleges may request any subsequent delegation of procurement authority after consultation with and positive recommendation by the Department of General Services.

#### § 4-9.03 LEVEL III AUTHORITY

The Management Agreements negotiated by the institutions contained in Chapters 675 and 685 of the 2009 Acts of Assembly shall continue in effect unless the Governor, the General Assembly, or the institutions determine that the Management Agreements need to be renegotiated or revised.

#### § 4-9.04 IMPLEMENT JLARC RECOMMENDATIONS

a. The Boards of Visitors at each Virginia public four-year higher education institution, to the extent practicable, shall:

1. require their institutions to clearly list the amount of the athletic fee on their website's tuition and fees information page. The page should include a link to the State Council of Higher Education for Virginia's tuition and fee information. The boards should consider requiring institutions to list the major components of all mandatory fees, including the portion attributable to athletics, on a separate page attached to student invoices;

2. assess the feasibility and impact of raising additional revenue through campus recreation and fitness enterprises to reduce reliance on mandatory student fees. The assessments should address the feasibility and impact of raising additional revenue through charging for specialized programs and services, expanding membership, and/or charging all users of recreation facilities;

3. direct staff to perform a comprehensive review of the institution's organizational structure, including an analysis of spans of control and a review of staff activities and workload, and identify opportunities to streamline the organizational structure. Boards should further direct staff to implement the recommendations of the review to streamline their organizational structures where possible;

4. require periodic reports on average and median spans of control and the number of supervisors with six or fewer direct reports;

5. direct staff to revise human resource policies to eliminate unnecessary supervisory positions by developing standards that establish and promote broader spans of control. The new policies and standards should (i) set an overall target span of control for the institution, (ii) set a minimum number of direct reports per supervisor, with guidelines for exceptions, (iii) define the circumstances that necessitate the use of a supervisory position, (iv) prohibit the establishment of supervisory positions for the purpose of recruiting or retaining employees, and (v) establish a periodic review of departments where spans of control are unusually narrow; and,

6. direct institution staff to set and enforce policies to maximize standardization of purchases of commonly procured goods, including use of institution-wide contracts;

7. consider directing institution staff to provide an annual report on all institutional purchases, including small purchases, that are exceptions to the institutional policies for standardizing purchases;

8. participate in national faculty teaching load assessments by discipline and faculty type.

b. The State Council on Higher Education for Virginia, to the extent practicable, shall:

1. convene a working group of institution financial officers, with input from the Department of Accounts, the Department of Planning and Budget, and the Auditor of Public Accounts, to create a standard way of calculating and publishing mandatory non-E&G fees, including for intercollegiate athletics;

2. update the state's Chart of Accounts for higher education in order to improve comparability and transparency of mandatory non-E&G fees, with input from the Department of Accounts, the Department of Planning and Budget, the Auditor of Public Accounts, and institutional staff. This process should be coordinated with the standardization of tuition and fee reporting;

3. convene a working group of institutional staff to develop instructional and research space guidelines that adequately measure current use of space and plans for future use of space at Virginia's public higher education institutions;

4. coordinate a committee of institutional representatives, such as the previously authorized Learning Technology Advisory Committee. In addition to the objectives set out in the Appropriation Act for the Learning Technology Advisory Committee, the committee should identify instructional technology initiatives and best practices for directly or indirectly lowering institutions' instructional expenditures per student while maintaining or enhancing student learning;

5. include factors such as discipline, faculty rank, cost of living, and regional comparisons in developing faculty salary goals;

6. identify instructional technology best practices that directly or indirectly lower student cost while maintaining or enhancing learning.

c. Notwithstanding the provisions of § 23.1-1304, the State Council of Higher Education for Virginia shall annually train boards of visitors members on the types of information members should request from institutions to inform decision making, such as performance measures, benchmarking data, the impact of financial decisions on student costs, and past and projected cost trends. Boards of Visitors members serving on finance and facilities subcommittees should, at a minimum, participate in the training within their first year of membership on the subcommittee. SCHEV should obtain assistance in developing or delivering the training from relevant agencies such as the Department of General Services and past or present finance officers at Virginia's public four-year institutions, as appropriate.

d. The Department of Planning and Budget shall revise the formula used to make allocation recommendations for the state's maintenance reserve funding to account for higher maintenance needs resulting from poor facility condition, aging of facilities, and differences in facility use. Beginning with fiscal year 2016, the Department of Planning and Budget shall submit these recommendations to the Governor and General Assembly no later than November 1 of each year.

e. The Six-Year Capital Outlay Plan Advisory Committee, the Department of Planning and Budget, and others as appropriate shall use the results of the prioritization process established by the State Council of Higher Education for Virginia in determining which capital projects should receive funding.

f. Beginning with fiscal year 2016, the Auditor of Public Accounts shall include in its audit plan for each public institution of higher education a review of progress in implementing the JLARC recommendations contained in paragraph § 4-9.04 a.

