

Report on Governor's 2006-08 Budget Bill (HB30) Language Changes

Sources of Information

The proposed 2006-08 Budget Bill (HB30) is available at <http://leg2.state.va.us/MoneyWeb.NSF/sb2006>.

The Governor's Executive Budget Document is available at <http://dpb.virginia.gov/budget/06-08/buddoc06/buddoc.htm>.

The University's Office of State Governmental Relations maintains the most recent analysis of the Budget Bill and the 2006 General Assembly Session at <http://www.virginia.edu/governmentalrelations/>.

Restructuring Related

Management Agreement – approves the management agreement for VT, W&M, and UVa. Provides that the provisions of the management agreements will prevail over any conflicting provisions of the Appropriation Act unless specifically indicated that it is intended to override or supersede a section of the management agreement. (Item 4-9.0, page 524)

Memoranda of Understanding – provides application process for institutions who have not entered into management agreements but wish to enter into memorandum/a of understanding. (Item 4-9.05, page 524)

Assessment of Institutional Performance – provides the institutional performance measures introduced by the Governor. (Item 4-9.06, page 525-527)

Secretary of Education – The general statement regarding strategic plans and statewide and institutional goals which previously appeared in the Secretary of Education section has been eliminated. (Item 126, page 100)

Articulation Coordination – provides \$85,033 in 2006-07 and \$91,493 in 2007-08, along with 1 position, to SCHEV to coordinate articulation agreements from two year colleges for compliance with the Restructuring Act. (Item 145, page 149)

University of Virginia – Language is added to each college and universities' agency summary stating that the item includes general and nongeneral fund appropriations to support institutional initiatives that help meet statewide goals in the Restructuring Act. Additionally, each sponsored program and auxiliary enterprise item includes "a sum sufficient, estimated at \$xxxx" appropriation. Tuition and fee language and base adequacy funding language from the 2004-06 Appropriations Act has been removed. (Item 192, page 169 and all other college and university items)

Secretary of Finance – Language regarding the continuation of decentralization programs is removed from the Secretary of Finance item. (Item 252, page 212)

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Sum Sufficient Capital Outlay Blanket Authorization – provides a blanket authorization for the Medical Center as allowed under the Restructuring Act. This was established for the Academic Division in the 2004-06 Appropriation Act. (Item C-134, page 443)

Automatic Re-appropriations – modifies language to allow for automatic re-appropriation for all balances at institutions of higher education; a change from prior year which provided for specific automatic re-appropriations for E&G programs which meet management standards prescribed by the Governor; community education and public service programs; and student financial assistance. (Item 401.05.1.a)4), page 490)

NGF Capital Outlay Decentralization Programs – All existing pilot programs prior to Chapter 912, 1996 Acts of Appropriations are made permanent. Decentralized programs of institutions with executed memoranda of understanding shall remain in effect until revoked. (Item 4-5.06.c, page 510)

Exemption from Capital Negotiation Provisions – Decentralized programs of institutions with executed memoranda of understanding shall be exempt from competitive negotiation provisions regarding the not-to-exceed amount of \$100,000 for a single project, the not-to-exceed sum of \$500,000 for all projects performed, and the option to renew for two additional one-year terms. (Item 4-5.06.f, page 510)

Exemption from Real Property Lease Provisions – Institutions meeting the conditions in the Restructuring Act shall be exempt from such provisions. (Item 4-5.07, page 510)

Exemption from Surplus Property Provisions – Institutions meeting the conditions in the Restructuring Act shall be authorized to sell or lease surplus real property valued at less than \$5 million and possessed/controlled by an institution. (Item 4-5.09, page 511)

SOM and/or Medical Center Related

Generalist Initiative – language modified in SCHEV, VCU, EVMS, and UVa sections as requested by VCU, EVMS, and UVa. (Item 145, page 149)

Family Practice – language added, as requested, in UVa section to provide same exemption from across the board budget reduction as provided to VCU in the prior year. (Item 192, page 169)

Physician Indigent Care – language deleted, as requested, in UVa and VCU specifying funds to support medical education due to unreimbursed physician indigent care. Funding remains as part of the University's base budget. (Item 192, page 169)

Federal Upper Limits – language was deleted which previously stated: "Efforts to maximize federal upper payment limits for the state academic health systems and academic health systems that operate under a state authority that result in savings above the amounts assumed in this Appropriation Act to the Medicaid program shall be passed through to those health systems so

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long as they demonstrate a financial need for the costs of providing indigent health care services.”

