

**Report on Governor, House, and Senate Amendments to the 2006-08 Appropriation Act
(HB1650)
Language Changes**

Sources of Information

The amended 2006-08 Appropriation Act (HB1650) is available at <http://leg2.state.va.us/MoneyWeb.NSF/sb2007>.

The University's Office of State Governmental Relations maintains the most recent analysis of the Budget Bill and the 2007 General Assembly Session at <http://www.virginia.edu/governmentalrelations/>.

Restructuring Related

Sum Sufficient Appropriation Language – **Governor** authorizes a sum sufficient to cover sponsored program operations is added to the Academic Division's language. We already have sum sufficient language for Educational and General (E&G) and Auxiliary operations. Such language is not currently in place for the Medical Center, but should be requested in the General Assembly session. The College at Wise has sum sufficient language for Sponsored Program and Auxiliary operations, but not for E&G. (Items 194, 196, and 199)

Interest on Educational and General Balances - **Governor** provides \$11 million in the second year for the distribution of estimated interest earnings to higher education institutions certified by SCHEV that all available performance benchmarks have been achieved. Also \$1.7 million is available for rebates paid on credit card purchases. (Item 455.20) If needed, an additional \$1 million is available in the Miscellaneous Contingency Reserve. (Item 462)

Level Two Institutions – **Governor** provides language for the Secretary of Finance to continue to work with higher education institutions interested in entering into Memoranda of Understanding to develop a list of functional authority to be granted in each operational area through January 27, 2007. **House** eliminates this language and adds language that no institution of higher education may request or receive additional authority under Restructuring without the express approval by the General Assembly. (Item 4-9.01)

Assessment of Institutional Performance – **Governor** establishes administrative standards which shall become effective 7/1/07 as:

- Measurement of classified staff turnover rate
- Compliance with SWAM plan
- 75% of purchasing shall be with eVA registered vendors
- Cost overruns on capital projects will be reviewed by the Secretaries of Administration and Finance
- Cost overruns on IT projects will be reviewed by the Secretary of Technology
- If the above measures are inconsistent with a Management Agreement, the Management Agreement shall prevail. **House** eliminates this provision.
- (Item 4-9.02.K.24)

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Campus Safety and Security Performance Measure – **Governor** adds language that an institution shall work to adopt an acceptable number of 27 Best Practice Recommendations for Campus Safety. (Item 4-9.02.L)

Conflicts with Management Agreement – **Governor** adds language (as drafted by Colette Sheehy and Lane Kneedler) that certain sections of the Appropriation Act, if in conflict with the Management Agreement, will NOT prevail over the Management Agreement. For example, the requirement that all capital leases be reviewed by the Department of Treasury will not apply to Level 3 institutions because of an exemption in the Management Agreement. **House** eliminates this language.

Senate eliminates the added language and replaces it with a number of related changes, for institutions with Management Agreements, that will be more aligned with the Management Agreements:

- Eliminates requirement to submit administrative NGF increases to SCHEV
- Eliminates 5% cap on mandatory non-E&G fees
- Eliminates IT Facilities and Services provisions
- Eliminates Motion Picture, Television, and Radio Services Production provisions
- Other provisions from the original language provided by the Governor are not included.

(Item 4-9.03)

Medical Related

Department of Medical Assistance Services (DMAS) – **Governor** provides new language to:

- Allow DMAS to seek necessary waiver to expand eligibility for Medicaid coverage of family planning services to individuals with a family income above 133% but not exceeding 200%.
- Increase care coordination services for high risk pregnant women and children.
- Modify rates for hearing aids
- Include Chronic Obstructive Pulmonary Disease coverage in disease state management contract
- Provide an incentive program for health behaviors in the disease state management program.
- Seek a waiver, with Virginia Commonwealth University Health System, to permit use of DSH funds to allow VCUHS to continue an existing partnership with community physicians and with Richmond Community Hospital. **House** and **Senate** modify this to allow a partnership with any community hospital.

House provides new language and funding to:

- Increase Medicaid and FAMIS physician payment rates by 2% beginning 7/1/07.
- Increase physician reimbursement rates by an additional 1%, contingent on the passage of HB2034, beginning 7/1/07.
- Eliminate the rural wage index category.
- Capture savings in general funds due to new 10 year revenue stream to the state from the Strategic Contribution Payment, for health care services for indigent persons eligible for Medicaid.

