

Overview of the Governor's Recommendations for the 2020-22 Budget

The proposed budget for 2020-22 proposes a net increase of \$2.7 billion GF operating expenditures above the current base budget, plus \$23.0 million in cash funding for capital outlay. Approximately \$1.6 billion in additional resources in FY 2021 and FY 2022 are available for appropriation, including an assumed carryforward of \$563.0 million from FY 2020. In addition, adjustments to the FY 2020 base budget provide additional spending capacity of \$650.0 - \$670.0 million each year, respectively, because FY 2020 appropriations in Chapter 854 of the 2019 Acts of Assembly contained one-time expenditures. The introduced budget assumes an unappropriated balance of \$13.7 million at the close of the biennium.

Proposed General Fund Budget for 2020-22			
(\$ in millions)			
	<u>FY 2021</u>	<u>FY 2022</u>	<u>2020-22</u>
Resources Available for Appropriation	\$24,024.8	\$24,191.7	\$48,216.5
Ch. 854 Base Budget	\$22,747.8	\$22,747.8	\$45,495.6
Operating Spending	798.1	1,886.2	2,684.3
Capital Outlay Spending	<u>23.0</u>	<u>0.0</u>	<u>23.0</u>
Total Appropriations	\$23,568.8	\$24,634.0	\$48,202.8
Unappropriated Balance	\$456.0	(\$442.3)	\$13.7

Revenues

The proposed 2020-22 budget includes \$48.2 billion in general fund resources available for appropriation. The budget, as introduced, includes \$563.0 million as a projected unspent balance at the end of the 2018-20 biennium, resulting from balance adjustments totaling \$282.7 million, FY 2020 revenue forecast adjustments of \$147.8 million, transfer adjustments of \$30.4 million, and net spending reductions of \$94.0 million.

The 2020-22 general fund revenue forecast assumes a growth rate of 4.5 percent in FY 2021 and 3.7 percent in FY 2022, after taking into account minor tax policy and interest earnings assumptions totaling \$92.4 million over the biennium, resulting in projected collections of \$47.5

billion over the biennium. The forecast assumes that growth will remain steady, but Virginia will continue to underperform the nation based primarily on lower employment growth resulting from our historically low unemployment rate and low in-migration.

General Fund Resources Available for Appropriation (2020-22 biennium, \$ in millions)	
Beginning Balance	\$563.0
Adjustments to the Balance	119.6
Official GF Revenue Estimate	46,218.5
Transfers	<u>1,315.4</u>
GF Resources Available for Appropriation	\$48,216.50

Proposed Spending Increases

Major general fund spending initiatives proposed in the 2020-22 biennial budget include:

- \$851.8 million GF for the cost of updating the state’s share of rebenchmarking the Standards of Quality for public schools;
- \$675.0 million to address the increased cost of Medicaid utilization and inflation;
- \$300.0 million GF for appropriation to the Revenue Cash Reserve in FY 2022;
- \$200.0 million GF in Central Appropriations for contingencies and General Assembly priorities;
- \$171.7 million GF for additional debt service costs;
- \$146.0 million GF for a new reinsurance program;
- \$145.1 million GF to provide a 3 percent salary increase for SOQ instructional and support positions in the second year; and
- \$145.1 million GF to implement a new initiative within the Community College System, the “Get Skilled, Get a Job, Give Back Program”.

Proposed Budget Savings

Major proposed general fund savings total \$720.2 million and generally result from supplanting nongeneral funds for activities previously financed in part with general fund appropriations, including \$61.0 million annually in recordation taxes previously dedicated to transportation debt service, an assumed increase in the cigarette tax which would offset GF costs in the Medicaid program, and savings associated with VITA’s new service provider model.

