



Key Features
Senate Bill 800
As Amended by the
Senate Finance Committee

February 8, 2015

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Resources

- Appropriates an additional net \$204.8 million the first year, and \$ 215.5 million the second year, in general fund resources.
 - The revenue increase includes a preliminary upward adjustment to the revenues based on collections year-to-date for three revenues sources – withholding, corporate, and insurance.
 - Increased revenues are offset by revenue reductions against the revenues assumed in SB 800 as introduced due to the failure or modification of proposed tax expenditure legislation.
- Additional resources were directed toward:
 - Employee compensation increases for all employee groups (see below);
 - Setting aside over \$130 million for a future payment to the Revenue Stabilization Fund;
 - Eliminating the \$30 million Aid to Localities reversion account in the second year; and
 - Providing \$100 million for cash funding of capital outlay projects.

Employee Compensation

- Recognizes the outstanding contributions of Virginia’s public sector workforce by providing a compensation adjustment for all employee groups:

- Includes \$56.7 million GF for a three percent salary increase for state employees, reflected in their September 1, 2015 paychecks;
 - Provides \$22.1 million GF for a three percent adjustment for state-supported local employees;
 - Recommends \$50.4 million GF for the state's share of a 1.5 percent increase for teachers; and
 - Funds \$14.4 million GF for a 2 percent faculty salary increase at Virginia's public colleges and universities.
- Recommends two special compensation actions:
 - Provides \$5.8 million GF to allow the Virginia State Police to begin implementing a comprehensive pay plan to address compression in the ranks; and
 - Includes \$8.6 million GF for a 2 percent base adjustment for 19 classes of state employees determined to have high turnover rates.

Public Education

- Continues to protect Direct Aid to K-12 from any additional budget reductions.
- Adds \$50.4 million GF based on the state's share of a 1.5 percent compensation increase for teachers, with effective date flexibility for school divisions; and, adds \$37.2 million to increase to \$187.2 million the one-time payment to the Virginia Retirement System to improve the funded status.
- Allocates \$7.7 million GF for targeted extended school year efforts in about 30 schools to improve student achievement.

- Allocates any year-end funding balances in the Virginia Preschool Initiative for at-risk four-year-olds to expand partnerships with non-profit or for-profit providers.
- Adds \$1.0 million GF for innovative teacher residency programs.
- Endorses \$200,000 GF for expedited SOL test retakes and \$732,000 for more Computer Adaptive Testing.
- Supports \$713,000 GF for principal training and school improvement.
- Endorses \$537,297 GF for an elementary school breakfast pilot program in the 2015-16 school year.
- Restores \$220,191 GF for the new Virginia Center for Excellence in Teaching summer program.

Higher Education

- Protects higher education institutions from additional reductions over the previously adopted budget.
- Provides a net increase of almost \$4.1 million GF over the introduced budget for the higher education institutions.
- An additional \$14.4 million GF is included for faculty compensation actions, equal to a two percent faculty salary increase beginning in September of FY 2016.
- Provides an additional \$5.4 million GF for undergraduate need-based financial aid, for a total of \$8.9 million GF over the previously adopted budget.

- Includes \$650,000 GF for growth in the Two-Year Transfer Grant program.
- Partially restores reductions in the second year for the higher education centers and other higher education agencies.

Health and Human Resources

- Provides a net decrease of \$10.6 million GF as compared to the introduced budget for Health and Human Resources, including \$36.8 million GF in new spending offset by \$47.4 million GF in proposed savings.
- Requires the development of a hospital provider assessment program that would be implemented in FY 2017. Such a program charges an assessment on hospitals that is collected by the state, which then uses some or all of the new revenue as state match to make additional Medicaid payments to hospitals. With the federal, money the hospitals will have a net financial gain depending on their level of Medicaid business.
- Removes the Medicaid Expansion language.
- Retains the Governor's "A Healthy Virginia" Plan.
- Includes \$7.4 million GF to continue to improve access to mental health services. Along with the Governor's Access Program for the Seriously Mental Ill, total funding for behavioral health services added in this budget is \$102 million. Specifically, this initiative includes:
 - \$4.3 million GF for permanent supportive housing to provide support services for 300 individuals with mental illness who are living in the community that will help

reduce hospitalizations, homelessness and incarceration;
and

- \$2.1 million GF to add two Program for Assertive Community Treatment (PACT) teams that are evidence-based and provide an array of intensive treatment services to individuals with severe mental illness – this action creates two additional teams in FY 2016 on top of the four created in the current budget;
- \$1.0 million GF to expand psychiatry and crisis response services for children requiring mental health services, doubling the amount of funding in the current budget for FY 2016.
- Adds \$8.2 million GF or \$16.4 million in total funds to begin to implement the provider rate study that calls for increased Medicaid rates for the Intellectual Disability and Developmental Disability Waivers.
 - This investment in rates will help build community capacity to aid in moving individuals out of the state training centers.
- Restores \$7.5 million GF in budget reductions and eliminates fee increases such as:
 - \$3.8 million GF to restore funding to the Department of Health to keep the restaurant permit fee at \$40 rather than the proposed increase to \$285 a year; and,
 - \$2.5 million GF to restore funding for services to people with disabilities through Centers for Independent Living, personal care services, and long-term employment support services to enable individuals with disabilities to work in the community.