Physicians at State Academic Health Systems – revises language as follows:

To maintain funding levels for indigent care, the Department of Medical Assistance Services shall *have the authority to* amend the State Plan of Medical Assistance Services to reimburse physicians who are faculty affiliated with *Type I hospitals or related universities* ~~state academic health systems and academic health systems that operate under a state authority~~. The amount of the supplemental payment shall be ~~based on the difference between~~ *to* the upper payment limit for these services as permitted by federal Medicaid law and regulation ~~approved by the Center for Medicare and Medicaid Services and the current payment~~. (Item 302, page 268)

Capital Outlay

Maintenance Reserve – additional regulations provide that:

- The first priority of any agency in requesting capital outlay appropriations should be maintenance reserve. (Item 4-4.01.b.2, page 498)
- Each agency head must provide a plan to DPB for the use of MR funds prior to usage, with the first priority given to roof repairs.
- Second priority shall be for deferred maintenance projects addressed in FICAS as currently or potentially critical because they must be addressed in the next 12 months.
- Agencies may transfer funds to supplement operating expenses at the approval of DPB provided that such expenses are accounted for separately. DPB and DGS will prepare and distribute guidance for such transfers. Eligible operating expenditures will be those required for day-to-day operation of a facility to maintain its functionality without affecting its useful life or those required for preserving a facility and its components from failure or deterioration to realize its anticipated useful life. (Item 4-4.01.5.c.1-3, page 499)

Office Space Consolidation and/or Relocation – provides for the DGS and DPB to establish a line of credit to support fixed and one-time costs associate with office consolidation or relocation strategies, with the repayment from cost savings and efficiencies realized. (Item 3-2.03.c, page 482) If such move does not qualify as a capital lease, excludes these projects from the capital outlay and approval process. (Item 4-4.01.a.5, page 498)

Compensation and Benefits

Nov 25, 2006 Salary Increase – provides for a 3% increase for classified employees receiving a rating of at least “contributor.” Provides for an average 3% increase for part-time teaching and research faculty, all administrative and professional faculty, and graduate teaching assistants. Provides for an average 4% increase for UVa full-time teaching and research faculty. Non-general funds will be required to fund 59% of this item. (Item 461, page 397)

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HR Pay Practices – Agency heads, specifically including the Director of the University of Virginia Medical Center, are authorized to utilize an amount equivalent to 0.5 percent of salaries to implement pay practices to recruit, retain, and address salary compression for classified employees. (Item 461, page 399)

State Contribution Rates – State contribution rates are proposed at:

- State Employee Retirement System – 5.74%
- Virginia Law Officers Retirement System – 14.96%
- Group Life Insurance Program – 1.22%
- Retiree Health Care Credit – 1.21%
- VSDP – 1.78%

Equal Opportunity – Following statement has been inserted into Appropriation Act:

It shall be the policy of the Commonwealth of Virginia to ensure equal opportunity in all facets of state government. Discrimination on the basis of race, sex, color, national origin, religion, age, sexual orientation, or political affiliation, or against otherwise qualified persons with disabilities shall at all times be prohibited. (Item 4-6.00, page 511)

Payment of Wages or Salary – provides that wages or salaries paid to state employees shall be by direct deposit or by credit to a prepaid debit card or account from which the employee is able to withdraw or transfer funds. (Item 4-6.01.e.2, page 518)

Year-end Pay Periods – provides that state employees will be paid on 7/3/06 for the period 6/10 – 6/24/06 and will be paid on 7/2/07 for the period 6/10 – 6/24/06. July 1, 2006 and 2007 will occur over a weekend. This language is apparently added to make sure the final pay period of a fiscal year remains in the subsequent fiscal year in order to keep “lag pay” in effect. (Item 4-6.01.k.1.b, page 519)

Higher Ed Staffing – deletes information about higher education staffing patterns, information required to be submitted to DHRM. (formerly Section 4-7.01)

Other Higher Ed

Research Opportunity Fund – provides for a non-reverting fund of up to \$50 million in order to allow institutions to quickly respond to opportunities outside the normal budgeting process. (Part 5, Enactment 2-5, page 527)

Sponsored Program Investment Yields – provides that the interest on sponsored programs and indirect cost recoveries will be consider NGF. The Comptroller will credit institutions quarterly with interest earnings. (Item 3-4.02, page 483)

Eminent Scholars Program – provides an additional \$439,000 in 2006-07 and \$878,000 in 2007-08 in matching funds, not yet allocated to higher ed institutions. (Item 144, page 147)

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Nursing Enrollment – directs SCHEV and the Advisory Council on the Future of Nursing in Virginia to recommend performance criteria to be used in allocating future state funding to maximize the number of new graduates and to increase the supply of graduate nursing faculty by 9/1/2006. The Advisory Council is continued through 7/1/2008. (Item 165, page 174)

Virginia Microelectronics Consortium – provides \$1 million to VMEC. (Item 462, page 407)

