Report on Governor and Joint Conference Committee (JCC) Amendments to Chapter 781, 2008-10 Appropriations Act (HB/SB29) (a.k.a., The Caboose Bill) Language Changes

Sources of Information
The 2008-10 Appropriation Act (HB/SB 29) is available at http://leg2.state.va.us/MoneyWeb.NSF/sb2010.

The **Governor**'s Budget Document is available at http://dpb.virginia.gov/budget/buddoc10/index.cfm.

The Office of State Governmental Relations maintains the most recent analysis of the Budget Bill and the 2010 General Assembly Session at http://www.virginia.edu/governmentalrelations/.

Compensation and Benefits
Furlough Day – The **Governor** authorizes a one day furlough. The **JCC** allows institutions of higher education to achieve the savings through alternative means. (Item 3-1.01.VV, page 315)

Suspension of Deferred Compensation Cash Match – The **Governor** suspends, for the final five full pay periods of FY 2010, $240/year cash match on employee deferred compensation accounts proposing to revert $2.5 million in general funds and $1.5 million in non-general funds (auxiliaries possibly included as only federal sources are specifically excluded) representing savings from the suspension. The **JCC** restores the cash match. (Item 472, page 260 and §3-1.01.EE, page 371)

December 2010 Bonus – The **JCC** provides that all employees, employed on June 30, 2010, shall receive a 3% bonus payment on December 16, 2010, contingent on general fund revenue collections for FY2010 exceeding the official Fiscal Year 2010 revenue estimate contained in this act by at least $82.2M. If surplus revenues are less than $82.2M, the bonus will be prorated. (Item 472, page 260)

Deferral of Employer Paid Contributions – The **Governor** provides that employer paid contributions for VRS defined benefit plans will be deferred for the final quarter of FY2010 until FY2011. (Item 472, page 264)

Suspension of VSDP Contribution Rates – The **Governor** provides for the suspension of VSDP contribution rates for the final five full pay periods of FY 2010, with the GF and NGF savings reverting to the state's general fund. (Item 472, page 264)

Statewide Purchase and Supply System Rate Savings – The **Governor** authorizes DPB to withhold and transfer $3.2 million in GF and $2.8 million in NGF representing the savings to agencies from a reduction in the rate charged for purchases made under eVa. (Item 475, page 269)

Withholding of NGF Interest Earnings – The **Governor** authorizes the State Comptroller to withhold NGF interest earnings for the second through fourth quarters of FY 2010 from such funds that retain interest, with the exception of those required to retain interest by the federal requirement, an amount estimated to be $17.7 million. (Item 3-3.04.b, page 322)

Carilion SOM Students – The **JCC** provides language allowing for Carilion SOM students to be eligible for TAG grants in fall 2010. (Item 147, #1; page 92).

Community College Transfer Grant Program – The **JCC** removes $1.5 million from $1.8 million appropriation based on actual expected need. (Item 475.10, page 270)

Report on Governor's Budget Bill With Joint Conference Committee (JCC) Amendments
2010-12 Appropriation Act (HB/SB30)
Language Changes

Sources of Information
The 2010-12 Appropriation Act (HB/SB30) is available at http://leg2.state.va.us/MoneyWeb.NSF/sb2010.

The **Governor**'s Budget Document is available at http://dpb.virginia.gov/budget/buddoc10/index.cfm.

The Office of State Governmental Relations maintains the most recent analysis of the Budget Bill and the 2010 General Assembly Session at http://www.virginia.edu/governmentalrelations/.

Medical Related
Eastern Virginia Medical School – The **Governor** provides financial aid funding directly to EVMS from the Tuition Assistance Grant Program budget and adds language stating that Eastern Virginia Medical School (EVMS) is not eligible to participate in TAG. (Item 137, page 102) **Governor** also adds language stating that SCHEV shall include EVMS in any calculations used to determine the funding requirements for state medical schools. (Item 139, page 106)

Nursing Scholarships from Department of Health – The **Governor** reduces funding from $100,000 in each year to $50,000 in each year for nursing scholarships and loan repayments and reduces funding from $200,000 in each year to $50,000 in each year for scholarships and loan repayments for nursing students pursuing an advanced degree towards becoming nursing faculty at the college level. (Item 280, page 184)

Durable Medical Equipment Medicaid Rate Savings – The **Governor** authorizes savings from changes to durable medical equipment Medicaid rate to be transferred to the general fund in each year, then transfers the savings to the Virginia Technology Infrastructure Fund. The **JCC** revises the transfer to go to the general fund. (§3-1.01.LL, page 372)

