

Key Features - Senate Bill 900
As Amended by the Senate Finance Committee
(February 5, 2017)

Resources

- Appropriates an additional net \$23.3 million the first year, and \$49.8 million the second year, in general fund resources.
 - No adjustment to the official general fund revenue forecast; adjustments to revenues are related to legislation, an increase in the estimate for ABC excise taxes, balances, and transfers to the general fund.
 - Raises the general fund tax amnesty collections estimate by \$31.6 million, bringing the expected one-time revenue estimate to \$90.8 million. The additional revenue will be appropriated to a Revenue Cash Reserve, not programmed into on-going spending.

Employee Compensation

- Recognizes the outstanding contributions of Virginia's public sector workforce by providing a base compensation adjustment for all employee groups:
 - Adds \$22.5 million GF (above the introduced budget) for a three percent salary increase for state employees, reflected in their August 1, 2017 paychecks (for a total cost of \$64.8 million GF);
 - Adds \$3.3 million GF (above the introduced budget) for a two percent raise for state-supported local employees, reflected in their August 1, 2017 paychecks (for a total cost of \$17.1 million GF);

- Includes \$16.9 million GF for a two percent raise for faculty members at institutions of higher education (reflected in their August 1, 2017 paychecks); and,
- Includes the state share of a two percent raise for teachers (in Direct Aid), with local flexibility as to the effective date within the biennium.
 - Redirects the proposed 1.5 percent bonus and \$27.7 million of Lottery per pupil funding to the salary action. (The total cost of the state share of the 2.0 percent raise is \$83.1 million.)
- Recommends several targeted compensation actions:
 - Provides \$14.3 million GF for a State Police salary initiative – Raises the starting annual salary of sworn officers from \$36,207 to \$43,000; provides funding to adjust pay for all sworn staff at levels relative to the starting pay; and, is consistent with each officer’s position and rank. Effective in their August 1, 2017 paychecks.
 - The plan for the initiative is to be developed by the Department of State Police for approval by the Secretary of Public Safety and Homeland Security, with copies in advance to the Chairmen of the Senate Finance and House Appropriations Committees.
 - This is in addition to the three percent base salary adjustment provided to all state employees.
 - Provides \$2.5 million GF for a salary initiative for Mental Health High-Turnover/Front-line Service Providers.
 - This is a four percent base salary adjustment for certain high-turnover positions that provide front-line mental health service delivery.

- These positions include (but are not limited to) Nurses and Direct Service Associates at the state mental health and intellectual disability centers.
 - This action is in addition to the three percent salary adjustment provided to all state employees.
- Provides an additional \$1.0 million GF for clerks and deputy clerks of the District Courts.
 - This action is on top of the \$2.5 million included in the Governor's introduced budget, for a total of \$3.5 million to adjust pay for District Court clerks and deputy clerks, and is in addition to the three percent salary adjustment provided to all state employees.
- Supports the salary compression plan for Sheriffs' offices and regional jails which is included in the introduced budget (\$8.7 million GF).
 - Provides sworn employees: \$80/year up to 30 years; Non-sworn employees: \$65/year up to 30 years for employees with greater than three years of service.
- Supports career development for constitutional officers, to provide salary supplements for those who meet certain performance and educational requirements, which should have a positive impact on constitutional officers' quality of work and overall job performance. This funding of \$3.9 million was included in the budget as introduced.
 - Reflects the total number of currently qualified constitutional officers eligible to participate.

Public Education

- Protects Direct Aid to K-12 from any across-the-board budget reductions.
- Maintains full funding for teacher retirement contributions.
- Provides the state's share of a 2.0 percent compensation increase for teachers, with effective date flexibility during the biennium for school divisions. (Re-directs funding from the Governor's proposed 1.5 percent bonus and a portion of the FY 2018 increase in the Lottery Per Pupil Amount.)
- Allocates \$6.9 million GF for enrollment loss assistance for school divisions that experience a decrease of 1.5 percent or more from FY 2016 to FY 2017.
- Adjusts by \$8.0 million the amount of Literary Fund revenue allocated to support a portion of the state share of public school employee retirement contributions, based on FY 2017 school construction loans.
- Endorses \$1.0 million GF for innovative teacher residency programs to attract, train, and retain teachers in hard-to-staff schools.
- Endorses \$800,000 GF for access to the Virginia Instructional Improvement Program for school divisions.
- Supports \$500,000 GF for a student growth model pilot that facilitates data-driven school improvement efforts.
- Approves \$240,000 GF for new summer cyber camps.
- Directs the Virginia Community College System, together with the Virginia Department of Education and the State Council on

Higher Education in Virginia, to restructure certain aspects of high school dual enrollment.