Major Spending and Savings Proposed in HB/SB 30, as Introduced

(GF \$ in millions)

	<u>FY 2020-22</u>
Major Spending Proposed	
K-12: Rebenchmark Cost of K-12 Standards of Quality	\$851.8
Medicaid Utilization and Inflation	675.0
Revenue Cash Reserve	300.0
Uncommitted Funds in Economic Contingency	200.0
Debt Service	171.7
Reinsurance Program for Individual Insurance Market	146.0
K-12: 3% FY22 Salary Increase for Teachers	145.1
Community College ("G3" Initiative)	145.1
Revenue Stabilization Fund (Mandatory FY 19, Assumed FY 21)	94.9
Pre-Kindergarten for At-Risk 3 & 4 Year Olds, Teacher Retention	93.4
FAMIS Forecast	80.2
Family First Prevention Services Act (Local Staffing, Services, etc.)	70.4
Medicaid Children's Health Insurance Program Forecast	68.3
State Employee Health Insurance Premiums	66.6
State Mental Hospitals Census (DAP, Supportive Hsg., Catawba, etc.)	66.4
K-12: Reduce School Counselor Ratio (1 per 250 Students)	56.7
Implementation of STEP-VA	56.6
Housing Trust Fund	56.0
K-12: At-Risk Add On	52.6
Waiver Slots / Compliance Costs Required by DOJ Settlement	50.1
Water Quality Improvement Fund Mandatory Deposit - FY 19	47.0
Inmate Medical Care and Hepatitis C Treatment	46.6
Higher Education Need-Based Financial Aid	45.4
Higher Education Enrollment Growth (GMU & ODU)	44.0

Major Spending and Savings Proposed in HB/SB 30, as Introduced

(GF \$ in millions)

	<u>FY 2020-22</u>
Children's Services Act	44.0
Economic Development Incentive and Grant Programs	43.7
K-12: No Loss, School Breakfasts, ESL	43.1
K-12: School Counselors (SOQ Staffing Ratios)	42.6
Water Quality Improvement Fund Voluntary Supplemental Deposit	41.8
Virginia Retirement System - Employer Contribution Rates	32.2
Virginia Telecommunication Initiative (Broadband)	32.0
Virginia Land Conservation Fund	31.0
Tech Talent Pipeline Fund	30.4
Capital Detailed Planning/Technical Ed. Workforce Center	23.1
Dam Safety	20.0
Local Social Services Minimum Salary Increase	18.1
VA College Affordability Network Initiative (NSU and VSU)	17.0
Medicaid Behavioral Health Redesign	15.5
Dept. of Health Electronic Health Records	15.3
Massey Cancer Center - Research	15.0
Correctional Officers Salary Adjustment	14.7
Dept. of Corrections Electronic Medical Records	12.9
Medicaid Home Visiting Program	12.8
Dept. of Corrections Inmate Medical Pilots with UVA and VCU	11.9
Air and Water Monitoring and Compliance (DEQ)	11.7
Child Welfare System Improvements	10.3
Clean Energy Financing Program	10.0
All Other Spending	<u>568.8</u>
Total Spending:	\$4,747.8
 Major Savings Proposed	
Health Care Fund (Net of Tobacco Tax Increase)	(\$223.4)
Transportation (Supplant with NGF Revenue)	(122.0)
VITA IT Savings in State Agencies	(102.9)
Training Center Savings	(44.1)
Capture Pre-K Nonparticipation (20% Rate)	(43.3)

Major Spending and Savings Proposed in HB/SB 30, as Introduced

(GF \$ in millions)

	<u>FY 2020-22</u>
All Other Savings	(184.5)
Total Savings:	(\$720.2)
Net Spending Adjustments	\$4,027.6

Judicial Department. The proposed general fund budget for the Judicial Department include increases of \$20.5 million GF the first year and \$24.3 million GF in the second year. Excluding general fund distributions, the largest increases are \$4.6 million GF each year in additional Criminal Fund appropriations to reflect increased utilization in the both the General and Juvenile & Domestic Relations District Courts. The governor's introduced budget also recommends \$1.9 million GF and 30 positions the first year and \$3.7 million GF and 60 positions the second year for additional deputy district court clerks to partially fund unmet staffing needs as identified by the workload standards maintained by the Executive Secretary of the Supreme Court.

