

**Report on Governor and Jt. Conference Committee Amendments to the
2008-10 Appropriation Act (HB1600/SB850)
Language Changes**

Sources of Information

The amended 2008-10 Appropriation Act (HB1600/SB850) is available at <http://leg2.state.va.us/MoneyWeb.NSF/sb2009>.

The Governor's Executive Budget Document is available at <http://dpb.virginia.gov/budget/buddoc09/index.cfm>.

The University's Office of State Governmental Relations maintains the most recent analysis of the Budget Bill and the 2009 General Assembly Session at <http://www.virginia.edu/governmentalrelations/>.

Compensation and Benefits

July 1, 2009/November 25, 2009 Salary Increase – **Governor** eliminates planned increase for faculty and staff. (Item 472, page 514)

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

Group Life Insurance Program – 0.79%, down from 0.82%.

VSDP – 0.8%, down from 1.79%.

Retiree health insurance credit – 1.0%, down from 1.18%. (Item 472, page 519).

Long-Term Care Coverage Program – **Governor** closes the employer-paid VSDP long-term care program to new members and gives each participant a one-time election to continue coverage on a participant-paid basis. **JCC** restores the program, but also make changes to the VSDP Short Term Disability Program to bring it “in-line with best practices prevalent in private sector”. (Item 472, page 520)

Terminated Employees and VRS – **Governor** provides language that says a terminating agency is not required to pay VRS for enhanced retirement benefits, but the cost of involuntarily separated employees will be factored into VRS contribution rates, effective 6/30/09. (Item 472, page 520)

Department of Employee Dispute Resolution – **Governor** includes language that, effective July 1, 2009, this department will be administered by the Department of Human Resource Management. **JCC** reverses this action. (Item 77, page 73)

Human Rights Council - **Governor** includes language that, effective July 1, 2009, this department will be administered by the Department of Labor and Industry. **JCC** reverses this action. (Item 87, page 83)

Capital Outlay

Department of General Services (DGS) – **Governor** requires DGS to produce a report to review and detail administrative expenses, revenue sources, and financial obligations of the Division of Real Estate Services. The report, due 7/15/09, shall include a plan for reducing fees assessed to agencies and institutions by 15% in FY10. (Item 79, page 75)

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NGF Swap for Debt – **Governor** replaces University and Medical Center NGF for state-funded debt for two projects: Alderman Road Housing (\$8.9 million) and Medical Center Facilities (\$40 million). (Item C-63.06 and C-63.07, page 560)

GF Swap for Debt – **Governor** restores any amounts reverted from cash in 08-09 with debt proceeds for Ruffin Hall (16283), Gilmer Teaching Labs (16788), the Information Technology Engineering Bldg planning (17476), and Wise’s Drama Blg (16830). Also replaces cash with debt in FY10 (available July 1, 2009) related to the Couric Cancer Center (17155). (Item C-182, page 600-602)

Advancing Projects Authorized for Planning in 2008 - **JCC** adds language stating that all capital projects authorized for detailed planning in Chapter 1, 2008 GA Session may proceed from preliminary working drawings to detailed working drawings; any required NGF funds are appropriated; and NGF may be reimbursed from any funds appropriated for construction upon project completion. (Item C-178.10, page 589)

OOS Capital Fee – **JCC** adds a requirement that the OOS capital fee be increased from \$2/credit hour to \$10 credit hour to help compensate for capital authorized during 2008. For UVa, we must transfer an additional \$2.1 million, requiring an increase in the OOS capital fee from the current level of \$105 per student annually to \$400 per student annually. Wise must transfer an additional \$19,200 annually. (Item 280, page 287)

Unused Planning Funds – **JCC** reverts unused GF planning funds allocated to project 17654 (New Cabell Hall Renovation) and 17655 (Ruffner Hall Renovation). ARRA funds are substituted for GF in the capital planning. (Item C-0, page 546)

Medical-Related

Department of Medical Assistance Services (DMAS) – **Governor** provides new language around reimbursement and capitation rates. **JCC** adds emergency regulatory approval to make changes to Medicaid reimbursement methodology for long stay hospitals, as related to reduction strategies introduced in the Governor’s budget. **JCC** restores general funds and Medicaid matching funds (from Governor’s 3% reduction) to maintain current reimbursement levels for general acute care cases, acute care rehabilitation cases, and psychiatric cases. **JCC** adds GF and NGF to reflect increased Medicaid enrollment; also adds additional revenue from the American Recovery and Reinvestment Act of 2009 (ARRA) to increase the Federal share of Medicaid from 50% to 56.85% in FY09 and 60.19% in FY10. (Item 306, page 339-344)

Unused Pharmaceutical Disposal Program - **JCC** adds language directing the Board of Pharmacy to plan for the development of an unused pharmaceutical disposal program. (Item 303, page 321)

Other Higher Ed

American Recovery and Reinvestment Act of 2009 – **JCC** provides language authorizing the Governor to allocate sums pursuant to ARRA rules and regulations; requiring compliance from state agencies on State Comptroller, DPB Director, and federal reporting requirements; stating the intention to maximize use of funds available. JCC provides \$10.7 million to UVa and \$1.6 million to Wise, with the expectation that this funding will mitigate the need to raise tuition on in-state students at public colleges

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and universities. Requires a report from SCHEV on E&G tuition and fee increases; requires SCHEV to inform Boards of Visitors on the requirements of ARRA; and requires Governor/General Assembly review of actions by Board of Visitors as related to ARRA. (Item 475.5, page 529)

Aerospace Engine Manufacturer Incentive – **JCC** replaces \$9.4 million in general fund incentives for the location of Rolls Royce in central Virginia with funds from the flexible fund component of the State Fiscal Stabilization Fund authorized under the American Recovery and Reinvestment Act of 2009 (ARRA). The general fund support is intended to create chaired professorships, however, and this use may be in conflict with ARRA requirements. (Item 473, page 524)

Higher Education Restructuring – **Governor** has introduced, in conjunction with feedback from institutions of higher education, a number of language changes related to the assessment of institutional performance. **JCC** adds that the Director of DPB, with the comptroller and management agreement institutions will develop uniform reporting requirements for revenue and expenditure data. (Item 4-9.00, page 686 – 691).

