



Report of the Subcommittee on  
General Government  
and Technology

Senate Finance Committee  
Virginia General Assembly

February 5, 2017



SENATE OF VIRGINIA

## Senate Finance Committee

### **REPORT OF THE SUBCOMMITTEE ON GENERAL GOVERNMENT AND TECHNOLOGY On Senate Bill 900, as Introduced (February 5, 2017)**

#### **Mr. Chairman and Members of the Committee:**

Your subcommittee has reviewed the provisions of Senate Bill 900, the budget bill, as introduced, for those portions of the budget that fall under the Subcommittee on General Government and Technology. While the area of General Government is expansive, touching several secretariats and dozens of agencies, the primary and overarching objective this year was to address employee compensation. We believe we have achieved that objective by endorsing the three percent pay increase for state employees – the largest in 9 years – while also proposing a significant investment in our State Police, additional funding for local Sheriffs and constitutional officers, and other state-supported local employees.

In this very brief report, I would like to focus on some key issues in the Legislative Department, the Judicial Department, the Office of Administration and Employee Compensation.

#### **Legislative Department**

Within the legislative department, we are addressing local fiscal stress through language directing the Auditor of Public Accounts to establish a workgroup to examine early warning indicators to help identify localities that may be experiencing fiscal distress. In addition, we are recommending language to instruct certified public accountants conducting local independent audits to notify local governing bodies, and the Commonwealth, through official written communication, when significant financial or internal control deficiencies are identified.

## **Judicial Department**

Among the issues we examined within the Judicial Department is the current pay structure and duties of the clerks and deputy clerks of the Commonwealth's district courts. The issue of compensation for these employees has been ongoing for several years. You will recall the introduced budget included \$2.5 million the second year to address salary issues in this area. While this is a sizable investment in our clerks, upon further consideration of their responsibilities and of the continued pay disparity with their circuit court counterparts, we concluded that a more substantial salary action was warranted.

Therefore, the subcommittee recommends that \$3.5 million in the second year for compensation for the district court deputy clerks. We further recommend that this be accomplished based on a plan to be approved by the Executive Secretary of the Supreme Court and approved by the Committee on District Courts.

## **Office of Administration**

For the Compensation Board, we're recommending the salary compression plan for sheriffs' offices and regional jails contained in the budget as introduced. In addition, we support funding contained within the introduced budget for all qualified constitutional officers to participate in career development programs to encourage furthering their education, obtaining additional accreditations and enhancing their skills. These programs, which the Senate has supported in the past, provide salary supplements for constitutional officers who meet certain, well-defined performance and educational requirements, which should have a positive impact on constitutional officers' quality of work and overall job performance.

## **Employee Compensation**

In the area of employee compensation, there was consensus among the Committee that the 1.5 percent bonus effective December 2017 that was included in the Governor's introduced budget was an insufficient acknowledgement of the outstanding work performed by our state employees. Given that, we are proposing a three percent pay increase for

state employees, effective July 10, 2017, which will be reflected in their August 1<sup>st</sup> pay. Adjusting for the “5 for 5” pay adjustment in 2012, this represents the largest increase in employee base pay since 2008.

For state-supported local employees, we are recommending a 2.0 percent salary increase. Many in this group are also the beneficiaries of some of the targeted pay initiatives we’ve proposed, including Sheriffs’ salary compression funding of \$8.7 million, and career development funding of \$3.9 million.

We’re also recommending several targeted pay initiatives for certain employee groups that continue to experience significant problems with recruitment and retention. As you’re aware, below market pay and high turnover can result in difficulty attracting and retaining employees, which can compromise morale, jeopardize service delivery, and cost the state money in terms of continual re-recruitment and training costs. These issues occur in some of the most critical areas of state government, such as our mental health and intellectual disability centers.

Because of this, the subcommittee is proposing \$2.5 million to provide a four percent salary adjustment for certain high-turnover positions in our mental health facilities. These include nurses and direct care associates, who are the front-line service providers in these settings. This pay initiative is in addition to the three percent salary adjustment for state employees that I previously mentioned.

Also, I’d be remiss if I didn’t mention our State Police as another critical area for whom recruitment and retention issues have become a real concern. After reviewing the responsibilities and hiring requirements of sworn staff, as well as the existing compensation structure relative to other state and local law enforcement agencies, the subcommittee is recommending \$14.3 million in funding for a comprehensive salary initiative. This initiative will include raising the starting salary of sworn employees from its current \$36,207, to \$43,000, which will make it competitive with most law enforcement agencies throughout the Commonwealth and ensure that State Police can continue to attract the most qualified applicants for the job. In addition, the recommended funding will allow for an adjustment of base pay for other, longer tenured sworn staff, at levels relative to the adjusted starting pay, and consistent with each

officer's position and rank. This comprehensive pay initiative will position the Department of State Police well in terms of attracting and retaining highly productive and dedicated law enforcement professionals. This pay initiative is in addition to the three percent base salary adjustment for state employees.

Mr. Chairman, this completes the report of the Subcommittee on General Government and Technology.

Respectfully Submitted,

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The Honorable Jill H. Vogel, Chair

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The Honorable Emmett W. Hanger, Jr.

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The Honorable L. Louise Lucas

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The Honorable Ryan T. McDougle

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The Honorable Mark D. Obenshain

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The Honorable Rosalyn R. Dance

Report of the Subcommittee on General Government and Technology

REPORT OF THE SUBCOMMITTEE ON GENERAL GOVERNMENT & TECHNOLOGY (February 5, 2017)  
 (Proposed Amendments to SB 900, 2017 Session, General Funds unless otherwise noted)

Line	Budget Item	GF		GF
		FY 2017	FY 2018	Biennium
1	<b><u>Legislative Department</u></b>			
2				
3	<b>General Assembly</b>			
4	Member compensation; Attendance at official meetings (language)	\$ -	\$ -	Language
	Adjust compensation for Clerk of the Senate; Modify language in budget regarding Clerk pay in both House and Senate (language)	\$ -	\$ -	Language
5				
6	Joint subcommittee on local government fiscal stress	\$ -	\$ -	Language
7	<b>Auditor of Public Accounts</b>			
8	Establishment of workgroup to address Local Fiscal Distress (language)	\$ -	\$ -	Language
9	Local reporting requirements related to Local Fiscal Distress (language)	\$ -	\$ -	Language
10	<b>Virginia Conflict of Interest and Ethics Advisory Council</b>			
11	Conflict of Interest Commission Support	\$ -	\$ 40,000	\$ 40,000
12	<b>Division of Legislative Services</b>			
13	Legislative Commissions - Technical Correction	\$ -	\$ -	Language
14	Adjust Cheasapeake Bay License Plates - NGF	\$ -	\$ -	\$ -
15	<b>Joint Legislative Audit and Review Commission</b>			
	Fund total compensation study - Recommendation of Commission on Employee Retirement Security and Pension Reform	\$ 200,000	\$ -	\$ 200,000
16				
17	<b>Crime Commission</b>			
18	Add one position to the Crime Commission (1.0 FTE)	\$ -	\$ 120,000	\$ 120,000
19	<b>Civil War Sesquicentennial Commission</b>			
20	Closing out of funds (language)	\$ -	\$ -	Language
21	<b>Civil War 150 and World War 1 &amp; II Commissions</b>			
22	Accept transfer of funds from unexpended balances of Civil War Sesquicentennial (language)	\$ -	\$ -	Language
23	<b>Total - Legislative Department</b>	<b>\$ 200,000</b>	<b>\$ 160,000</b>	<b>\$ 360,000</b>
24				
25	<b><u>Judicial Department</u></b>			
26				
27	<b>Supreme Court</b>			
28	Authorization for recovery of costs of approved technology projects (language)	\$ -	\$ -	Language
29	Study on community services for fines and fees (language)	\$ -	\$ -	Language
30	Bristol Drug Court	\$ -	\$ 50,000	\$ 50,000
31	<b>Judicial Reversion Clearing Account</b>			
32	Provide additional funding for General District Court Clerk compensation initiative	\$ -	\$ 1,000,000	\$ 1,000,000
33	Vacancy savings from not filling three judgeships, net of substitute judges (\$640,000) (language)	\$ -	\$ -	Language
34	<b>Total - Judicial Department</b>	<b>\$ -</b>	<b>\$ 1,050,000</b>	<b>\$ 1,050,000</b>
35				
36	<b><u>Executive Offices</u></b>			
37				