Office of Licensure and Certification – The **Governor** adds fees, effective July 1, 2010, for inpatient hospitals ($350 + $2/bed), outpatient surgical centers ($700), nursing facilities ($950 + $8/bed), hospice programs ($650), home care organizations ($650), and late fees, failure to file fees, and replacement license fees. The **JCC** deletes this new fee structure. (Item 284, page 186)

Indigent Health Care – The **Governor** provides the Medical Center's allocation at $40.9 million GF and $43.5 million NGF for the first year and $44.2 million GF and $47.0 million NGF for the second year. Language is also added that in order to receive the non-general funds in excess of the amount of general funds, the Medical Center must certify the public expenditure. The **JCC** decreases indigent care funding at teaching hospitals by $7.1M in each year. For UVa, this is a decrease of $2.7M in each year. If the enhanced Federal Medical Assistance is extended, this will be restored. (Item 297, page 197)

Deferred Payments – The **Governor** provides that DMAS shall delay the last quarterly payment of Disproportionate Share Hospital payments, Indirect Medical Education payments, and Direct Medical Education payments from the end of each state fiscal year to the first quarter of the following year.

Also, remittances to FAMIS and Medicaid providers will be delayed one week later than normally made. (Item 297, page 204)

Long Stay Hospitals – The **Governor** eliminates the incentive plan for long stay hospitals; eliminates the inflation increase for rates in FY 2011 and FY 2012 and freezes ceilings in FY 2011 and FY 2012 at the same level as the ceilings for long stay hospitals with fiscal year ends of June 30, 2010. The **JCC** will reverse the elimination if enhanced Medicaid funding is extended by the federal government. (Item 297, page 206)

Rebase Rates – The **Governor** rebases hospital DRG weights, case rates, psych and rehab per diem rates and revised inpatient hospital Medicaid utilization. (Item 297, page 206)

Amend State Plan – The **Governor** authorizes DMAS to amend state plan to remove optional podiatrist and adult vision services; to establish annual limits for adult rehabilitation services; to reduce the income limit for eligibility to 275% of Supplemental Security Income at January 1, 2011; to decrease maximum reimbursement for pharmaceutical products; to establish a threshold for out-of-state cost reporting; to reduced durable medical equipment reimbursement, and other actions. The **JCC** restores podiatry services for one year and asks for a report on the impact to other services if eliminated. Second year funding will be restored if enhanced Medicaid funding is extended by the federal government. The **JCC** further reduces the eligibility to 250% of SSI at July 1, 2011. (Item 297, page 206)

Amend Hospital Adjustment Factors - The **JCC** reduce hospital outpatient reimbursement from 94% to 91% for Type One Hospitals on July 1, 2010 and from 91% to 90% on July 1, 2011. Also, reduces by 3% in the first year and 4% in the second year physician and other providers billing and dental fees. Funding will be restored if enhanced Medicaid funding is extended by the federal government. (Item 297.XXX, page 209)

Graduate Medical Education – The **Governor** eliminates inflation adjustments for graduate medical education per resident amounts. (Item 297, page 206)

Department of Mental Health, Mental Retardation and Substance Abuse Services – The **Governor** renames department as Department of Behavioral Health and Developmental Services. (Item 300, page 211)

Massey Cancer Center - The **JCC** provides $1 million in the first year to support cancer research at the Massey Center. (Item 200, page 134)

Compensation and Benefits

Bonus - The **JCC** authorizes a 3% bonus on 12/20/10, if 2009-10 general fund revenue collections exceed expected collections by $82.2M, for all non-elected officials employed on June 30, 2010. If revenues exceed collections by less than $82.2M, the bonus will be prorated. (Item 469, page 333)

Suspension of Deferred Compensation Cash Match – The **Governor** proposes suspending the $480/year cash match on employee deferred compensation accounts and reverting $11.9 million in general funds and $7.0 million in non-general funds (auxiliaries possibly included as only federal sources are specifically excluded) representing savings from the suspension. The **JCC** restores the cash match at a rate of $20/month in the first year and $40/month in the second year. (Item 469.D, page 371)

Pre-Medicare Eligible Retiree Health Benefits Trust Fund – The **Governor** eliminates language concerning this program. (previously Item 472.G and Item 486 in Chapter 781)

Retirement Language Changes – The **Governor** proposes new language limiting CPI inflation increases in the Cost of Living Adjustment (COLA) applied to post-retirement payments for persons hired on or after 7/1/10. The current COLA matches the CPI-For All Urban Consumers (CPI-U) point for point for the first three percentage points. It then matches the CPI-U one-half a point for each point increase for the next 4 percentage points. So if the CPI-U rises by 7 percentage points or more, the VRS COLA caps at 5 percent. The COLA proposed by **Governor** Kaine for employees hired on or after July 1, 2010 would match the CPI-U for the first two percentage points. Then it would match the CPI-U one-half a point for the next 8 points. The new COLA would cap at 6% when the CPI-U increases by 10 points or more. In most years, except those of very high inflation, the new proposal results in a half point less for the COLA compared with the current methodology. The **Governor** proposes that VRS members hired on or after July 1, 2010 be subject to the new age/service requirement of 55/30 rather than the current 50/30.