Executive Offices. The proposed budget for Executive Offices is increased by a net \$7.2 million GF, and a net \$4.0 million NGF over the biennium. Of the total recommended general fund increases, \$599,000 each year and three positions is proposed to provide resources to establish the Office of the Chief Diversity Officer, within the Office of the Governor, as well as \$599,000 annually to provide funding for administrative support for the Office of the Chief Workforce Advisor. In addition, \$570,000 is proposed for increased staffing in the Office of the Secretary of the Commonwealth.

The recommended nongeneral fund changes are comprised of technical adjustments, including the distribution of centrally appropriated agency funding, such as salary adjustments, and benefits and internal service fund rate changes included in Chapter 854 of the 2019 Acts of Assembly.

Administration. The proposed budget for Administration includes in a net increase of \$92.0 million GF for the biennium compared to the base budget. The majority is associated with base-adjustments related to the salary increase provided to state-supported compensation board employees approved in Chapter 854. Significant general fund increases include \$5.6 million to fund salary increases for regional jail officers to equalize the pay for entry level correctional

officers in local and regional jails, and \$5.0 million to fully fund the reimbursement to localities for general registrar and electoral board member salaries.

The nongeneral fund appropriations to the Administration agencies are adjusted by \$259.0 million over the biennium, the bulk of which come from increasing the appropriation to support claims and administrative costs of benefits programs such as the State Health Benefits Plans and The Local Choice Plan. Increases in nongeneral fund appropriations were partially offset by reductions in projected expenditures in Virginia Information Technologies Agency vendor pass-through payments for state agencies based on utilization estimates and lower rates under the new multi-supplier platform.

Agriculture and Forestry. The proposed general fund budget for the Agriculture and Forestry secretariat include increases totaling \$5.3 million GF the first year and \$4.5 million GF the second year. After accounting for the distribution of Central Accounts actions, increases include approximately \$1.0 million GF over the biennium for expansion of the Industrial Hemp Research Program and \$1.0 million GF over the biennium for establishing a new hardwood habitat reforestation initiative at the Department of Forestry. Across the two main agencies of the secretariat, approximately \$600,000 each year is provided for implementation of nutrient reduction practices consistent with Phase III of Virginia's Watershed Implementation Plan. Additional language expands existing authority for the sale of the Eastern Shore Produce Market and direct that all year-end balances of the Virginia Racing Commission in excess of \$500,000 shall revert to the General Fund.

Commerce and Trade. The proposed FY 2020-22 budget includes a net increase of \$139.1 million GF over the base budget. Major spending increases include \$56.0 million GF in proposed deposits to the Housing Trust Fund and \$16.0 million GF each year in additional support for broadband deployment through the Virginia Telecommunication Initiative. The proposed budget also includes \$10.0 million GF in FY 2021 to establish a revolving loan fund and loan loss reserve fund intended to incentivize investments in clean energy projects and \$6.6 million GF to create an eviction prevention and diversion pilot program at the Department of Housing and Community Development.

In economic development, the introduced budget includes funding to meet the Commonwealth's commitments to provide incentives to several projects including a final \$20.0 million GF grant through the Semiconductor Manufacturing Grant Fund; \$16.0 million GF for the Advanced Shipbuilding Production Facility Grant Fund; and, \$18.9 million GF in other grants for projects endorsed by the MEI Commission. The budget also proposes an additional \$7.0 million for the Governor's Motion Picture Opportunity Fund, as well as \$5.0 million GF for site development and \$4.7 million to expand the custom workforce incentive program.

The budget also proposes \$36.9 million GF the first year and \$42.1 million GF the second year to create the Virginia Innovation Partnership Authority. This includes funding transferred

from other entities (including reductions and increases in existing programs) and proposed funding for new initiatives.