Higher Education

- Includes almost \$17.0 million GF for faculty compensation actions, equal to a two percent faculty salary increase in FY 2018.
- Maintains the almost \$700,000 GF for enrollment growth which is included in the Two-Year Transfer Grant program.
- Retains the five percent reduction in the second year for most higher education institutions, excluding Virginia State University, Norfolk State University, financial aid, and a few minor programs, as included in the introduced budget.
- Includes a one-time general fund reduction, which is equivalent to the nongeneral funds for the prepayment made to the Virginia Retirement System which is included in the introduced budget.
- Retains the additional \$1.0 million GF for the New Economy Workforce Credential Grant Program.
- Provides \$150,000 the second year for the Education Subcommittee of the Senate Finance Committee to hold a number of meetings during 2017 to enhance member understanding of the complex changes in higher education and to consider recommendations and policy choices.

Other Education

- Restores funding provided in Chapter 780 (2016) for the 2019 commemorations included in the budget for the Jamestown-Yorktown Foundation.
- Restores funding to allow the Library of Virginia to re-open to the public six days a week, including Saturdays.

Health and Human Resources

- Retains the Governor's behavioral health package and adds additional funding that brings the total to just over \$30 million for behavioral health services and programs. Specifically, adds:
 - \$5.0 million GF for permanent supportive housing to provide support services for more than 300 individuals with mental illness who are living in the community to help reduce hospitalizations, homelessness and incarceration; and,
 - \$2.5 million GF to adjust salaries at state mental health hospitals and training centers to address high turnover direct services positions.
- Removes the \$4.5 million GF for a system gap analysis of the Community Services Boards and directs \$500,000 to support the efforts of the SJR 46 Joint Subcommittee Studying Mental Health Services in the Commonwealth in the 21st Century, which is leading the efforts to transform the system.
- Creates a Joint Subcommittee of the Senate Finance and House Appropriations Committees to respond to federal health care changes and for Health and Human Resources Oversight. The subcommittee will monitor federal changes in Washington (e.g. Affordable Care Act repeal, Medicaid block grant) and make

- recommendations as appropriate to the General Assembly. It will also have oversight of HHR agencies to evaluate and propose improvements to programs and services.
- Adds \$5.7 million GF to increase Medicaid reimbursement as follows:
 - \$3.3 million GF to increase payments to nursing homes which were negatively affected by the rebasing of their rates.
 - \$1.6 million GF to increase payments to nursing homes in the Danville area that were affected through the state's reimbursement methodology because the Danville area lost its designation as a Standard Metropolitan Statistical Area due to population loss.
 - \$787,500 GF to increase payments to Federally Qualified Health Clinics to reflect federal requirements.
 - Directs the Special Joint Subcommittee to Consult on the Plan to Close State Training Centers to evaluate a plan for the continued operation of Central Virginia Training Center as a smaller facility.
 - Provides \$260,000 for an environmental assessment of the abandoned buildings at Central Virginia Training Center.
 - Removes the Governor's language allowing Medicaid Expansion by October 1, 2017, if an enhanced match is still available.
 - Restores the prohibition on Medicaid from paying overtime to personal care attendants in the consumer-directed program. The Governor's budget authorized up to 16 hours of overtime per week. This change saves \$8.5 million GF.

Agriculture, Forestry and Natural Resources

- Authorizes an additional \$8.3 million from the Water Quality Improvement Fund reserve in FY 2018 for agricultural best management practices to control nonpoint source water pollution.
- Provides up to \$30.0 million in a line of credit for Agricultural Best Management Practices Cost Share Assistance.
- Eliminates the proposed fee increases for timber operations and the transfer of land preservation tax credits.
- Restores approximately \$500,000 in cuts to the Virginia Marine Resources Commission, specifically in fisheries and oyster management programs.