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Line	Budget Item	GF		GF
		FY 2017	FY 2018	Biennium
38	<b>Attorney General's Office</b>			
39	Reduce GF operating budget	\$ -	\$ (500,000)	\$ (500,000)
40	<b>Total - Executive Offices</b>	\$ -	\$ (500,000)	\$ (500,000)
41				
42	<b><u>Office of Administration</u></b>			
43				
44	<b>Compensation Board</b>			
45	Clarify jail management cost recovery (language - technical amendment)	\$ -	\$ -	Language
46	Revision to language for Nottoway County VCBR Reimbursement	\$ -	\$ -	Language
47	Extension of Liability Stakeholder Workgroup Meetings (language)	\$ -	\$ -	Language
48	Prosecuting Insurance Fraud Fund (\$400K NGF)	\$ -	\$ -	\$ -
49	Prosecuting Insurance Fraud Fund - Reflect addition of two positions (2.0 FTE)	\$ -	\$ -	\$ -
50	<b>Department of Human Resource Management</b>			
51	Move two NGF positions for administration of the LODA Health Benefits Plan to FY 2017. Gov's introduced authorizes the positions in FY 2018 (2.0 FTE)	\$ -	\$ -	\$ -
52	Authorize five NGF positions in FY 2018 for the implementation and administration of the Cova Local healthcare plan (5.0 FTE)	\$ -	\$ -	\$ -
53	Partially take and reallocate funding for Employee Retirement Commission recommended Total Compensation study	\$ (150,000)	\$ (32,515)	\$ (182,515)
54	Employee exit surveys - Recommendation of Commission on Employee Retirement Security and Pension Reform	\$ 75,000	\$ -	\$ 75,000
55	Occupationally based data service subscription - Recommendation of Commission on Employee Retirement Security and Pension Reform	\$ 20,000	\$ -	\$ 20,000
56	Adoption leave benefit (SB 1412)	\$ -	\$ 70,000	\$ 70,000
57	<b>Department of Elections</b>			
58	Maintain online services for military and overseas voters - electronic delivery	\$ -	\$ (570,000)	\$ (570,000)
59	Remove funding for proposed enhancements to VERIS system	\$ -	\$ (1,000,000)	\$ (1,000,000)
60	Remove one-time funding for voter call center	\$ -	\$ (105,000)	\$ (105,000)
61	Remove one-time funding for additional voter registration and absentee ballot applications	\$ -	\$ (50,000)	\$ (50,000)
62	Remove funding for local access to voter registration system and one position (1.0 FTE)	\$ -	\$ (217,869)	\$ (217,869)
63	Partially remove funding for continuation of HAVA related activities	\$ -	\$ (2,019,682)	\$ (2,019,682)
64	Remove five additional positions funded through HAVA (5.0 FTE)	\$ -	\$ -	\$ -
65	<b>Total - Office of Administration</b>	\$ (55,000)	\$ (3,925,066)	\$ (3,980,066)
66				
67	<b><u>Office of Finance</u></b>			
68				
69	<b>Secretary of Finance</b>			
70	Convene working group to examine zero-based budgeting (language)	\$ -	\$ -	Language
71	<b>Department of the Treasury</b>			
72	Davey Reedy relief (SB 1337 failed)	\$ (976,873)	\$ -	\$ (976,873)



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Line	Budget Item	GF		GF
		FY 2017	FY 2018	Biennium
73	Harward claims bill (SB 1479)	\$ 1,548,439	\$ -	\$ 1,548,439
74	<b>Treasury Board</b>			
75	Increase out-of-state capital fee	\$ -	\$ (1,515,402)	\$ (1,515,402)
76	<b>Department of Taxation</b>			
77	Requirement to file and remit estimated tax payments using electronic medium (language)	\$ -	\$ -	Language
78	Virginia taxpayer breach notification (language)	\$ -	\$ -	Language
79	Establish Accelerated Sales Tax Workgroup (language)	\$ -	\$ -	Language
80	NGF Share of Tax Amnesty Program Costs	\$ -	\$ -	Language
81	<b>Total - Office of Finance</b>	<b>\$ 571,566</b>	<b>\$ (1,515,402)</b>	<b>\$ (943,836)</b>
82				
83	<b>Office of Technology</b>			
84				
85	<b>Virginia Information Technologies Agency</b>			
86	Remove funding for repayment of Virginia Enterprise Applications Program working capital advance	\$ (2,267,388)	\$ -	\$ (2,267,388)
87	NGF Adjustment for 3.0 percent compensation (\$421,066 NGF)	\$ -	\$ -	\$ -
88	Remove VSP repayment language	\$ -	\$ -	Language
89	VITA Cloud Computing (language)	\$ -	\$ -	Language
90	<b>Total - Office of Technology</b>	<b>\$ (2,267,388)</b>	<b>\$ -</b>	<b>\$ (2,267,388)</b>
91				
92	<b>Independent Agencies</b>			
93				
94	<b>Virginia Retirement System</b>			
95	VRS Employment Attorneys - Third-party transactions; authority to hire outside counsel for investments (language)	\$ -	\$ -	Language
96	<b>Workers' Compensation Commission</b>			
97	Requirements for Southwest Regional Office Location (language)	\$ -	\$ -	Language
98	<b>Total - Independent Agencies</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
99				
100	<b>Central Appropriations</b>			
101	Removal of 1.5 percent bonus for state employees and state-supported local employees (effective December 1, 2017)	\$ -	\$ (56,037,502)	\$ (56,037,502)
102	Reverse State Police compression funding (apply to comprehensive salary initiative)	\$ -	\$ (4,000,000)	\$ (4,000,000)
103	3.0 percent raise for state employees (effective July 10, 2017)	\$ -	\$ 64,753,370	\$ 64,753,370
104	2.0 percent raise for faculty (effective July 10, 2017)	\$ -	\$ 16,993,399	\$ 16,993,399
105	2.0 percent raise for state-supported local employees (effective August 1, 2017)	\$ -	\$ 17,147,104	\$ 17,147,104
106	State Police Salary Initiative (effective July 10, 2017)	\$ -	\$ 14,308,309	\$ 14,308,309
107	Salary initiative for high-turnover occupations within Mental Health (effective July 10, 2017)	\$ -	\$ 2,507,008	\$ 2,507,008
108	GF share of ISF (VITA) rates for 3.0 percent raise	\$ -	\$ 203,339	\$ 203,339
109	Richmond Tourism (Slave Trail) project balance	\$ -	\$ -	Language
110	Funding for State Police for the management of IT services and security	\$ -	\$ 2,935,000	\$ 2,935,000

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Line	Budget Item	GF	GF	GF
		FY 2017	FY 2018	Biennium
111	Remove funding for potential litigation	\$ -	\$ (1,200,000)	\$ (1,200,000)
112	Reduce funding for personnel related regulatory and legislative changes	\$ (800,000)	\$ (2,950,000)	\$ (3,750,000)
113	Reflect change in scope of proposed internship and management training program	\$ -	\$ (600,000)	\$ (600,000)
114	Remove funding for inauguration and transition for statewide elected offices	\$ -	\$ (2,213,438)	\$ (2,213,438)
115	Enhanced retirement benefits (language)	\$ -	\$ -	Language
116	Restore INOVA Research Partnerships Reduction	\$ 4,000,000	\$ -	\$ 4,000,000
117	SFC Education Subcommittee Study	\$ -	\$ 150,000	\$ 150,000
118	Revenue Reserve	\$ -	\$ 40,000,000	\$ 40,000,000
119	<b>Total - Central Appropriations</b>	<b>\$ 3,200,000</b>	<b>\$ 91,996,589</b>	<b>\$ 95,196,589</b>
120				
121	<b>Part 4: General Provisions</b>			
122	State agencies to report to the General Assembly if required to return federal funds due to not meeting grant specifications (language)	\$ -	\$ -	Language
123	State aid to local governments - DPB to identify unexpended appropriations, reappropriation to reserve to assist localities in fiscal distress (language)	\$ -	\$ -	Language
124	African American Graves - Exemption from Reductions	\$ -	\$ -	Language
125	<b>Total - Part 4: General Provisions</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
126				
127	<b>Total - General Government</b>	<b>\$ 1,649,178</b>	<b>\$ 87,266,121</b>	<b>\$ 88,915,299</b>

## **Clarify Reimbursement for Employee on Legislative Body**

### **Legislative Department**

General Assembly of Virginia

Language

#### **Language:**

Page 7, line 12, after "employer.", insert:

"If such full-time employee who is a citizen member is required by his employer to take annual, family and personal, or other paid leave or unpaid leave to attend an official meeting under this paragraph, then such person shall be reimbursed for his reasonable and necessary expenses incurred by the body holding the meeting, or for meetings of advisory committees or advisory bodies, the body on whose behalf the meeting is being held, or by the entity that supports the work of the body."