Public Education. The Governor’s proposed FY 2020-22 general fund budget for Direct Aid to Public Education totals \$14.3 billion. This is a net increase of \$454.6 million in FY 2021 and \$787.5 in FY 2022 compared to the Chapter 854 FY 2020 base.

The proposed budget reflects biennial rebenchmarking costs of \$851.8 million GF. Rebenchmarking reflects updated salary and other cost data as of FY 2018; a projected additional 14,461 students, above the projections in Chapter 854, which represents an enrollment increase of 1.1 percent over two years; and, updated Composite Index of Local Ability-to-Pay (LCI) calculations. The proposed budget also reflects assumed increases in Sales Tax revenue for a revised grand total of \$3.1 billion over the biennium and a reduction in the Lottery Proceeds forecast of \$19.2 million over the biennium for a revised grand total of \$1.2 billion. The proposed budget adds \$53.4 million GF to backfill Literary Fund revenue that had previously been used to pay teacher retirement contribution costs. Finally, Virginia Preschool Initiative non-participation savings of \$43.3 million is reflected, based on a 20 percent non-participation rate, compared to an assumed non-participation rate of 25.69 percent rate used in Chapter 854 for FY 2020.

The proposed budget reflects several policy changes including: 1) \$145.1 million GF for the state’s share of a 3 percent teacher and support staff salary increase in FY 2022; 2) \$42.6 million GF for the state’s share of funding school counselors pursuant to Standards of Quality ratios of Elementary 1:375, Middle 1:325, High 1:300; 3) \$56.7 million GF in FY 2022 to fund the state’s share of one counselor per 250 students in every school; 4) \$52.6 million GF to increase the At-Risk Add-On funding increment from one to 16 percent to one to 23 percent the first year, and one to 25 percent the second year; 5) \$27.6 million GF to fund the state’s share of English Second Language instructors at one instructor per 50 students; 6) \$10.6 million GF to support free school meals; 7) \$4.9 million GF for the school divisions that would have received less state funding than in FY 2020, even after rebenchmarking; and, 8) \$125.0 million NGF to provide a per pupil allocation from the proposed taxation of “grey machines”.

The proposed budget reflects several policy changes to the Virginia Preschool Initiative (VPI), which would add \$93.3 million over the biennium. The proposed changes include: 1) \$28.6 million GF to increase the VPI per pupil amount each year; 2) \$17.0 million GF to expand the Mixed Delivery Preschool Grant program and include at-risk three year olds; 3) \$13.5 million GF to fund increased VPI class sizes and staffing ratios; 4) \$10.0 million GF to incentivize mixed delivery preschool providers with an add-on payment; 5) \$8.9 million GF to support piloted expansion of VPI to at-risk three year-olds; 6) \$8.0 million GF to supplement the Early Childhood Educator Incentive; and, 7) \$7.3 million GF to reallocate VPI slots to eliminate wait lists.

Other proposed initiatives in K-12 include: \$13.2 million GF to develop and implement the Virginia Learner Equitable Access Platform; \$3.4 million GF to increase the appropriation for Jobs for Virginia Graduates; \$2.5 million GF for a new initiative to support African American History

at the Black History Museum and Cultural Center; \$2.0 million GF for a new initiative to support Civil War history education at the American Civil War Museum; \$1.6 million GF for increased support of Communities in Schools; and, \$1.0 million GF to increase support of Great Aspirations Scholarship Program (GRASP).

Higher Education. The introduced budget proposes about \$314.8 million GF of new funding for colleges and universities, along with other higher education entities and centers. Over the biennium, \$145.1 million GF is recommended for a new “last-dollar” community college initiative intended to cover the full cost of tuition, fees, and books for low and middle income students enrolled in select pathways in high demand fields: \$45.4 million for undergraduate need-based aid reflecting adjustments to the current methodology; \$30.4 million for the Tech Talent Investment Fund (in Central Appropriations); \$22.0 million GF each for Old Dominion University and George Mason University to account for enrollment growth; \$15.0 million for Massey Cancer Center at Virginia Commonwealth University; \$10.8 million for student success initiatives at Virginia State University (VSU); and, \$9.8 million for student success initiatives at Norfolk State University (NSU).