Economic Development

- Reduces funding and recovers balances from underutilized incentive programs and projects that are behind schedule. These actions provide \$7.1 million to the general fund.
- Restores one-half of the \$15.0 million reduction in the Governor's proposed budget for GO Virginia. Includes:
 - \$650,000 per qualifying region for organizational building and gap analyses;
 - \$12.2 million the second year for grants based on each region's share of the state population; and,
 - \$10.0 million the second year for competitive grants.
- Redirects new spending for additional general fund savings to reverse some of the proposed cuts to successful economic development programs.

- Restores \$1.8 million GF for the Enterprise Zone Program.
- Restores \$1.3 million GF the second year for the Virginia Brownfields Restoration and Economic Development Assistance Fund.
- Reverses transfers and new funding proposed in SB 900 to create the Virginia International Trade Corporation, resulting in a general fund savings of \$1.1 million.
- Maintains \$5.5 million GF annual commitment to the Housing Trust Fund to support efforts to reduce homelessness and to create and preserve affordable housing in the Commonwealth.

Public Safety

- Restores \$1.2 million GF and ten positions the second year for the State Police Special Operations Division.
- Provides \$100,000 GF for State Police to contract for a study of replacement equipment needs for the State Agencies Radio System (STARS).
- Directs the Department of Alcoholic Beverage Control to conduct a review of its regulatory and licensing fee structure.
- Directs the Secretaries of Public Safety and Homeland Security and Health and Human Resources to study the potential use of the Peumansend Creek Regional Jail, which is closing this year, as a mental health treatment facility for jail inmates transferred from other jails.
- Defers the opening of the new correctional facility for women in Culpeper until the 2018-20 biennium.

- Reorganizes the Virginia Veteran and Family Support (VVFS) Program (formerly the Virginia Wounded Warrior Program), to move 34 employees who are currently working for local Community Services Boards into state service as employees of the Department of Veterans Services, to improve service delivery and program coordination.
- Directs the Secretary of Veterans and Defense Affairs to convene a work group to develop a plan in collaboration with the Virginia Community College System to assist Virginia veterans in entrepreneurship.

Virginia's Court System

- Provides authority to fill eight judgeships when the incumbent judges retire this year. Three other judgeships in which the incumbent is retiring will not be filled, which will result in a savings of \$640,000 in the second year. The number of funded judgeships is reduced from 408 the first year to 405 the second year.

Transportation

- Directs the Secretary of Transportation to enter into an agreement with the City of Virginia Beach for the repayment of \$20.0 million in bond proceeds for Light Rail right-of-way acquisition.
 - Redirects the proceeds to construction of facilities at the Virginia Commercial Spaceflight Authority in support of both spaceflight and unmanned systems activities.
- Prohibits the use of Commonwealth airport funds for the direct support of airline operating costs.

General Government

- Includes reductions totaling \$3.9 million in the Department of Elections.
 - This amount includes the removal of funds included in the introduced budget for the enhancements to the Virginia Election Registration Information System (VERIS), one-time funding for a voter call center, maintaining and improving the overseas ballot delivery system, and a reduction in general fund support to supplant expired Help America Vote Act (HAVA) federal grant funded activities.

Capital Outlay

- Includes recommendations of:
 - \$1.25 million in general fund cash for three pre-planning projects and a one-time \$500,000 maintenance reserve supplement for the State Police training academy in Chesterfield County.
 - A reduction over the introduced budget of \$110.4 million in VPBA debt; and,
 - Elimination of the four new detailed planning projects which were included in the introduced budget.
- Within those amounts:
 - Eliminates the construction authorization and the almost \$105 million in VPBA debt for a new warehouse and central office building for the Department of Alcoholic Beverage Control; and,

- Provides \$250,000 from the general fund for the pre-planning of a new warehouse and central office building for the Department of Alcoholic Beverage Control with parameters provided in the accompanying language that include the requirement that ABC consider an option at the current location on Hermitage Road in Richmond.