#### **Explanation:**

(This amendment clarifies that a full-time state or local government employee serving on a legislative body will be reimbursed for his or her reasonable and necessary expenses when the employee is required by his or her employer to take leave to attend a meeting of the body because the service is personal and unrelated to the employee's full-time position.)

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## **Civil War 150 and WW I & II Commissions**

### **Legislative Department**

General Assembly of Virginia

Language

#### **Language:**

Page 17, line 20, strike "207,999".

Page 17, line 21, strike "207,999".

Page 17, line 22, strike "107,403".

Page 17, line 23, strike "100,596".

Page 17, line 30, strike "As of June 30, 2017, any unexpended".

Page 17, strike lines 31 and 32.

Page 17, strike lines 33 through 39 and insert:

"2. The Director of the Department of Planning and Budget is authorized to transfer the unexpended general fund and special fund balances of the Virginia Sesquicentennial of the American Civil War Commission as of July 1, 2017, to the respective general fund and special fund balances of the Virginia World War I and

World War II Commemoration Commission."

**Explanation:**

(This is the first of two amendments that provide for the transfer of the unexpended balances as of July 1, 2017, from the Virginia Sesquicentennial of the American Civil War Commission to the Virginia World War I and World War II Commemoration Commission.)

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Item 1 #4s

**Civil War 150 and WW I and II Commissions**

**Legislative Department**

General Assembly of Virginia

Language

**Language:**

Page 10, line 52, strike "6." and insert "6.a.".

Page 10, after line 55, insert:

"b. The Director of the Department of Planning and Budget is authorized to transfer \$1,600,000 of the unexpended general fund balance and all special fund balances of the Virginia Sesquicentennial of the American Civil War to the respective general fund and special fund balances of the Virginia World War I and World War II Commemoration Commission. The remaining general fund balance of the Virginia Sesquicentennial of the American Civil War Commission, estimated at \$284,491 as of June 30, 2017, shall be transferred by the Director of the Department of Planning and Budget to the general fund on or before June 30, 2017. The Director of the Division of Legislative Services is authorized to fund the operations of the Virginia World War I and World War II Commemoration Commission from the appropriations to the Division and to provide full reimbursement to the Division from the unexpended balances of such Commission, once allotted."

**Explanation:**

(This is the second of two amendments that provide for the transfer of the unexpended balances as of July 1, 2017, from the Virginia Sesquicentennial of the American Civil War Commission to the Virginia World War I and World War II Commemoration Commission and to the general fund, as specified. This amendment also authorizes the Director of the Division of Legislative Services to fund the Virginia World War I and World War II Commemoration Commission from the Division's appropriation and to provide full reimbursement to the Division from the Commission's unexpended balances, once allotted.)

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Item 1 #5s

**Adjust Compensation for Clerk of the Senate**

**Legislative Department**

General Assembly of Virginia

Language

**Language:**

Page 4, line 21, strike "\$151,375" and insert "\$190,065".

Page 4, line 22, strike "\$151,375" and insert "\$190,065".

Page 4, line 23, strike "\$148,184" and insert "\$175,392".

Page 4, strike line 24.

Page 4, after line 23, insert:

"and \$195,065 from June 25, 2017 to June 30, 2018."

**Explanation:**

(This amendment modifies language to reflect the current compensation levels for the Clerks of the House and Senate, and adjusts the salary for the Clerk of the Senate for the second year of the biennium.)

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Item 1 #7s

**Member Compensation; Attendance at Official Meetings**

**Legislative Department**

General Assembly of Virginia

Language

**Language:**

Page 6, line 22, after "item" strike "shall" and insert "may".

**Explanation:**

(This amendment modifies language relating to member compensation for attendance at official meetings.)

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Item 1 #8s

**Joint Subcommittee on Local Government Fiscal Stress**

**Legislative Department**

General Assembly of Virginia

Language

**Language:**

Page 12, after line 13, insert:

"T. A joint subcommittee is to be established to study local government fiscal stress. The joint subcommittee shall consist of 15 members that include eight legislative members and seven nonlegislative citizen members. Members shall be appointed as follows: three members of the Senate to be appointed by the Senate Committee on Rules; five members of the House of Delegates to be appointed by the Speaker of the House of Delegates in accordance with the principles of proportional representation contained in the Rules of the House of Delegates; three nonlegislative citizen members to be appointed by the Senate Committee on Rules upon consideration of the recommendation of the Virginia Municipal League, if any; and four nonlegislative citizen members to be appointed by the Speaker of the House of Delegates upon consideration of the recommendation of the Virginia Association of Counties, if any. Nonlegislative citizen members shall be citizens of the Commonwealth of Virginia. Unless otherwise approved in writing by the chairman of the joint subcommittee and the respective Clerk, nonlegislative citizen members shall only be reimbursed for travel originating and ending within the Commonwealth of Virginia for the purpose of attending meetings. If a companion joint resolution of the other chamber is agreed to, written authorization of both Clerks shall be required. The joint subcommittee shall elect a chairman and vice-chairman from among its membership, who shall be members of the General Assembly.

In conducting its study, the joint subcommittee shall review (i) the taxing authorities of local governments, including the disparity between city and county tax authority; (ii) local responsibilities for service delivery of state-mandated or high priority programs, (iii) causes of fiscal stress among local governments, (iv) the current state tax system, including the future of the car tax; and (v) potential financial incentives and other governmental reforms to encourage increased regional cooperation and consolidation of services.

Administrative staff support shall be provided by the Office of the Clerk of the Senate. Legal, research, policy analysis, and other services as requested by the joint subcommittee shall be provided by the Division of Legislative Services. All agencies of the Commonwealth shall provide assistance to the joint subcommittee for this study, upon request.

The joint subcommittee shall be limited to four meetings for the 2017 interim and four meetings for the 2018 interim.

No recommendation of the joint subcommittee shall be adopted if a majority votes against the recommendation.

The joint subcommittee shall complete its meetings for the first year by November 30, 2017, and for the second year by November 30, 2018, and the chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the next Regular Session of the General Assembly for each year. Each executive summary shall state whether the joint subcommittee intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summaries and reports shall be submitted as provided in the procedures of the Division of Legislative

Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may approve or disapprove expenditures for this study, extend or delay the period for the conduct of the study, or authorize additional meetings during the 2017 or 2018 interims."

**Explanation:**

(This amendment establishes a joint subcommittee tasked with identifying issues and potential solutions related to local fiscal stress.)

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Item 2 #1s

**APA to Establish Workgroup to Address Local Fiscal Distress**

**Legislative Department**

Auditor of Public Accounts

Language

**Language:**

Page 13, after line 7, insert:

"E.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 on information regularly collected by the Commonwealth or otherwise regularly made public by the local government. 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, 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 be controllable by management or uncontrollable by management.

2. Based on the criteria established by the workgroup, the Auditor of Public Accounts shall establish an early warning system. Under the 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.

For local governments where the Auditor of Public Accounts has made a preliminary determination of fiscal distress based on the early warning system criteria, the Auditor of Public Accounts shall notify the governing body of its preliminary determination that they meet the criteria for fiscal distress. Based on the preliminary determination based on the

early warning system or the request of the local government, 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, and, if so, the scope of the issues involved. 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, the Chairsof the House Appropriations Committee and the Senate Finance Committee and the governing body of the local government in writing outlining specific issues or actions that need to be addressed by state intervention.

3. The notification issued by the Auditor of Public Accounts pursuant to paragraph 2 above shall satisfy the notification requirement necessary to effectuate the provisions of §4-1.05 6. of this act."

**Explanation:**

(This amendment directs the APA to establish a workgroup to develop a system of identifying and addressing localities that are experiencing or may experience fiscal distress.)

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Item 2 #2s

**Local Independent Auditors - Requirement for Official Written Communication**

**Legislative Department**

Auditor of Public Accounts

Language

**Language:**

Page 13, after line 7, insert:

"E. The Auditor of Public Accounts' Specifications for Audits of Counties, Cities, and Towns and the Specifications for Audits of Authorities, Boards, and Commissions, for the independent certified public accountants auditing localities and local government entities, shall include requirements related to the communication of other internal control deficiencies or financial matters, commonly referred to as a management letter. These requirements shall include that any such communication issued by the independent certified public accountants related to other internal control deficiencies or other financial matters that merit the attention of management and the governing body must be made in the form of official, written communication."