Virginia Encyclopedia Project – provides \$250,000 in each year for the Virginia Foundation for the Humanities to develop a comprehensive online encyclopedia of Virginia history and culture, to be unveiled in 2007 in time for the 400th anniversary commemoration and to support Virginia Folklife activities. (Item 192, page 169)

Administrative NGF Increases – deletes language about having to notify SCHEV about administrative NGF increases. (formerly 4-2.01.b.5.d)

Virtual Library of Virginia – provides an additional \$766,000 in each year. \$397,000 in each year is earmarked to allow the participation of nonprofit, independent, private colleges and universities to participate. (Item 165, page 172)

New College Institute – provides \$2.1 million in 2006-07 and \$2.4 million in 2007-08 to support the coordinated and cooperative development of postsecondary educational opportunities in Southside Virginia. (Item 244, page 202)

Southwest Va. Higher Ed Center – provides additional \$394,000 in each year. (Item 248, page 204)

Tuition Assistance Grants – provides additional \$4.4 million in 2006-07 and \$8.9 million in 2007-08 for TAG program. No change in the maximum award of \$3,000 to undergraduates and \$2,200 to graduates. (Item 143, page 145)

Military Tuition Waivers – provides additional \$2.5 million in each year for military tuition waivers and expands the eligibility for two years from one year. (Item 143, page 146)

Brown v. Board of Education Scholarship Program – \$1.05 million program appears to be eliminated in Budget Bill proposal.

SREB Initiative to Increase Minority Doctoral Students – provides additional \$10,000 in 2006-07 and \$30,000 in 2007-08 to this program. (Item 143, page 147)

Other

Innovative Technology Authority (ITA) – provides \$1,000,000 in 2006-07 for operational support of the Innovation Identification and Acceleration program, also known as CIT CONNECT. This program will establish a consulting service line to match large-scale consumers with advanced

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technology companies. Provides funding assistance to develop a consulting and brokerage service. Federal government agencies, with both classified and non-classified activities, and Fortune 500 companies seeking advanced technologies will be matched to start-up, entrepreneurial developers of the desired technologies. (Item 419, page 357)

VITA – authorizes the CIO to withhold from agency appropriations for savings resulting from information technology and telecommunications operating efficiencies. For UVa, estimated at \$2,130 GF and \$2,130 NGF in 2006-07 and \$2,130 GF and \$2,130 NGF in 2007-08. (Item 422, page 359)

Electronic Procurement – Language previously stated that charges would be withheld from agencies who were not executing the majority of its procurements through the state's electronic procurement system. This has been eliminated and now language reads simply that the e-procurement system will be finance by fees assessed to state agencies, institutions, and vendors. For UVa, estimated at \$160,641 GF and \$233,087 NGF in 2006-07 and \$160,641 GF and \$233,087 NGF in 2007-08. (Item 72, page 60)

Department of General Services – Facility Inventory Condition and Assessment System (FICAS) - \$330,000 is provided in each year for DGS to maintain and oversee the FICAS. Also includes statement that the general funds will be supplement by fees assessed to state agencies and institutions of higher education. DGS and DPB will develop guidelines for assessing such fees. (Item 73, page 61)

Commonwealth Charge Card Rebate Fund – This fund established by the Comptroller. Rebates earned in the statewide charge card program are deposited to this fund. The cost of the administration of the program and rebates due back to political subdivisions are appropriated to this fund. All remaining revenues are deposited to the general fund each year. (Item 254, page 213)

Line of Duty Death and Health Benefits Trust Fund – This fund is established to provide death benefits and health insurance benefits to certain public safety officers killed or disabled in the line of duty. (Item 262, page 216)

Division of Debt Collection – Language previously set fees at 30% of all collections up to \$1.8 million. Revised language removes annual limit of \$1.8 million, but adds a requirement that at no time shall balances exceed a ceiling of \$400,000. If that occurs, 60% of collections will be returned to agencies, with 40% transferred to the general fund. (Item 52, page 30)

Department of General Services – Consolidated mail services in the Richmond metro area are transferred from Treasury to DGS. (Item 73, page 61)

DHRM Performance Management Training – The requirement that DHRM provide performance management training has been qualified with the addition of the phrase “within available resources.” (Item 77, page 63)

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State Government Productivity and Efficiency – provides \$4.5 million in 2006-07 and \$1 million in 2007-08 to support comprehensive re-engineering efforts aimed at increasing state government productivity and efficiency. This includes examining opportunities for enhanced collaboration or consolidation; re-engineering large and complex services to improve organization and effectiveness; and establish results teams to support new productivity projects and improve use of performance measurements. (Item 456, page 390)

Vehicle Parking Spaces – provides that any lease of private parking spaces must be approved by DGS. (Item 4-6.04.c, page 521)