Reporting Requirements - **JCC** introduces language to require higher ed institutions, the Secretary of Finance, the Secretary of Education, and the Director of DPB to identify a list of reporting requirements that the Governor may consider suspending. Several specific reports are to be suspended immediately, including Intercollegiate Athletics Receipts and Disbursements; Usage of State-Assigned and State-Owned Vehicles, Organizational Memberships, and Generalist Initiative. Findings are due to the money committee chairs by November 1, 2009. (Item 4-8.01, page 684)

Interest on Educational and General Balances – **Governor** reduces general fund appropriation since amount due to level 3 institutions are actually non-general fund revenues earned by the institutions, deposited to the state, and held in escrow on behalf of the institutions. **JCC** reduces the appropriation to approximate actual interest earnings; no impact to UVa as we'll get the interest we place into escrow. (Item 467, page 507)

Financial Aid and Withdrawn Student – **Governor** amends language to state that rather than following tuition refund policy at particular school, an institution will calculate the unearned portion of the aid based on the percentage used for the federal Return to Title IV program purposes. (Item 4-5.01a.d, page 664)

Virginia Teaching Scholarship Loan Program – **Governor** stipulates that the Department of Education will make payments on behalf of scholarship recipients directly to the institution of higher education where the student is enrolled. (Item 139, page 135).

Optometry Scholarships – **Governor** eliminates program in both years, a savings of \$26,640 in each year. **JCC** restores the program at \$32,000, but requires each student receiving a grant to set up practice in Virginia for at least 2 years. (Item 147, page 179)

Virginia Space Grant Consortium Scholarships – **JCC** adds \$75,000 to this scholarship program, bringing the total to \$245,000. (Item 147, page 179)

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Tuition Assistance Grant (TAG) Program – **Governor** begins a phase-out of the program for graduate students, beginning July 1, 2009. **JCC** restores the program, but requires that grants to graduate students be in health-related fields. (Item 147, page 179, 181)

Virginia Women’s Institute for Leadership - **JCC** reduces/benchmarks VWIL grants to the TAG program, saving \$264,000. (Item 149, page 183)

Tuition Moderation Incentive Fund – **Governor** eliminates the program for FY10. (Item 254, page 260)

Eminent Scholars – **Governor** eliminates entire \$6 million matching fund for this program -- a \$2.8 million reduction to the University. **JCC** restores \$4 million. (Item 148, page 182)

Department of Health Dentistry Scholarships – **Governor** eliminates \$325,000 in each year for scholarships and loan repayments for dental students. (Item 290, page 306)

Commonwealth Technology Research Fund (CTRF) – **Governor** re-designates CTRF to be used to “assist in commercializing research developed at institutions of higher education in Virginia in the fields of energy, conservation, environment, microelectronics, or lifespan biology and medicine. Governor establishes Innovative Technology Authority (rather than an Advisory Committee on Competitive Research) as the granting agency. Governor provides that \$75,000 in each year will be matched by respective institutions of higher education to fund administrative costs. **JCC** replaces 2009-10 \$1 million general funds for CTRF with funds from the American Recovery and Reinvestment Act of 2009 (ARRA). (Item 254, page 258)

Two Year College Transfer Grant Program – **Governor** increases investment in the program from \$1.8 million to \$3.1 million. **JCC** eliminates the increased investment, which was contingent upon legislation that failed to pass. (Item 474, page 526).

G.I. Bill – **JCC** allows public colleges and universities to enroll students under the G.I. Bill without being subject to delinquent account regulations, allowing them to register prior to receipt of G.I. Bill benefits. (Item 4-0.01, page 622)

SCHEV Restored Budget Reduction - **JCC** restores funds and requires SCHEV to continue to provide independent analysis and assessment of higher education policies and programs, including restructuring efforts. (Item 151.05, page 187)

Other

Citizen Member Per Diems – **Governor** eliminates the payment of per diems for citizen members of boards or commissions, transferring \$77,000 from agency budgets to reflect this decrease. (Item 475, page 527)

Erosion and Sediment Control – **Governor** provides that public institutions of higher education are to be subject to review and compliance for state erosion and sediment control requirements by the local authority within which the land disturbing activity, unless such institution submits annual specifications to the Department of Conservation and Recreation. (Item 361, page 405)

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Virginia Enterprise Application Project (VEAP) – **Governor** includes language that, effective July 1, 2009, VEAP will cease to exist as a separate agency and will be established as a division under Information Technology Planning and Quality Control program under the Virginia Information Technologies Agency. **JCC** add clarifying language. (Item 63, page 43).

Division of Purchases and Supply – **Governor** removes language directing the division to standardize the general delegation of procurement authority for all goods and non-professional services, including IT. (Item 80, page 76)

Consolidation of Bulk and Commercial Fuel Purchases - **JCC** authorizes DGF to consolidate such purchases into a single procurement action in order to leverage to achieve the most favored pricing from private sector fuel providers. DGS shall release a solicitation no later than September 1, 2009 and report to the money committees on any potential savings. (Item 83, page 79)

Procurement Disparity Study – **JCC** provides \$30,000 for the procurement disparity study that is being conducted by the Department of Minority Business Enterprise. (Item 88, page 85)

Public Television and Radio – **JCC** reduces funding to public television and radio by \$1.0 million. (Item 67, page 46)