#### **§ 4-11.00 STATEMENT OF FINANCIAL CONDITION**

Each agency head handling any state funds shall, at least once each year, upon request of the Auditor of Public Accounts, make a detailed statement, under oath, of the financial condition of his office as of the date of such call, to the Auditor of Public Accounts, and upon such forms as shall be prescribed by the Auditor of Public Accounts.

#### **§ 4-12.00 SEVERABILITY**

If any part, section, subsection, paragraph, sentence, clause, phrase, or item of this act or the application thereof to any person or circumstance is for any reason declared unconstitutional, such decisions shall not affect the validity of the remaining portions of this act which shall remain in force as if such act had been passed with the unconstitutional part, section, subsection, paragraph, sentence, clause, phrase, item or such application thereof eliminated; and the General Assembly hereby declares that it would have passed this act if such unconstitutional part, section, subsection, paragraph, sentence, clause, phrase, or item had not been included herein, or if such application had not been made.

#### **§ 4-13.00 CONFLICT WITH OTHER LAWS**

Notwithstanding any other provision of law, and until June 30, 2018, the provisions of this act shall prevail over any conflicting provision of any other law, without regard to whether such other law is enacted before or after this act; however, a conflicting provision of another law enacted after this act shall prevail over a conflicting provision of this act if the General Assembly has clearly evidenced its intent that the conflicting provision of such other law shall prevail, which intent shall be evident only if such other law (i) identifies the specific provision(s) of this act over which the conflicting provision of such other law is intended to prevail and (ii) specifically states that the terms of this section are not applicable with respect to the conflict between the provision(s) of this act and the provision of such other law.

#### **§ 4-14.00 EFFECTIVE DATE**

This act is effective on its passage as provided in § 1-214, Code of Virginia.

#### **ADDITIONAL ENACTMENTS**

**3. That § 33.2-309 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Chapter 1 of Title 33.2 a section numbered 33.2-118, as follows:**

##### **§ 33.2-118. Limitation on tolling.**

A. For purposes of this section, "auxiliary lane" means the portion of the roadway adjoining the traveled way as a shoulder or for speed change, turning, weaving, or the maneuvering of entering and leaving traffic.

B. Notwithstanding any other provision of this title, no toll may be imposed or collected on un-tolled lanes or components of a highway, bridge, or tunnel without approval from the General Assembly. However, such prohibition shall not apply to (i) reconstruction with additional lanes of a highway, bridge, or tunnel provided that the number of un-tolled non-high-occupancy vehicle lanes, excluding auxiliary lanes, after the reconstruction is not less than the number of un-tolled, non-high-occupancy vehicle lanes, excluding auxiliary lanes, prior to such reconstruction; (ii) new construction that is opened to the public as a tolled facility; (iii) new construction that is opened to the public as high-occupancy vehicle lanes; (iv) existing high-occupancy vehicle lanes; or (v) an existing lane on a segment of a highway whose length does not exceed 10 miles and is between an interchange and an interchange or an interchange and a bridge, provided that the number of un-tolled non-high-occupancy vehicle lanes on such segment is equal to the number of un-tolled non-high-occupancy vehicle lanes on the portion of the highway preceding such segment.

C. Notwithstanding the provisions of subsection B, prior approval of the General Assembly shall be required prior to the imposition and collection of any toll for use of all or any portion of (i) a non-limited access highway except for a bridge, tunnel, or the approaches to a bridge or tunnel or (ii) Interstate 81.

**§ 33.2-309. Tolls for use of Interstate System components.**

A. Subject to the limitations provided in § 33.2-118 and in accordance with all applicable federal and state statutes and requirements, the Board may impose and collect tolls from all classes of vehicles in amounts established by the Board for the use of any component of the Interstate System within the Commonwealth.

B. The toll facilities authorized by this section shall be subject to the provisions of federal law for the purpose of tolling motor vehicles to finance interstate construction and reconstruction, promote efficiency in the use of highways, reduce traffic congestion, and improve air quality and for such other purposes as may be permitted by federal law.

C. In order to mitigate traffic congestion in the vicinity of the toll facilities, no toll facility shall be operated without high-speed automated toll collection technology designed to allow motorists to travel through the toll facilities without stopping to make payments. Nothing in this subsection shall be construed to prohibit a toll facility from retaining means of nonautomated toll collection in some lanes of the facility. The Board shall also consider traffic congestion and mitigation thereof and the impact on local traffic movement as factors in determining the location of the toll facilities authorized pursuant to this section.