In addition the budget, as introduced, proposes \$8.0 million GF over the biennium for the New Economy Workforce Credential Grant; \$6.5 million GF related to Jefferson Labs; \$6.0 million GF for the tuition assistance grant program; \$5.5 million GF for information technology services at NSU; \$3.0 million GF for state match of VSU-Cooperative Extension; and \$2.0 million GF each for Montpelier (James Madison University), Foundation for the Humanities (University of Virginia), and Focused Ultrasound (University of Virginia).

The budget eliminates the Higher Education Research Initiative under the Secretary of Education and transfers certain amounts to a new proposed entity under the Secretary of Commerce and Trade. Funding of \$4.0 million GF per year for a new Hampton Roads Biomedical Research Consortium is proposed under Central Appropriations. Lastly, interest earnings and credit card rebates, incentives provided to higher education institutions for meeting performance measures under restructuring, have been continued at FY 2020 levels.

Finance. The proposed general fund actions for the Finance Secretariat results in a net decrease of \$631.5 million GF over the biennium. Of the general fund increases, a \$300.0 million deposit to the Revenue Reserve Fund is proposed in the second year, as well as \$94.9 million in mandatory and voluntary deposits to the Revenue Stabilization Fund, and \$171.7 million in increased debt service costs over the biennium. These spending increases are offset by technical changes to remove one-time appropriations to both the Revenue Reserve Fund and the Revenue Stabilization Fund totaling \$1.2 billion that were included in Chapter 854.

Health and Human Resources. The introduced budget proposes a net increase of \$1.2 billion GF and \$2.5 billion NGF for the 2020-22 biennial budget. Proposed spending of \$1.4 billion GF is offset by \$276.1 million GF in proposed reductions. Base adjustments make up \$128.2 million GF of the increase, reflecting the annualization of salary increases and other

administrative funding adjustments. Similar to biennial budgets for HHR in previous years, the majority (56 percent) of proposed general fund increases are driven by mandatory health and long-term care spending in Medicaid. The unusually high increase in nongeneral funds is primarily due to adjustments to the federal appropriation required to fund Medicaid growth along with the expansion of Medicaid coverage to individuals with incomes up to 138 percent of the federal poverty level pursuant to the Patient Protection and Affordable Care Act (ACA). This federal funding adjustment accounts for about \$1.8 billion, or 72 percent, of the net increase in nongeneral funds over the biennium.

Mandatory general fund spending of \$991.6 million GF (69 percent of new GF spending in HHR) is primarily related to spending for acute and long-term care services provided through Medicaid, the transition to the lower federal match rate for the Children's Health Insurance Programs, the increasing caseload of special education private day placements in the Children's Services Act (CSA), implementation costs of STEP-VA, and funding related to fulfilling the U.S. Department of Justice (DOJ) Settlement Agreement. In total, proposed spending on Medicaid requires the addition of \$675.0 million GF for the biennium to pay for health care services for low-income Virginians as well as long-term care costs for the elderly and disabled. The general fund share of the Medicaid forecast is partially offset by \$223.4 million in additional revenue to the Health Care Fund, which is mainly higher due to a proposal to increase the cigarette tax from 30 to 60 cents per pack. Overall growth rates in Medicaid are expected to rise during the biennium at or above the 10-year average growth level for the program.

The proposed budget also includes \$310.6 million GF in new discretionary spending in HHR. Out of this spending the largest portion, \$72.8 million GF, is proposed for a variety of initiatives to relieve the census pressure on state mental health hospitals. The next largest proposal is \$68.8 million GF to fund Family First foster care prevention programs. In addition, \$18.0 million GF is provided to increase the minimum salary of local social workers. Other proposed expenditures include: \$15.5 million GF to fund the impact of the redesign of Medicaid behavioral health services; \$12.8 million GF to fund a home visiting benefit for pregnant women through Medicaid; \$12.2 million GF to fund rate increases for Medicaid mental health and developmental disability waiver services; \$6.2 million GF to support vocational rehabilitation services for the blind and vision impaired; and, \$6.2 million GF to increase support for the Department of Health's smoking cessation quit-line service.