**Explanation:**

(This amendment requires that independent certified public accountants that audit localities include official, written communication related to the identification of internal control deficiencies or financial matters, commonly referred to as a management letter, that merit the



attention of the local governing body.)

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Item 6 #1s

**Appropriate NGF for Chesapeake Bay Fund**

<b>Legislative Department</b>	<b>FY16-17</b>	<b>FY17-18</b>
Division of Legislative Services	\$247,840	\$0 NGF

**Language:**

Page 14, line 17, strike "\$6,612,073" and insert "\$6,859,913".

Page 14, after line 30, insert:

"D. Included in this item is \$247,840 in the first year from dedicated special revenue to implement the recommendations of the Chesapeake Bay Restoration Fund Advisory Committee."

**Explanation:**

(This amendment appropriates dedicated special revenue from the sales of the "Friends of the Bay" license plate to the Chesapeake Bay Restoration Fund to support the recommendations of the Chesapeake Bay Restoration Fund Advisory Committee.)

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Item 26 #1s

**Va. Conflict of Interest & Ethics Advisory Council**

<b>Legislative Department</b>	<b>FY16-17</b>	<b>FY17-18</b>
Virginia Conflict of Interest and Ethics Advisory Council	\$0	\$40,000 GF

**Language:**

Page 19, line 25, strike "\$558,000" and insert "\$598,000".

Page 19, after line 29, insert:

"Of the amounts appropriated in each year to the Council, an amount estimated at \$195,000 each year is derived from lobbyist registration fees, pursuant to Section 2.2-424, Code of Virginia."

**Explanation:**

(This amendment provides an additional \$40,000 GF in the second year to allow the Council to be fully staffed in order to discharge its responsibilities. Each year, over 11,000 executive branch officers, judges, local government officials, school board members and General Assembly members file with the Council. The amendment also states that a portion of the

appropriation, estimated at \$195,000 each fiscal year, is derived from lobbyist registration fees that are deposited to the General Fund. In addition, the total appropriation in FY 2018 includes a one-time additional amount of \$150,000 to restore funding that was administratively transferred on a one-time basis from FY 2018 to FY 2017 to pay for system upgrades to facilitate the online filing of Statements of Economic Interests, as required by law.)

---

Item 33 #1s

**Total Compensation Study**

<b>Legislative Department</b>	<b>FY16-17</b>	<b>FY17-18</b>
Joint Legislative Audit and Review Commission	\$200,000	\$0 GF

**Language:**

Page 21, line 34, strike "\$4,090,287" and insert "\$4,290,287".

Page 24, after line 34, insert:

"Included within this appropriation is \$200,000 the first year from the general fund for the purpose of contracting with one or more consultants to perform a total compensation study as directed."

**Explanation:**

(This amendment provides funding for the Joint Legislative Audit and Review Commission to contract with one or more consultants to perform a total compensation study.)

---

Item 40 #1s

**Courts Technology Fund - User Fees Technology Project Cost Recovery**

**Judicial Department**

Supreme Court

Language

**Language:**

Page 30, after line 18, insert:

"N. Funds deposited into the Courts Technology Fund, created by Va. Code § 17.1-132, shall include any user fees collected to recover reasonable costs associated with special technology projects developed and approved by the Executive Secretary."

**Explanation:**

(This amendment authorizes the Supreme Court to collect user fees to recover costs

associated with special technology projects approved by the Executive Secretary.)

---

Item 40 #2s

## **Study of Community Services for Fines**

### **Judicial Department**

Supreme Court

Language

#### **Language:**

Page 30, following line 18, insert:

"N. The Executive Secretary of the Supreme Court shall review the experience of the courts in providing the option to any person upon whom a fine and costs have been imposed to discharge all or part of the fine or costs by earning credits for the performance of community service work. The Executive Secretary shall provide a report which shall summarize data from previous years indicating the amount of community service performed in lieu of fines and costs, the hourly rate assumed and the total value of fines and costs avoided compared to the total amount of fines and costs collected, by year, and the available data on the financial circumstances of those persons utilizing the option of community service work. The report should also include a projection of the anticipated impact of the adoption of Rule 1:24 by the Supreme Court of Virginia on November 1, 2016, on the collection of fines and costs, and actual data, to the extent to which it is available, on the results of the implementation of Rule 1:24 for the period beginning February 1, 2017. Copies of the report shall be provided by October 1, 2017, to the Judicial Council, the Committee on District Courts, and the Chairmen of the Senate Committees on Courts of Justice and Finance and the House Committees on Courts of Justice and Appropriations."

#### **Explanation:**

(This amendment directs the Executive Secretary of the Supreme Courts to study the use of community service to offset fines and costs imposed by the courts.)

---

Item 53 #1s

## **Judicial Vacancies**

### **Judicial Department**

Judicial Department Reversion Clearing Account

Language

#### **Language:**

Page 39, line 31, after "circuit and district court judgeships" insert "in Fiscal Year 2017 and

405 circuit and district court judgeships in Fiscal Year 2018."

Page 39, following line 44, insert:

"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, 7th, and 19th Circuits, for a total of four Circuit Court judgeships to be filled as of July 1, 2017.
2. General District Court judgeships: one in the 15th District, for a total of one General District Court judgeship 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 \$640,000 from Judicial agency balances."

Page 39, line 45, strike "B." and insert "D."

**Explanation:**

(This amendment provides for filling eight vacant judgeships as of July 1, 2017, as specified. In addition, this amendment provides for the reversion of \$640,000 from anticipated balances due to certain expected vacancies in the 20th and 31st Circuit Courts and the 2nd Juvenile and Domestic Relations District Court not being filled at this time, based on review of workload data. The reversion amount has been adjusted to reflect the need to provide \$120,000 for substitute judges in certain courts in which the judges will be serving on active duty with the United States Armed Forces during FY 2018.)

---

Item 53 #2s

**Additional Compensation for District Court Clerks**

<b>Judicial Department</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Judicial Department Reversion Clearing Account	\$0	\$1,000,000	GF

**Language:**

Page 39, line 25, strike "\$3,377,395" and insert "\$4,377,395".

Page 39, line 45, strike "\$2,500,000" and insert "\$3,500,000".

Page 39, line 48, strike "\$2,500,000" and insert "\$3,500,000".

**Explanation:**

(This amendment provides additional funding toward a compensation initiative for district court clerks.)

---

Item 59 #1s

## Reduction to General Fund Operating Budget

Executive Offices	FY16-17	FY17-18	
Attorney General and Department of Law	\$0	(\$500,000)	GF

### Language:

Page 42, line 18, strike "\$30,810,242" and insert "\$30,310,242".

### Explanation:

(This amendment reduces the general fund appropriation for the operation of the Officer of the Attorney General by \$500,000 the second year.)

---

Item 70 #1s

## Reimbursement to Nottoway County for VCBR Resident Confinement

### Administration

Compensation Board

Language

### Language:

Page 54, line 43, after "County." insert:

"Reimbursements by the Board are to be made quarterly, and shall be equal to demonstrated costs incurred by the County of Nottoway for confinement of these individuals, and shall not exceed the amounts provided in this Paragraph for each fiscal year. Reimbursement of demonstrated costs in the first year may include expenses incurred in the prior fiscal year if not previously reimbursed. In subsequent years, demonstrated costs may include expenses incurred in the last month of the prior fiscal year if not previously reimbursed. The County of Nottoway, the Virginia Center for Behavioral Rehabilitation, and Piedmont Regional Jail shall, upon request, provide the Compensation Board any information and assistance it determines necessary to calculate amounts to be reimbursed to the County of Nottoway."

### Explanation:

(This amendment revises existing language related to the reimbursement to Nottoway County for the confinement of Virginia Center of Behavioral Rehabilitation residents.)

---

Item 73 #3s

## Virginia State Police Insurance Fraud Fund

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Compensation Board	\$400,000	\$400,000	NGF
	2.00	2.00	FTE

**Language:**

Page 56, line 44, strike "\$71,412,817" and insert "\$71,812,817".  
Page 56, line 44, strike "\$72,047,835" and insert "\$72,447,835".  
Page 58, following line 41, insert:"J. Notwithstanding the provisions

**Explanation:**

(This amendment provides \$400,000 from nongeneral funds the second year and two positions from the State Police Insurance Fraud Fund for prosecution of insurance fraud by Commonwealth's Attorneys.)

