



Recommendations on
SB 800, as Introduced

Senate Finance Committee
Virginia General Assembly

February 3, 2013

Senate Finance Committee Recommendations on SB 800
Senator Walter A. Stosch, Chairman
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Before we begin, I want to thank the members of the Committee for their hard work this session. Each subcommittee spent many hours deliberating and making careful, thoughtful choices about how best to use the resources of the Commonwealth.

Our task this year was made somewhat easier due to our hard work last year. The two-year budget we crafted addressed our commitments to educating our next generation, providing a strong health care “safety net”, and promoting job creation. We reformed our retirement system, funded our obligations to the system, and provided a modest salary increase for state employees.

The Finance Committee recommendations before us build on that solid foundation. Our budget reflects the top priorities of education, health care, and employee compensation, along with funding for water quality improvements, transportation, and critical capital project needs.

Let me turn to some of the specifics of our budget recommendations.

One of our top priorities was to recognize those hardworking men and women who teach in our classrooms, who patrol our highways, who deliver care to our most vulnerable, and who generally keep our “best managed” state running at top form.

Last session, we provided funding for the first salary increase for employees since 2007. We hoped this action would mark the return to regular increases for state employees. This year, we are recommending an additional one percent for classified and state-supported local employees, **bringing the total increase employees will see this August to three percent.**

Many agencies are experiencing salary compression issues – a consequence of not providing regular salary increases. We are taking special action in this regard for our State Troopers. We are also endorsing the Governor’s suggestion that we study this issue over the next year, with an eye toward addressing compression more fully when we have better information on the extent of the problem.

Education is vital to developing a skilled workforce and strengthening our competitive position in the world. Our recommendations support the proposed two percent teacher salary increase, and we recommend additional state funding towards a two percent increase for school support personnel as well. We also support funding a pilot program for strategic salary enhancements for teachers. Overall, our budget endorses and supports the emphasis on recruiting and retaining the best teachers in our classrooms.

Recruiting and retaining the best faculty for our colleges and universities remains a top priority as well, and so our budget also allows for an additional one percent salary increase for faculty, bringing the total increase to three percent. We look to these institutions to produce the teachers, engineers, and entrepreneurs that will stimulate Virginia’s vibrant economy. Addressing the rising cost of attending college, through additional financial aid and basic support funding, will provide access to educational opportunity for even more students.

Recommendations for the area of health and human resources build upon the budget proposed by the Governor. The Committee actions will help address waiting lists for services to children with developmental delays and adults with physical disabilities. Additional funding will expand access to mental health services for children and adults, consistent with recommendations from the Governor's task force, as well as guidance to improve services to students. Finally, the recommendations will make investments in

Medicaid waiver services to maintain access to less costly community-based care.

Another key area of emphasis has been addressing the significant needs the Commonwealth faces in meeting our obligations to improve the quality of waters in the Chesapeake Bay and the Southern Rivers. Building on the Governor's proposals, we are recommending a package of \$219 million to upgrade wastewater treatment plants, fund combined sewer overflow projects, and assist localities with storm water management projects.

Our recommendations also include a comprehensive and long-term capital plan totaling nearly \$1.0 billion. While most of these projects are addressing essential needs in our colleges and universities, we are also undertaking projects for Veterans Services, State Police, Corrections, State Parks, and buildings at the seat of government. Both the water quality and capital outlay projects will be funded through the prudent use of bonded debt.

Transportation drives our growing, dynamic economy, and the Senate has continued to demonstrate important leadership in this area. Consistent with the comprehensive transportation funding bill reported by this committee, the budget includes the redirection of \$49 million in sales tax revenues to transportation.

We have just received the report of the Governor's Task Force on School and Campus Safety and have not had sufficient time to fully consider all of its recommendations, but we have included an additional \$1.0 million for grants to localities for school resource officers, based on best practices in this field, and \$125,000 to develop a model curriculum for critical incident response in our schools. We will continue to evaluate proposals in this area as we enter budget conference.

Finally, the budget sent to us by the Governor emphasizes "structural balance". That is, on-going spending is supported by on-going resources. The recommendations of the Senate Finance Committee support this principle by earmarking one-time revenues

or savings to reserve funds. These funds will provide flexibility to meet our commitments to the Rainy Day Fund next biennium, and will put us in a better posture to deal with the potential impact of federal spending cuts.

Before we turn to the subcommittee reports, I want to again thank each member of this Committee for the outstanding job that you have done in bringing together our budget recommendations.

Procedure for Today's Meeting
Senator Stosch

I will call upon each subcommittee chair to make his or her report to the Committee. After each subcommittee report is presented, I'll ask that the report and related amendments be accepted.

After all subcommittee reports have been issued, I'll ask that the introduced Senate Bill 800 be amended in accordance with those reports and that the bill, as amended, be reported.