D. The revenues collected from each toll facility established pursuant to this section shall be deposited into segregated subaccounts in the Transportation Trust Fund and may be allocated by the Board as the Board deems appropriate to:

1. Pay or finance all or part of the costs of programs or projects, including the costs of planning, operation, maintenance, and improvements incurred in connection with the toll facility, provided that such allocations shall be limited to programs and projects that are reasonably related to or benefit the users of the toll facility. The priorities of metropolitan planning organizations, planning district commissions, local governments, and transportation corridors shall be considered by the Board in making project allocations from such revenues deposited into the Transportation Trust Fund.

2. Repay funds from the Toll Facilities Revolving Account or the Transportation Partnership Opportunity Fund.

3. Pay the Board's reasonable costs and expenses incurred in the administration and management of the toll facility.

**4. That the provisions of this act adding § 33.2-118 to the Code of Virginia, as created by this act, and § 33.2-309 of the Code of Virginia, as amended by this act, shall become effective upon the return of the Commonwealth's spot in the Interstate System Reconstruction and Rehabilitation Pilot Program.**

**5. Enactments 4 and 5 of Chapters 778 and 779 of the 2016 Acts of Assembly are hereby repealed. The General Assembly finds that the creation of the Virginia Growth and Opportunity Foundation to support the Board satisfies the intent of Enactment 4 of Chapters 778 and 779 of the 2016 Acts of Assembly.**

**6. Enactment 2 of Chapters 776 and 777 of the 2016 Acts of Assembly are hereby repealed.**

**7. A.I. Notwithstanding the provisions of § 2.2-1514, Code of Virginia, or any other provision of law, any general fund revenues collected and deposited for fiscal year 2017 that are in excess of the official forecast contained in this act, shall be reflected by the Comptroller as committed on the June 30, 2017, preliminary balance sheet pursuant to the provisions of this enactment for the purposes of establishing a cash reserve to mitigate any potential revenue shortfalls that may arise during the remainder of the biennium.**

**2. Notwithstanding the provisions of § 2.2-1514, Code of Virginia, or any other provision of law, any general fund revenues collected and deposited for fiscal year 2018 that are in excess of the official forecast contained in this act, shall be reflected by the Comptroller as committed on the June 30, 2018, preliminary balance sheet pursuant to the provisions of this section for the purposes of establishing a cash reserve to mitigate any potential revenue or transfer shortfalls that may arise during the remainder of the biennium.**

**B. To determine the amounts that are to be committed, the Comptroller shall first determine the revenues that were collected in**

excess of the revenues forecast in this act. He shall then reduce those revenues for the following adjustments:

1. Any amounts that must be restricted such as mandatory deposits to the Revenue Stabilization Fund.
2. Any amounts that normally would be committed or assigned pursuant to GASB standards.
3. Any amounts that must be committed for deposit to the Water Quality Improvement Fund from excess general fund revenue collections pursuant to § 10.1-2128 A., Code of Virginia.
4. Any other amounts that are required to be committed or assigned pursuant to any other items or provisions of this act, which would include mandatory carryforwards, unexpended balances in capital projects, and balances required to be carried forward for fiscal year 2018 or fiscal year 2019.

C. The amount that remains after deduction of the amounts listed above from the surplus revenues on June 30, 2017, shall be further reduced by fifty percent.

D.1. The Comptroller shall then reflect the remaining fifty percent *from the fiscal year 2017 surplus revenues* as a commitment on the preliminary balance sheet entitled Revenue Cash Reserve to be held solely for the purposes of mitigating any loss of general fund revenues or transfers in fiscal year 2018 from the official forecast contained in this act.

2. *Notwithstanding the limits prescribed in § 2.2-1831.3, B, Code of Virginia, the Comptroller shall reflect 100 percent of the amounts remaining from the fiscal year 2018 surplus revenues as a commitment on the preliminary balance sheet entitled "Revenue Reserve" to be held solely for the purposes of mitigating any loss of general fund revenues or transfers in future biennia pursuant to the provisions of Chapter 827, 2018 Session of the General Assembly, and any future appropriation acts.*

E. The Comptroller may draw against the balances of the Revenue Cash Reserve for an amount equal to any shortfall in general fund revenue or transfer collections from the official forecast contained in this act for fiscal year 2018.

8. That the provisions of the first enactment, second enactment, and seventh enactment of this act shall expire at midnight on June 30, 2018. The provisions of the third, fourth, fifth, and sixth enactments of this act shall have no expiration date.

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