(Item 302)

Eastern Virginia Medical School – **Governor** provides \$288,960 in general funds to support EVMS’s Masters in Public Health and Doctorate in Clinical Psychology programs. (Item 242)

Virginia Physician Loan Repayment Program – **Governor** adds \$250,000 in the second year to program for physicians agreeing to serve in medically underserved areas. **House** eliminates the additional \$250,000. **Senate** eliminates the additional \$250,000 GF, but provides language allowing the Department of Health Professions to allocate \$250,000 from physician licensing revenues for this purpose. (Item 285)

Advanced Degree Scholarship Program – **Governor** provides \$200,000 in second year to establish a scholarship program for registered nurses who pursue an advanced degree to become nursing faculty at the college level. Priority is given to master’s degree candidates who will teach in community colleges. **House** eliminates this new program. (Item 285)

Abortion Services – **House** proposes language that no expenditures from any funds (including NGF) appropriated by the General Assembly shall be related to providing abortion services, except as required by federal law. (Item 4-5.04)

Compensation and Benefits

Nov 25, 2007 Salary Increase – **Governor** authorizes a 3% increase for staff employees receiving a rating of at least “contributor” and authorizes an average 3% increase for all faculty and graduate teaching assistants. **House** provides an additional 1% increase for staff employees (Item 461). **House** also creates a reserve, if general fund revenues are sufficient, to fund an additional 1% increase for full and part-time teaching and research faculty and GTAs. No similar incremental increase is provided for general faculty. (Item 463.10)

November 25, 2007 Supplemental Salary Increase for Nursing Faculty – **Governor** authorizes an additional average 10% for all nursing faculty. (Item 192)

State Contribution Rates – **Governor** proposes state contribution rates:

Group Life Insurance Program – 1.0%

VSDP – 2.00%

House adjusts funding for state employee group life, VSDP, and the state employee retiree health credit by changing assumptions to an 8% investment return, a 2.5% inflation rate, and a 30 year amortization period. (Item 461)

Payment of Wages or Salary – **Governor** modifies language that the State Comptroller is authorized to require payment of 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)

Renewal of State Employee Health Insurance Program – **Governor** requires DHRM to report by 10/1/07 the renewal cost of the state employee and employer health insurance program premiums that will go into effect 7/1/08. (Item 77)

Actuarially Calculated State Health Benefit Programs – **Governor** provides funding for the state to begin to phase in (over 5 yrs) from a “pay-as-you-go” to an “actuarially calculated annual required premium. (Item 461)

State Employee Wellness Practices – **Governor** lifts cap on wellness benefits (such as pap tests, mammograms, PSA tests, and colonoscopies) on state healthcare plan. (Executive Budget)

JLARC Study of State Employee Compensation – **House** and **Senate** provide \$310,000 in 2007-08 and note \$140,000 will be needed in 2008-09 to fund contractual services for this study, due October 1, 2008. (Item 21)

Deferred Compensation Program – **House** provides \$150,000 to fund the impact of HB1830, which will make the state’s deferred compensation program an opt-out program for new employees beginning 1/1/08. (Item 461)

Health Insurance Costs of Early Retirees – **Senate** provides \$12,500 for a subcommittee to study the costs of health insurance for state and local early retirees, as provided by SJR308. (Item 1)

Research

Commonwealth Technology Research Fund (CTRF) – **Governor** provides an additional \$2 million in the second year for the CTRF. Also removes language limiting this funding and the \$2,000,000 provided in the first year to commercializing technologies. These funds will be instead used to “enhance research opportunities at public institutions of higher education.”

House takes \$1 million from the first year and transfers it to SCHEV in support of research efforts related to HB 2238, which creates a non-stock corporation to support academic research. **House** restricts remaining \$1 million in the first year to commercializing technologies. The **House** also adds \$1 million to the second year funding, for a total \$3 million and then allocates \$1 million to UVa for cancer research and \$2 million to the Virginia Coastal Energy Research Consortium (ODU, VT Advanced Research Institute, JMU, VIMS, NSU).

Senate adds \$500,000 to the fund in the second year and allocates it to the Virginia Coastal Energy Research Consortium, leaving \$2 million unallocated in the CTRF for the second year. (Item 250)

Christopher Reeve Stem Cell Research Fund – **Governor** provides \$500,000 to support medical and bio-medical adult stem cell research coordinated at institutions of higher education relating to the causes and cures of disease, spinal cord injuries, and neurological disorders. (Item 250)

Embryonic Stem Cell Research – **House** proposes language prohibiting state funds or matching funds related to state funds to be used for embryonic stem cell research or on research on cells or tissues derived from induced abortions on humans. (Item 4-0.01)

Institute for Advanced Learning and Research – **House** provides additional ETF of \$2.3 million for research equipment for 15 new research faculty. (Item 251)

Research Related Entity – **Governor** provides \$12 million in the second year (in addition to \$3 million in first year provided in the 2006 Session) to provide an incentive for the location of a research-related entity along Interstate 81 corridor. (Item 462) News announcement indicates entity is SRI International, an independent, nonprofit research institute that will create a Center for Advanced Drug Research (CADRE) and will partner with JMU. The center will eventually expand to include programs in areas like homeland security and biotechnology (*Daily Progress*, page A7, Friday, December 15, 2006)

Jefferson Labs – **Senate** provides \$500,000 to partially match funds from the United States Department of Energy to upgrade the Jefferson Lab. (Item 249)

Capital Outlay

Modifications Or Alterations To State-Owned Facilities – **House** proposes language that forbids, other than for legislatively-approved capital outlay projects, changes, alterations or modifications to the interior or the exterior of state-owned facilities, except:

- 1) to correct life or health safety concerns validated by the DGS,
- 2) to satisfy the requirements of a court order, or
- 3) with the written approval of the Governor. (Item 4-4.03)

Out-of-State Capital Fee – **Senate** increases by \$376,300 the revenue that the University is required to transfer to the Treasury from a fee on out-of-state students. The current fee will need to increase to \$59. (Item 276)

Future Cost Overruns – **Senate** provides language that all projects receiving supplemental appropriations in this Appropriations Act must be completed within the revised budget provided, reduced in scope, canceled, or any future increases funded from NGF. (Item C-0)

Life Cycle Costs – **Senate** provides language in the General Conditions section that all capital project reviews, design, and construction decisions shall be based on the project life cycle costs, including projected O&M. (Item C-0)

2008-14 Six Year Plan – **Senate** includes language that the Governor's Six Year Capital Improvement Plan be delivered to the General Assembly by October 1, 2007; it is normally due by November 1st. **Senate** also provides that the capital planning process be revised to allow input by the General Assembly prior to the beginning of each new biennial cycle. (Item C-0)

Other Higher Ed

Higher Education Tuition Moderation Incentive Fund – **House** proposes a new fund, funded only if general fund estimates are met, to provide a general fund incentive to implementing a tuition increase around 4-5%. (Item 463.10)

Jt. Subcommittee on Higher Ed Funding – **Senate** authorizes the Jt. Subcommittee to meet during 2007 to provide direction on funding guideline methodologies and processes. (Item 1)

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Virginia Military Survivors and Dependents Program – **Governor** provides \$1,000,000 in the second year to offset costs of room and board for qualified survivors and dependents. SCHEV will allocate these funds to institutions with qualifying students. **House** provides an additional \$25,000 and clarifies that qualified survivors and dependents will receive a \$1,500 stipend to offset room, board, books, and supplies. (Item 243)

Virginia Military Scholarship Program – **Governor** provides \$400,000 provided to establish a scholarship program which will grant admission to 40 military scholarship cadets annually, who upon graduation will be required to serve eight years as commissioned officers including four years with the Virginia Army National Guard. (Executive Budget Document)

Virginia Women's Institute for Leadership – **Governor** provides \$547,000 in each year to support 94 students in this program at Mary Baldwin College. (Item 143)

Southside Virginia Educational Opportunities – **Governor** provides \$1.5 million (split equally between the New College Institute, the Institute for Advanced Learning and Research, and the Southern Virginia Higher Education Center) in 2007-08 to support the coordinated and cooperative development of postsecondary educational opportunities in Southside Virginia. **House** and **Senate** remove this funding; House mentions that the request was fully funded by the Tobacco Commission. (Items 244, 245, and 247)

Doctor of Psychology degree in Counseling Psychology – **Governor** authorizes a new program for Radford University. (Item 182)

Virginia Space Grant Consortium – **House** provides \$142,000 in the second year for an industry internship program for undergraduate science, technology and engineering students. (Item 143)

Tuition Assistance Grants – **House** provides \$2.45 million to increase average TAG to \$3,250/student. (Item 143)

Virginia Teaching Scholarship Loan Program – **Senate** increases funding by \$250,000 to allow an additional 67 full-time scholarship awards to increase teaching candidates pursuing careers in critical teacher shortage areas. (Item 132)

Virginia Community College Transfer Grant Program – **Senate** provides \$1.75 million for a projected 1,754 eligible students for Community College Transfer Grants pursuant to SB749. (Item 143)

Other

Modernization of Central Administrative Systems – **Governor** provides a working capital advance of up to \$20 million to the project office responsible for this effort (Enterprise Applications Public-Private Partnership Project Office). The advance will fund project expenditures. The repayment of any such working capital advance will be made from anticipated revenues from enhanced collections and cost recoveries. (Item 54.10)

Virginia Indian Heritage Program – **Governor** provides to the Department of Historic Resources, \$250,000 for the Virginia Indian Heritage Program. **Senate** eliminates the \$250,000 in the first year and adds \$75,000 in the second year. (Item 370)

Telecommunication and Technology Rates – **Governor** authorizes DPB to transfer appropriations between executive branch agencies based on telecommunications and technology rates approved by the Governor and JLARC. (Item 426)

Pandemic Flu Preparedness– **Governor** provides \$9.6 million for the Commonwealth to purchase the maximum amount of influenza antiviral treatment courses in conjunction with federal influenza pandemic preparedness plans. (Executive Budget Document)

Department of Accounts – **Governor** adds \$1.4 million and 14 positions to increase risk management, internal control standards, and financial reporting quality assurance. (Executive Budget Document)

Federal Debt Setoff Program – **Senate** authorizes the Department of Taxation to obtain a treasure loan to implement a federal debt setoff program for local taxes, in the event Congress enacts legislation that allows local governments, with the assistance of state governments, to collect delinquent local tax debts using offsets from federal income tax refunds. (Item 265)