Item 73 #4s

**Prosecuting Insurance Fraud**

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Compensation Board	\$400,000	\$400,000	NGF

**Language:**

Page 56, line 44, strike "\$71,412,817" and insert "\$71,812,817".  
Page 56, line 44, strike "\$72,047,835" and insert "\$72,447,835".  
Page 58, after line 41, insert:  
"J. Notwithstanding the provisions of Article 7, Chapter 4, Title 38, Code of Virginia, beginning July 1, 2017, \$400,000 in each year from the Virginia State Police Insurance Fraud fund is included in this appropriation to fund two (2) multi-jurisdictional Assistant Commonwealth's Attorney positions that shall be dedicated to prosecuting insurance fraud related criminal activities. The Virginia State Police will identify jurisdictions most affected by insurance fraud based upon data provided by the Virginia State Police Insurance Fund Program to be served by these Assistant Commonwealth's Attorney positions. The Virginia State Police Insurance Fraud Program shall ensure that these positions work across jurisdictional lines, serving jurisdictions identified as most in need of these resources as supported by data. These funds shall remain unallocated until the Compensation Board and Virginia State Police notify the Director of the Department of Planning and Budget of the joint agreements reached with the Commonwealth's Attorneys of the jurisdictions receiving the additional Assistant Commonwealth's Attorney positions. The Commonwealth's Attorneys receiving such positions shall annually certify to the Compensation Board that the positions are used primarily, if not exclusively, for the prosecution of insurance fraud related criminal activities."

**Explanation:**

(This amendment provides \$400,000 each year, beginning July 1, 2017, from the Virginia State Police Insurance Fraud Fund to fund two (2) multi-jurisdictional Assistant Commonwealth's Attorney positions that will be dedicated to prosecuting insurance fraud related criminal activities.)

---

Item 76 #1s

**Prosecuting Insurance Fraud - Additional Commonwealth's Attorney Positions**

**Administration**

Compensation Board

Language

**Language:**

Page 63, line 5, strike the second occurrence of "1,266" and insert "1,268".

**Explanation:**

(This amendment adds two (2) positions to the position count table for Commonwealth's Attorneys.)

---

Item 76 #2s

**Clarify Jail Management Cost Recovery Language (technical amendment)**

**Administration**

Compensation Board

Language

**Language:**

Page 64, line 51, strike "the amount deducted from the share for"

Page 64, line 52, strike "retain" and insert "deduct an additional"

**Explanation:**

(This amendment clarifies language added during the 2016 General Assembly Session that was intended to reflect an additional recovery of \$80,000 to cover the cost of liability insurance.)

---

Item 76 #3s

**Extend Reporting Date for Liability Insurance Stakeholder Workgroup**

**Administration**

Compensation Board

Language

**Language:**

Page 66, line 7, after "December 1," strike "2016" and insert "2017".

**Explanation:**

(This amendment extends the requirement to report the workgroup's findings to the Chairmen of the Senate Finance and House Appropriations Committees from December 1, 2016 to December 1, 2017.)

Item 84 #1s

**Adoption Leave Benefit for State Employees**

**Administration**

**FY16-17**

**FY17-18**

Department of Human Resource Management

\$0

\$70,000 GF

**Language:**

Page 72, line 24, strike "\$17,989,695" and insert "\$18,059,695".

Page 74, after line 47, insert:

"K. Included within this appropriation is \$70,000 the second year from the general fund to provide a leave benefit for qualified employees who adopt an infant under the age of one pursuant to SB 1412 of the Acts of Assembly of 2017."

**Explanation:**

(This amendment is dependent on passage of SB1412; leave benefit for state employees who adopt an infant.)

Item 84 #2s

**Occupationally-Based Data Service Subscription**

**Administration**

**FY16-17**

**FY17-18**

Department of Human Resource Management

\$20,000

\$0 GF

**Language:**



Page 72, line 24, strike "\$17,984,317" and insert "\$18,004,317".

Page 74, after line 47, insert:

"K. Out of this appropriation, \$20,000 the first year from the general fund shall be used to subscribe to an occupationally-based data service focused on State employees' total compensation and an evaluation of peer employers."

**Explanation:**

(This amendment provides \$20,000 the first year from the general fund to allow DHRM to subscribe to an occupationally based data service.)

---

Item 84 #3s

**Reallocate Funding Provided for Employee Retirement Security and Pension Reform  
Commission Initiatives**

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Department of Human Resource Management	(\$150,000)	(\$32,515)	GF

**Language:**

Page 72, line 24, strike "\$17,984,317" and insert "\$17,834,317".

Page 72, line 24, strike "\$17,989,695" and insert "\$17,957,180".

Page 72, line 38, strike "\$939,093" and insert "\$789,093".

Page 72, line 39, strike "\$821,946" and insert "\$789,431".

**Explanation:**

(This amendment reallocates funding provided for initiatives related to the Commission on Employee Retirement Security and Pension Reform.)

---

Item 84 #4s

**State Employee Satisfaction and Exit Surveys**

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Department of Human Resource Management	\$75,000	\$0	GF

**Language:**

Page 72, line 24, strike "\$17,984,317" and insert "\$18,059,317".

Page 74, after line 47, insert:

"L. Included within this appropriation is \$75,000 the first year from the general fund for the Department of Human Resource Management to conduct an annual employee satisfaction survey and to develop a centralized employee exit survey to be administered by a third party."

**Explanation:**

(This amendment provides funding for DHRM to conduct an annual employee satisfaction survey and to develop a centralized exit survey, administered annually by a third party.)

---

Item 85 #1s

**Move Two Positions for Administration of LODA Health Insurance Benefits to FY 2017**

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>
Administration of Health Insurance	2.00	0.00 FTE

**Language:**

Page 76, line 33, strike the first occurrence of "113" and insert "115".

**Explanation:**

(This amendment moves two non-general funded positions (2.0 FTE) to the first year for the administration of the LODA health benefits plan.)

---

Item 85 #2s

**Authorize Positions for Administration of the COVA Local Healthcare Plan**

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>
Administration of Health Insurance	0.00	5.00 FTE

**Language:**

Page 76, line 33, strike the first occurrence of "113" and insert "118".

**Explanation:**

(This amendment authorizes five non-general funded positions (5.0 FTE) the second year for the administration of the COVA Local health insurance plan.)

---

Item 86 #1s

**Remove Funding for Online Services for Military and Overseas Voters Ballot Delivery**

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Department of Elections	\$0	(\$570,000)	GF

**Language:**

Page 76, line 47, strike "\$14,327,318" and insert "\$13,757,318".

**Explanation:**

(This amendment removes funding included in the budget for online ballot delivery for military-overseas and other overseas voters.)

---

Item 86 #2s

**Remove Funding for Printing Additional Voter Registration and Absentee Ballot Applications**

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Department of Elections	\$0	(\$50,000)	GF

**Language:**

Page 76, line 47, strike "\$14,327,318" and insert "\$14,277,318".

**Explanation:**

(This amendment removes funding included in the budget for printing additional voter registration and absentee ballot applications.)

---

Item 86 #3s

**Remove Funding for VERIS Enhancements**

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Department of Elections	\$0	(\$1,000,000)	GF

**Language:**

Page 76, line 47, strike "\$14,327,318" and insert "\$13,327,318".

**Explanation:**

(This amendment removes funding included in the budget for enhancements to the Virginia Election and Registration Information System (VERIS).)

---

Item 86 #4s

**Remove Funding for Improving Local Access to Voter Registration System**

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Department of Elections	\$0 0.00	(\$217,869) -1.00	GF FTE

**Language:**

Page 76, line 47, strike "\$14,327,318" and insert "\$14,109,449".

**Explanation:**

(This amendment removes funding in the budget for changes to the VERIS system to improve local access.)

---

Item 86 #5s

**Partially Remove Funding for Continuation of HAVA Related Activities**

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Department of Elections	\$0	(\$2,019,682)	GF

**Language:**

Page 76, line 47, strike "\$14,327,318" and insert "\$12,307,636".

**Explanation:**

(This amendment removes funding to support the continuation of elections activities supported by the Help America Vote Act (HAVA) grant.)