- Adds \$3.7 million GF to increase Medicaid reimbursement as follows:
 - \$2.2 million GF to end the payment reduction policy that reduces the fee for emergency room doctors for non-emergency cases.
 - \$1.4 million GF to increase payments to the Children's Hospital of the King's Daughters in Norfolk. This hospital, which has high Medicaid utilization, is the state's only comprehensive children's hospital.
- Adds \$5.5 million GF or \$11.0 million in total funds for a two percent increase for personal care service rates for providers that serve vulnerable disabled individuals residing in the community.
- Provides \$2.0 million GF for the safety net providers -- free clinics and community health centers.
- Captures \$47.4 million GF in savings within Health and Human Resources that will have no impact on services and includes:
 - \$14.4 million GF in savings by assuming tobacco tax revenues will not decline, as assumed in the introduced budget;
 - \$14.1 million GF from the funding in the introduced budget to cover overtime for personal care attendants per a new federal regulation, which was struck down in early January by a federal court, freeing up the funds for other uses;
 - \$7.8 million GF in savings by correcting the appropriation in FY 2016 which is not required based on last year's budget action to limit the increase in Intellectually Disabled (ID) and Developmentally Disabled (DD)

waiver slots to be consistent with the U.S. Department of Justice (DOJ) Settlement Agreement;

- \$6.0 million GF in savings by adjusting the estimated costs for behavioral health homes included in the introduced budget.

Agriculture, Forestry and Natural Resources

- Eliminates \$2.8 million in fee increases for weights and measures, restaurant inspections, saltwater fishing licenses, and the transfer of land preservation tax credits.
- Rejects the proposed increase in homeowner deductibles for the remediation of leaking storage tanks.
- Provides an additional \$6.0 million GF in FY 2015 for agricultural best management practices to control nonpoint source water pollution.
- Provides \$10.0 million GF in bonds for the Stormwater Local Assistance Fund for grants to support local water quality projects.
- Provides a total of \$2.9 million GF for capitalization of the Nutrient Offset Fund for purchase of nutrient credits.
- Provides over \$1.0 million GF to replace cabin furnishings across Virginia State Parks.

Economic Development

- Provides over \$137.7 million GF for economic development incentive payments.

- Includes new funding of \$2.0 million GF for strategic investments in National Security R&D as well as reinvestments in urban “brownfield” remediation and enterprise zone incentives.
- Provides approximately \$1.0 million GF for tourism promotion and marketing in broadcast advertising and cultural heritage attractions.

Public Safety

- Restores \$804,000 GF and five scientist positions the second year for the Department of Forensic Science.
- Restores \$600,000 GF the first year and \$742,135 GF the second year for the Department of State Police, providing essential funds for overtime during the spring of 2015 and fully restoring the agency’s second year reduction.
- Restores \$400,000 GF for the Med-Flight program operated by the State Police aviation unit in cooperation with Chesterfield County, serving Central Virginia.
- Provides \$360,000 GF and two positions the second year to strengthen search and rescue program coordination at State Police and the Department of Emergency Management.
- Restores \$250,000 GF the second year, to be matched several times over by federal funds, for maintenance of National Guard armories across the state through the Department of Military Affairs.
- Restores \$1.9 million GF and 36 correctional officers to staff the Department of Correction’s highest-priority security posts -- at Augusta, Buckingham, and Nottoway Correctional Centers, which have experienced increased crowding due to the closure of Powhatan Correctional Center.

- Adds \$3.5 million NGF and 32 enforcement positions at the Department of Alcoholic Beverage Control (ABC) to take on the responsibility for licensing the wholesale and retail sale of tobacco, pursuant to Senate Bill 1230. An increase of \$1 million in the general fund revenue forecast (for the sales tax) is included to account for the impact of more robust law enforcement efforts to reduce illicit trafficking in cigarettes, based on a 2014 report of the Crime Commission.
- Adds \$1.8 million GF and eight positions the second year at the Department of Veterans Services, for a series of enhancements to the benefits field offices across the state.
- Adds \$474,000 GF the second year to support the hiring of veterans by companies certified by the V3 (Virginia Values Veterans) program, and to support the transition of veterans into the civilian workforce through education and training.
- Adds \$180,000 GF and three new housing specialist positions to coordinate efforts to reduce homelessness among veterans through the Wounded Warrior programs in Northern Virginia, Southwest Virginia, and Greater Hampton Roads.

Virginia's Court System

- Adds \$1.0 million GF the second year for the Virginia Legal Services Corporation for legal aid for indigent defense in civil cases, to offset the loss of funding from other sources.

Capital Outlay

- Includes recommendations of:
 - \$99.5 million in GF cash for capital projects;
 - \$96.0 million in VCBA/VPBA debt;

- \$10.0 million for an additional 9(d) project at the College of William and Mary; and,
 - \$132.4 million in nongeneral funds for higher education capital projects and the federal matching funds for the Veterans Care Centers.
- Within those amounts, provides:
 - \$180.0 million for the construction of 10 projects at higher education institutions and the veterans care centers;
 - \$13.8 million to plan an additional nine projects at educational institutions;
 - \$23.4 million for supplements, improvements, and furnishings; and,
 - \$177,000 for one land acquisition project.
- Proposes \$10.0 million in the second year for the Stormwater Local Assistance Fund.
- Redirects debt of \$28.0 million which was proposed for local voting equipment in the introduced budget.