New spending in HHR is offset by proposed general fund budget reductions of \$276.1 million GF. Over 80 percent of the reductions (\$223.4 million GF) are related to savings due to supplanting GF with additional Health Care Fund revenues resulting from the assumed increase in the cigarette tax.

Natural Resources. The Governor's introduced budget for the Natural Resources secretariat proposes significant investments in new or expanded initiatives totaling \$135.5 million over the biennium. The largest recommended general fund increase is the appropriation of both statutorily required and voluntary deposits to the Water Quality Improvement Fund of \$88.8

million over the biennium. Of this deposit, \$47.0 million in the first year is the required amount based on the FY 2019 surplus and agency year-end balances, and \$41.8 million is a discretionary investment in compliance with Virginia's Watershed Implementation Plan in agricultural best management practices.

In addition, the proposed budget includes a \$31.0 million GF increase in the deposit to the Virginia Land Conservation Fund (VLCF), bringing the total investment for land acquisition to \$20.0 million annually. A \$20.0 million GF biennial investment is proposed for statewide dam safety programs. At the Department of Environmental Quality (DEQ), the Governor recommends an ongoing investment of \$12.6 million GF the first year \$13.7 million GF the second year to fill more than 45 existing authorized positions across air, land and water protection programs. In addition to this amount, the introduced budget recommends an annual investment of \$2.7 million to support new environmental justice initiatives at DEQ.

Investments in several nonstate agencies are proposed within the Department of Historic Resources totaling more than \$5.1 million GF for three museums: Monticello, Maymont and the Freedom House.

Proposed capital outlay authorizations supporting investments in water quality programs, land acquisition, and state park operations total more than \$570.0 million in bond proceeds and NGF resources. Of these amounts, the largest proposed authorization is \$182.0 million in bond proceeds for deposit to the Stormwater Local Assistance Fund and \$120.0 is proposed for the investments in improvements to waste water treatment plants. A third major water quality proposal authorizes \$65.0 million of VPBA bonds to support the Alexandria Combined Sewer Overflow project. At the Department of Conservation and Recreation, approximately \$145.6 million is proposed for improvements across the State Park system and \$20.0 million is proposed for improvements to dams owned by Virginia Soil and Water Conservation Districts.

Public Safety. The proposed general fund budget for the Public Safety and Homeland Security secretariat provide an increase of \$159.5 million GF the first year and an increase of \$162.6 million the second year.

The most substantial increases in the secretariat are related to increased medical costs at the Department of Corrections. These includes: \$12.6 million GF the first year and \$14.9 million GF the second year for the increased costs of testing and providing treatment to inmates for Hepatitis C; \$3.9 million GF the first year and \$5.6 million GF the second year for inflation in the general cost of inmate medical care; a total of \$15.5 million over the biennium in new general fund and nongeneral fund support for the Department to procure and implement an electronic health records system; and, \$6.0 million GF each year for pilot medical programs to be operated by VCU and UVA at two correctional institutions.

A number of increases related to various firearms bills to be considered during the 2020 Session are included. For State Police, \$2.4 million GF the first year, \$1.6 million GF the second year, and 18 positions are provided to enforce a proposed assault weapons ban; and, \$2.1 million

GF the first year, \$1.2 million the second year, and 10 positions are recommended to enforce the provisions of various other proposed legislation, including universal background checks for firearm purchases. The introduced bill also proposes \$100,000 each year and 1 position at DCJS to train law enforcement officers on the removal of firearms from persons posing substantial risk.