---

Item 86 #6s

**Remove Funding for Call Center**

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Department of Elections	\$0	(\$105,000)	GF

**Language:**

Page 76, line 47, strike "\$14,327,318" and insert "\$14,222,318".

**Explanation:**

(This amendment removes funding included in the budget for a call center for the November 2017 election.)

---

Item 86 #7s

**Remove Additional Positions**

<b>Administration</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Department of Elections	-3.00	-5.00	FTE

**Language:**

**Explanation:**

(This amendment removes the five additional positions added over the biennium, which reflected the conversion of contractors to classified state employees.)

---

Item 257 #1s

**Study Group on Zero-Based Budgeting**

**Finance**

Secretary of Finance

Language

**Language:**

After line 16, insert:

"C. The Secretary of Finance shall convene a working group comprised of the Director, Department of Planning and Budget, the directors of the Senate Finance Committee staff and the House Appropriations Committee staff, and a representative group of agency heads to discuss the feasibility of incorporating zero-based budgeting principles into the development of the biennial budget. The objective will be to provide new guidelines for use in the development of the 2020-2022 biennial budget. The group shall consider the costs of staff training and system changes that may be required to implement zero-based budgeting. The Secretary of Finance shall report his recommendations to the Governor and to the chairs of the Senate Finance Committee and the House Appropriations Committee by November 1, 2017".

**Explanation:**

(This amendment directs the Secretary of Finance to convene a working group to determine how to incorporate the principles of zero-based budgeting into the biennial budget

development process.)

---

Item 274 #1s

## **Workgroup to Examine Accelerated Sales Tax**

### **Finance**

Department of Taxation

Language

### **Language:**

Page 246, after line 50, insert:

“D. The Department of Taxation shall convene a workgroup to examine the provisions related to the timing of payments and return filings required of registered dealers pursuant to §§ 58.1-615 and 58.1-616, *Code of Virginia*, and § 3-5.06 of this Act. The workgroup shall include the staffs of the House Appropriations and Senate Finance Committees, the Secretary of Finance or his designee, and representatives from affected businesses and industries. Additional staff support shall be provided by the Department of Taxation and the Division of Legislative Services upon request. The workgroup shall consider alternatives and limitations to the current accelerated sales tax requirement and may examine other sales tax-related issues as it deems appropriate. The workgroup shall complete its meetings by November 30, 2017, and shall submit to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees a report of its findings and recommendations no later than the first day of the 2018 Regular Session of the General Assembly.”

### **Explanation:**

(This amendment directs the Department of Taxation to convene a workgroup for the purposes of examining the accelerated sales tax (AST) requirement. The workgroup shall consider alternatives and potential limitations to the current AST requirement, and may examine other issues related to retail sales and use tax collections as it deems appropriate. The workgroup will include the staffs of the Senate Finance and House Appropriations committees, the Secretary of Finance, and stakeholders from the retail industry. Staff support will be provided by the Department of Taxation and Division of Legislative Services as needed.)

---

Item 275 #2s

## **Requirement for Estimated Tax Payments Using Electronic Medium**

### **Finance**

Department of Taxation

Language

**Language:**

Page 248, after line 50, insert:

"f. Taxpayers subject to the taxes imposed pursuant to § 58.1-320 and required to make estimated tax payments pursuant to § 58.1-490 et seq., shall be required to file and remit payment using an electronic medium in a format prescribed by the Tax Commissioner if (i) any installment payment of estimated tax is in excess of fifteen thousand dollars, (ii) any payment made with regard to an extension of time to file exceeds fifteen thousand dollars, or (iii) the taxpayer's total tax liability exceeds sixty thousand dollars in any taxable year beginning on or after January 1, 2017. The Department of Taxation shall provide reasonable advanced notice to taxpayers affected by this requirement."

**Explanation:**

(This amendment requires certain taxpayers to file and remit tax payments using an electronic medium.)

---

Item 275 #3s

**Amend Language Requiring the Reporting of Data Breaches**

**Finance**

Department of Taxation

Language

**Language:**

Page 250, line 38, after “Notwithstanding any other provision of law,” strike:

“any person that owns or licenses computerized data that includes information relating to income tax withheld pursuant to Article 16, Chapter 3 of Title 58.1 (§ 58.1-460 et seq.), Code of Virginia, shall notify the Department of Taxation without unreasonable delay after the discovery or notification of a breach in the security of such information that creates a reasonable belief that an unencrypted or unredacted version of such information was accessed and acquired by an unauthorized person.”.

Page 250, line 38 after “Notwithstanding any other provision of law,” insert:

“any employer or payroll service provider that owns or licenses computerized data relating to income tax withheld pursuant to Article 16 (§ 58.1-460 et seq.) of Chapter 3 of Title 58.1 shall notify the Office of the Attorney General without unreasonable delay after the discovery or notification of unauthorized access and acquisition of unencrypted and unredacted computerized data containing a taxpayer identification number in combination with the income tax withheld for that taxpayer that compromises the confidentiality of such data and that creates a reasonable belief that an unencrypted and unredacted version of such information was accessed and acquired by an unauthorized person, and causes, or the employer or payroll provider reasonably believes has caused or will cause, identity theft or

other fraud. With respect to employers, this requirement applies only to information regarding the employer's employees, and does not apply to information regarding the employer's customers or other non-employees.

Such employer or payroll service provider shall provide the Office of the Attorney General with the name and federal employer identification number of the employer as defined in § 58.1-460 that may be affected by the compromise in confidentiality. Upon receipt of such notice, the Office of the Attorney General shall notify the Department of Taxation of the compromise in confidentiality. The notification required under this provision that does not otherwise require notification under subsections A through L of § 18.2-186.6, *Code of Virginia*, shall not be subject to any other notification, requirement, exemption, or penalty contained in that section.”.

**Explanation:**

(This amendment makes technical changes to the Reporting Requirement for Data Breaches. These changes are intended to conform such reporting requirements with existing statutory language, which generally requires the reporting of data breaches to the Office of the Attorney General.)

---

Item 275 #4s

**NGF Share of Tax Amnesty Program Costs**

**Finance**

Department of Taxation

Language

**Language:**

Page 250, at the end of line 48, strike "." and insert:

", with a proportionate share of the repayment to be deducted from nongeneral fund amnesty collections, based on the nongeneral fund share of amnesty tax collections."

**Explanation:**

(This amendment clarifies that nongeneral fund amnesty collections will be assessed for a proportionate share of program costs.)

---

Item 278 #1s

**Remove Funding for Davey Reedy Relief**

**Finance**

**FY16-17**

**FY17-18**



Department of the Treasury (\$976,873) \$0 GF

**Language:**

Page 252, line 20, strike "\$10,420,180" and insert "\$9,443,307".  
Page 253, strike lines 19 through 21.

**Explanation:**

(This amendment removes funding for relief for Davey Reedy that was contingent upon passage of SB 1337, which was passed by indefinitely.)

---

Item 278 #2s

**Provide Relief for Keith Allen Harward**

<b>Finance</b>	<b>FY16-17</b>	<b>FY17-18</b>
Department of the Treasury	\$1,548,439	\$0 GF

**Language:**

Page 252, line 20, strike "\$10,420,180" and insert "\$11,968,619".  
Page 253, after line 21, insert:  
"J. Out of the amounts for this Item shall be paid \$1,548,439 in the first year for the relief of Keith Allen Harward, as provided for and contingent upon the passage of SB 1479 of the 2017 Acts of Assembly."

**Explanation:**

(This amendment provides \$1,548,439 the first year from the general fund for relief for Keith Allen Harward, for wrongful incarceration. This amendment is contingent upon final passage of SB 1479.)

---

Item 433 #1s

**Defer VEAP Repayment**

<b>Technology</b>	<b>FY16-17</b>	<b>FY17-18</b>
Virginia Information Technologies Agency	(\$2,267,388)	\$0 GF

**Language:**

Page 419, line 50, strike "\$6,314,429" and insert "\$4,047,041".  
Page 420, strike line 54 through line 57.

**Explanation:**

(This amendment removes the proposed repayment of a working capital advance provided to the Virginia Enterprise Applications Program.)

---

Item 434 #1s

**VITA: Cloud Computing**

**Technology**

Virginia Information Technologies Agency

Language

**Language:**

Page 421, line 45, following "Agency." insert:

"It is the intent of the General Assembly that all state offices and agencies shall modernize and protect the Commonwealth's information systems, where appropriate, by expeditiously leveraging commercial cloud computing services that comply with rigorous security requirements throughout state government while driving cost savings and achieving new efficiencies."