Transportation. The proposed 2020-22 budget for transportation includes a biennial increase of \$1.6 billion NGF and a proposed increase of 192.00 FTE positions. Major policy proposals include allocation of \$262.9 million NGF in new transportation revenues assumed as a result of legislation that will be introduced in the 2020 General Assembly. Additionally, to support capital improvements for the Washington Metropolitan Area Transit Authority, approximately \$130.0 million in transportation revenues are shifted from the Department of Transportation to the Department of Rail and Public Transportation. Additionally, \$40.0 million GF in annual debt service allocation for the Route 58 corridor, and \$21.0 million in transfers of locally-distributed recordation taxes are removed from VDOT. The debt service requirements these funds have supported will be backfilled with a like amount of Commonwealth Transportation Fund revenues. At the Department of Motor Vehicles, language authorizes an additional 140.0 FTE for the issuance of federal REAL ID compliant credentials.

Veterans and Defense Affairs. The proposed general fund budget for the Veterans and Defense Affairs secretariat provide an \$8.9 million GF increase the first year and \$4.0 million GF in increase the second year. Excluding central accounts adjustments, the largest single new spending item in the secretariat is the recommendation of \$5.0 million GF being provided to the County of Fairfax in FY 2021 for the construction of the Virginia Veteran's Parade Field. Also recommended are \$613,000 GF in FY 2021 and \$1.0 million GF in FY 2022 and 6.0 positions for the Department of Veterans Services to increase the level of service being provided to its clients. The Governor also recommends providing an additional \$500,000 GF each year to the Department of Military Affairs to increase the total appropriation for the State Tuition Assistance Program to \$3.5 million GF each year.

Central Appropriations. Proposed actions in Central Accounts result in a net decrease of \$84.8 million GF over the biennium compared to the base appropriations in FY 2020.

Significant spending items include \$200.0 million GF for uncommitted contingencies; \$146.0 million GF for a reinsurance program intended to stabilize rates and premiums for a proposed state-based health insurance exchange; and, \$66.6 million GF for the state share of employee health insurance premiums. These increases were offset by a reduction in Virginia Information Technologies Agency rates due to the full repayment of transition costs from the previous IT vendor, and lower rates under the new multi-supplier platform, as well as the distribution to line agencies for salary actions and benefit programs centrally appropriated in Chapter 854.

Independent Agencies. The proposed budget for the Independent Agencies reflects a general fund increase of \$13.2 million over the biennium, and nongeneral fund increase of \$72.6 million over the biennium.

Proposed general fund increases reflect a \$3.8 million net-zero transfer of Physical Evidence Recovery Kit appropriations from judicial agencies to the Workers' Compensation Commission, which are derived from a portion of Criminal Fund appropriations in judicial agencies, and \$9.4 million for reimbursements to health care providers for forensic and medical exams through the Workers' Compensation Commission's Sexual Assault Forensic Exam (SAFE) Payment program.

Significant nongeneral fund spending proposals include \$55.0 million and 30 positions to establish the Virginia Health Benefit Exchange, which would be a new agency within the State Corporation Commission to manage, in collaboration with the Secretary of Health and Human Resources, a health insurance marketplace for the purchase and sale of qualified health and dental plans in the individual and small group markets.

Capital Outlay. The proposed capital outlay program for FY 2020-22 totals \$3,717.2 million from all fund sources. Of this amount, \$23.0 million is general fund cash, and \$2,437.6 million is from tax-supported bonds. The introduced budget also includes \$279.5 million in 9(c) revenue bonds and \$397.0 million in 9(d) revenue bonds. (Note that a technical amendment is needed to correct the 9(c) amount for one project.). The balance of \$580.2 million is nongeneral fund cash from a variety of agency fund sources.

The general fund cash is allocated for the detailed planning of new projects and \$250,000 for the pre-planning of one project. The tax-supported bonds include an allocation of \$260.0 million over the biennium for Maintenance Reserve, \$93.1 million in equipment supplements for capital projects coming online within the next 18 months, \$1.9 billion for construction of new facilities and conservation actions (many had received planning in previous years), and \$145.7 million in project supplements.