**Explanation:**

(This amendment directs all state offices and agencies to modernize and protect the Commonwealth's IT information systems, where appropriate, by expeditiously leveraging commercial cloud computing services that comply with rigorous security requirements throughout state government while driving cost savings and achieving new efficiencies.)

---

Item 434 #2s

**Remove VITA - VSP Chargeback**

**Technology**

Virginia Information Technologies Agency

Language

**Language:**

Page 422, strike line 17 through line 37.

**Explanation:**

(This amendment removes proposed language that would allow the Virginia Information Technologies Agency to bill the Department of State Police for any stranded charges incurred as a result of the Department of State Police no longer receiving IT services from the VITA-NG Partnership.)

**Adjust VITA Rates for 3.0 Percent Salary Increase for State Employees**

<b>Technology</b>	<b>FY16-17</b>	<b>FY17-18</b>
Virginia Information Technologies Agency	\$0	\$421,066 NGF

**Language:**

Page 421, line 2, strike "\$38,008,223" and insert "\$38,429,289".  
Page 421, line 23, strike "10.17%" and insert "10.31%".

**Explanation:**

(This amendment adds non-general funds and adjusts the surcharge rate used to fund expenses for operations and staff of services administered by VITA related to the 3.0 percent salary increase for state employees.)

**Enhanced Retirement Benefits**

**Central Appropriations**

Central Appropriations

Language

**Language:**

Page 463, after line 32, insert:

"M.1. Notwithstanding the provisions of Section 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 Section 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; 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."

**Explanation:**

(This amendment provides that agencies in the legislative branch will not be required to pay to the Virginia Retirement System the costs of certain enhanced retirement benefits for employees who are involuntarily separated if the Speaker of the House of Delegates and the Chairman of the Senate Committee on Rules certify that the separation is the result of budget reductions enacted in the Appropriation Act, an agency reorganization to increase efficiency of operations or improve service delivery, or an agency downsizing due to a loss of nongeneral fund revenue. A similar provision presently is included in the Appropriation Act, Chapter 780, for agencies in the executive branch of state government.)

Item 475 #3s

**Reduce Funding for Potential Legislative or Regulatory Changes**

<b>Central Appropriations</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Central Appropriations	(\$800,000)	(\$2,950,000)	GF

**Language:**

Page 459, line 8, strike "\$43,950,725" and insert "\$43,150,725".  
 Page 459, line 8, strike "\$151,691,160" and insert "\$148,741,160".  
 Page 468, line 15, strike "\$1,000,000" and insert "\$200,000".  
 Page 468, line 15, strike "\$3,000,000" and insert "\$50,000".

**Explanation:**

(This amendment reduces funding included in the budget related to potential regulatory or legislative changes.)

Item 475 #4s

**Remove Compression Funding for State Police**

<b>Central Appropriations</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Central Appropriations	\$0	(\$4,000,000)	GF

**Language:**

Page 459, line 8, strike "\$151,691,160" and insert "\$147,691,160".

Page 468, strike lines 44 through 51.

Page 469, strike lines 1 and 2.

**Explanation:**

(This amendment removes funding and language included in the budget related to the State Police salary compression plan.)

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Item 475 #5s

**Provide a 3.0 Percent Raise for State Employees**

<b>Central Appropriations</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Central Appropriations	\$0	\$22,526,298	GF

**Language:**

Page 459, line 8, strike "\$151,691,160" and insert "\$174,217,458".

Page 468, after line 17, insert:

"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 at institutions of higher education;
- b. Full-time employees of the Executive Department not subject to the Virginia Personnel Act, excluding faculty at institutions of higher education, and 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;
- 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. Secretaries and administrative 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. 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.
3. The Department of Human Resource Management shall increase the minimum and maximum salary for each band within the Commonwealth's Classified Compensation Plan by three percent on July 10, 2017, for the previously specified employee groups. 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 Adjustments 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; and
  - h. The Executive Director of the Virginia Port Authority.
6. The base rates of pay, and related employee benefits, for wage employees may be increased by 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."

**Explanation:**

(This amendment provides a three percent base salary adjustment for state employees, effective July 10, 2017.)

**Remove 1.5 Percent Bonus for State and State-Supported Local Employees**

**Central Appropriations**

Central Appropriations

Language

**Language:**

Page 468, strike lines 18 through 43.

**Explanation:**

(This amendment removes the 1.5 percent bonus for state employees and state-supported local employees included in the budget.)

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**Provide 2.0 Percent Raise to State-Supported Local Employees**

**Central Appropriations**

**FY16-17**

**FY17-18**

Central Appropriations

\$0

\$3,336,674 GF

**Language:**

Page 459, line 8, strike "\$151,691,160" and insert "\$155,027,834".

Page 468, after line 43, insert:

"XX.1. The appropriations in this Item include funds to increase the base salary of the following employees by two percent on August 1, 2017.

- 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 Adjustments to Employee Compensation is included \$17,147,104 the second year from the general fund to support the costs associated with the salary increase provided in this paragraph."

**Explanation:**

(This amendment provides a two percent base salary adjustment for state-supported local

employees, effective August 1, 2017.)

---

Item 475 #8s

**Provide a 2.0 Percent Raise for Faculty**

<b>Central Appropriations</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Central Appropriations	\$0	\$16,993,399	GF

**Language:**

Page 459, line 8, strike "\$151,691,160" and insert "\$168,684,559".

Page 468, after line 43, insert:

"XXX.1. The base salaries of faculty members at institutions of higher education shall be increased by two percent on July 10, 2017.

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 this paragraph 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. Out of the appropriation for Adjustments to Employee Compensation is included \$16,993,399 the second year from the general fund to support the costs associated with the salary increase provided in this paragraph."

**Explanation:**

(This amendment provides a two percent base salary adjustment for faculty, effective July 10, 2017.)

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Item 475 #9s

**Provide 4.0 Percent Base Salary Adjustment for High-Turnover Roles in Mental Health**

<b>Central Appropriations</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Central Appropriations	\$0	\$2,507,008	GF



**Language:**

Page 459, line 8, strike "\$151,691,160" and insert "\$154,198,168".

Page 468, after line 43, insert:

"XXXX. 1. Included within the appropriations for this Item is \$2,507,008 in the second year from the general fund to be used for a four percent adjustment to the base salary of state employees in the following job roles in state mental health and intellectual disability facilities, effective July 10, 2017:

- a. Direct Service Associate I
- b. Direct Service Associate II
- c. Direct Service Associate III
- d. Registered Nurse I
- e. Registered Nurse II/Nurse Practitioner/Physician's Assistant
- f. Licensed Practical Nurse

2.a. For purposes of this paragraph, state mental health and intellectual disability facilities shall be comprised of the following:

- b. Catawba Hospital
- c. Central State Hospital
- d. Central Virginia Training Center
- e. Commonwealth Center for Children and Adolescents
- f. Eastern State Hospital
- g. Hiram Davis Medical Center
- h. Northern Virginia Mental Health Institute
- i. Piedmont Geriatric Hospital
- j. Southern Virginia Mental Health Institute
- k. Southeastern Virginia Training Center
- l. Southwestern Virginia Training Center
- m. Virginia Center Behavioral Rehabilitation
- n. Western State Hospital

3. 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.

4. The salary increase authorized in this paragraph is intended to be in addition to any other salary increase authorized in this act."

**Explanation:**

(This amendment provides a four percent base salary adjustment for certain high-turnover positions in state facilities for mental health and intellectual disabilities, effective July 10, 2017.)

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Item 475 #10s

**Raise Starting Salary of Sworn Officers to \$43,000 and Address Compression in State**

## Police

Central Appropriations	FY16-17	FY17-18
Central Appropriations	\$0	\$14,308,309 GF

### Language:

Page 459, line 8, strike "\$151,691,160" and insert "\$165,999,469".

Page 468, after line 43, insert:

"XXXXX.1. Out of appropriation for this item, \$14,308,309 the second year from the general fund shall be transferred to the Department of State Police for a salary initiative for sworn employees, subject to approval by the Secretary of Public Safety and Homeland Security. Such plan shall include raising the starting annual salary of sworn employees to \$43,000. The Department shall have the flexibility to retroactively raise the starting pay for newly hired sworn employees where applicable. Prior to the implementation of this plan, copies of the approved plan shall be provided to the Chairmen of the Senate Finance and House Appropriations Committees.

2. The salary adjustments authorized in this paragraph are intended to be in addition to any other salary increase authorized in this act."

### Explanation:

(This amendment raises the beginning annual base salary of sworn employees within State Police to \$43,000, and provides funding for a salary initiative, effective July 10, 2017.)

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Item 476 #1s

## State Police Information Technology

Central Appropriations	FY16-17	FY17-18
Central Appropriations	\$0	\$2,935,000 GF

### Language:

Page 469, line 6, strike "\$16,962,496" and insert "\$19,897,496".

Page 471, after line 43, insert:

"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 and the Chief Information Officer of the Commonwealth shall jointly develop and report to the Chairmen of the House Committee on Appropriations and Senate Committee on Finance a detailed 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.

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) 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.

c. 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 October 1, 2017.

5. Included within the appropriation for this Item, up to \$2,935,000 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 not addressed in paragraph 3a. 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 cybersecurity threats and gaps, including upgrades to legacy applications to remediate audit findings by the Auditor of Public Accounts or Commonwealth Security and Risk Management.".

**Explanation:**

(This amendment provides an additional \$2.9 million GF in the second year to continue the process of transitioning Department of State Police information technology services away from the VITA-Northrop Grumman partnership.)

Item 476 #2s

**Establish Joint Pilot Program for Internship and Management Training**

<b>Central Appropriations</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Central Appropriations	\$0	(\$600,000)	GF

**Language:**

Page 469, line 5, strike "\$16,962,496" and insert "\$16,362,496".  
 Page 472, line 22, strike "\$1,200,000" and insert "\$600,000".  
 Page 472, line 23, after "training" insert "pilot".  
 Page 472, line 27, after "details." insert "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.".

**Explanation:**

(This amendment modifies funding and language included in the budget related to a joint internship and management training program.)

Item 476 #3s

**Remove Funding for Potential Litigation**

<b>Central Appropriations</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Central Appropriations	\$0	(\$1,200,000)	GF

**Language:**

Page 469, line 6, strike "\$16,962,496" and insert "\$15,762,496".  
Page 470, line 27, strike "\$1,500,000" and insert "\$300,000".

**Explanation:**

(This amendment removes funding included in the budget related to potential litigation.)

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Item 476 #4s

**Richmond Tourism Project**

**Central Appropriations**

Central Appropriations

Language

**Language:**

Page 470, line 44, strike "2016" and insert "2017".  
Page 470, line 46, strike "not".  
Page 470, line 46, following "fund", insert ".".  
Page 470, line 46, strike "but shall instead be".  
Page 470, line 47, strike "reappropriated for its original purpose".  
Page 470, at the beginning of line 48, insert "up to".  
Page 470, line 48, following "and" insert "up to".  
Page 471, line 6, strike "\$9,000,000" and insert "\$10,500,000".

**Explanation:**

(This amendment authorizes an increase in the total amount eligible for reimbursement to the City of Richmond for the development of the Slavery and Freedom Heritage Site and authorizes the reversion of any funding previously authorized in 2014, but unclaimed by the City for the project. A companion amendment in Part 3, transfers balances estimated at \$1.5 million, leaving \$500,000 in the exiting account. To date, less than \$300,000 has been requested for this project.)

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Item 476 #5s

**Remove Funding for Inauguration and Transition Offices**

**Central Appropriations**

**FY16-17**

**FY17-18**

Central Appropriations

\$0

(\$2,213,438) GF

**Language:**

Page 469, line 6, strike "\$16,962,496" and insert "\$14,749,058".

Page 472, strike lines 5 through 18.

**Explanation:**

(This amendment removes funding included in the budget for the January 2018 gubernatorial inauguration and for transition offices following the elections of November 2017.)

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Item 476 #6s

**Provide General Fund Share of VITA Cost for 3.0 Percent Raise**

<b>Central Appropriations</b>	<b>FY16-17</b>	<b>FY17-18</b>	
Central Appropriations	\$0	\$203,339	GF

**Language:**

Page 469, line 6, strike "\$16,962,496" and insert "\$17,165,835".

**Explanation:**

(This amendment provides the general fund share for increased internal service fund costs at VITA as a result of the 3.0 percent salary increase authorized in a separate amendment. A corresponding amendment provides additional internal service fund appropriation at VITA to pay for the 3.0 percent salary increase for state employees.)

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Item 493 #1s

**Requirements for Southwest Regional Office Location**

**Independent Agencies**

Virginia Workers' Compensation Commission

Language

**Language:**

Page 482, after line 23, insert:

"D. It shall be a requirement of the Virginia Workers' Compensation Commission that the Southwest Regional Office of the Virginia Workers' Compensation Commission be located in a county that is contiguous with at least six (6) other counties."

**Explanation:**

(This amendment requires the Southwest Regional Office of the Workers' Compensation Commission to be located in a county contiguous with at least six (6) other counties.)

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Item 3-1.01 #5s

## **Richmond Tourism Project Balances**

### **Transfers**

Interfund Transfers

Language

### **Language:**

Page 525, following line 41, insert:

"LL. On or before June 30, 2017, the State Comptroller shall transfer to the general fund an amount estimated at \$1,500,000 from the appropriation authorized in Item 468 I.1. of Chapter 2 of the 2014 Special Session 1 of the Virginia General Assembly for a tourism related project in the City of Richmond."

### **Explanation:**

(This amendment reverts \$1.5 million in unexpended balances from the Lumpkin's Pavilion tourism project originally authorized in June 2014, leaving a balance of \$500,000. To date less than \$300,000 has been requested for reimbursement by the City of Richmond. A companion amendment in Item 476 authorizes an additional \$1.5 million that would be eligible to claim in the next biennium if the City of Richmond is able to meet the terms and conditions previously established.)

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Item 4-1.05 #1s

## **Reserve for Local Fiscal Distress**

### **Appropriations**

Reversion of Appropriations and Reappropriations

Language

### **Language:**

Page 538, after line 49, insert:

"6.a.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.

b. From such unexpended balances identified by the Director of the Department of Planning and Budget, the Governor may reappropriate up to \$500,000 from amounts which would otherwise revert to the balance of the general fund 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.

c. Prior to any expenditure of the reappropriated reserve, the Governor and the Chairs 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 fiscal distress and a statement by the governing body of that local government that it agrees with the finding and is willing to cooperate with intervention. The Auditor of Public Accounts may issue such a notification upon receipt of audited financial or other information that indicates the existence of fiscal distress. No notification shall be made with a review by and the opinion of the Auditor of Public Accounts that 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.

d. 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 Chairs 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 the Governor may use an expedited method of procurement (sole source) 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.

e. 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 progress to remediate such issues. 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.

f. The Department of General Services is hereby encouraged to develop a master contract of qualified vendors 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."

**Explanation:**

(This amendment directs the Department of Planning and Budget to identify unexpended general fund appropriations related to aid-to-localities as of June 30, 2017, and provide this information to the Chairmen of the House Appropriations and Senate Finance Committees. From such unexpended balances, the Governor is authorized to to reappropriate up to \$500,000 from amounts that would otherwise revert to the general fund balance to establish a cash reserve for the purpose of providing technical assistance and intervention actions for local government in need of such assistance or intervention related to fiscal distress. In addition, the Auditor of Public Accounts is required to notify the Chairmen of the House Appropriations and Senate Finance Committees of instances of local fiscal distress requiring action, and consult with the Committees prior to action and the expenditure of funds from the reserve.)

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Item 4-5.02 #1s

**VRS - Employment of Attorneys**

**Special Conditions and Restrictions on Expenditures**

Third Party Transactions

Language

**Language:**

Page 556, line 10, after "agreements to seek" insert "i)".

Page 556, line 10, after "foreign jurisdictions" insert "and ii) legal advice related to its investments".

**Explanation:**

(This amendment authorizes, per the request of VRS, the extension of existing authority to employ outside counsel for foreign securities litigation also to allow the Agency to hire outside counsel related to investment transaction and report any such agreements to the Office of the Attorney General. This authority would be similar to that already accorded to the State Corporation Commission, the Virginia College Savings Plan, the Department of Labor and Industry, the Virginia Resources Commission, and the Virginia Racing Commission.)

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Item 4-8.02 #1s

**Reporting Requirements**

## **Reporting Requirements**

State Agencies

Language

### **Language:**

Page 579, after line 19, insert:

"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."

### **Explanation:**

(This amendment requires state agencies to report to the General Assembly if they were required to return federal funds because they did not meet the specifications outlined in a grant.)

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