VRS Contribution Rates – The **Governor** sets new contribution rates at 6.58% (+ 5% employee share) for VRS. Other contribution rates are: Group Life – 1.02%; VSDP – 0.66%; Retiree Health Insurance Credit – 0.99%. The **JCC** establishes a new fund, the VRS Suspense Payment Fund, which will collect benefit contribution rates from agencies at the rates set by the Governor. From these funds, the Comptroller will pay to VRS at the following rates: VRS – 2.13% in FY11 and 2.08% in FY12 (excluding 5% employee), Group Life – 0.33%; VSDP – 0.00%; Retiree Health Insurance Credit – 0.10%. Excess funds related to federal funds will be returned to feds. All other excess funds will be distributed to the general fund. (Item 469.H and I, page 329)

VRS Employee Contribution – The employee contribution is 5% and has previously been paid by the employer. The **Governor** provides that, effective 7/1/10, employees will pay 1% of creditable compensation on a salary reduction basis and the employer will pay 4%. Effective 7/1/11, employees will pay 2% of creditable compensation on a salary reduction basis and the employer will pay 3%. All general fund and nongeneral fund savings (auxiliaries possibly included as only federal sources are specifically excluded) will revert to the state. The **JCC** eliminates any provision that existing employees will fund a portion of their retirement contribution, but, with passage of HB1189, will require new employees to pay the full 5% contribution, with all GF and NGF savings reverting to the state. (Item 469.K, page 330)

ORP Employee Contribution – The contribution by the Commonwealth to employees participating in the ORP has been 10.4% in recent history. The **Governor** provides that, effective 7/1/10, the Commonwealth will contribute 9.4% to the employee's retirement account and the employee will be required to contribute 1% of compensation on a salary reduction basis. Effective 7/1/11, the Commonwealth will contribute 8.4% to the employee's retirement account and the employee will be required to contribute 2% of compensation on a salary reduction basis. All general fund and nongeneral fund savings (auxiliaries possibly included as only federal sources are specifically excluded) will revert to the state. The **JCC** eliminates any provision that existing employees will fund a portion of their retirement contribution, but, with passage of HB1189, will reduce the ORP employer contribution to 8.5% for all new employees in the ORP and will require that the employees pay 5% of compensation into the fund. All GF and NGF savings will revert to the state. (Item 469.L, page 330)

Virginia Sickness and Disability Plan – The **JCC** changes all VSDP references from 14 day or 28 day periods to 45 day periods. Additionally, amends eligibility for new employees to receive non-work related disability payments and limits income replacement for the first 60 months of employment. (Item 469, page 328)

Deferral of Employer Paid Contributions – The **Governor** provides that employer paid contributions for VRS defined benefit plans will be deferred for the final five paydays of FY 2011 and 2012 until FY 2012 and 2013, respectively. Savings of $14M in first year will be reverted from agency accounts. (Item 469.O, page 333)

Performance Related Salary Increases – The **Governor** adds language that agencies shall not pay annual performance related salary increases not authorized by the Appropriation Act. Agencies may pay increases related to pay practices authorized in the classified compensation plan to recognize changes in duties, establish equitable salary relationships, or to respond to market conditions and may pay recognition bonuses for contributions to the objectives of the agency. The **JCC** eliminated the entire section. (Item 469.P, page 333)

Department of Employment Dispute Resolution – The **Governor** reorganized this department to be under the Department of Human Resource Management, effective July 1, 2010. The **JCC** reversed this action. (Item 67.1, page 34)

Capital Outlay

Debt Financing for Capital Projects – The **Governor** adds language providing requirements for when debt financing for several capital items will be allowed. First, debt financing for projects already authorized for construction will proceed as planned (ITE, Multipurpose Center). Second, debt financing for the following prioritized items will be allowed ONLY after a plan/debt issuance schedule is submitted by the Secretary of Finance that takes into account the most recent recommendations of the Debt Capacity Advisory Committee released prior to the start of the 2011 General Assembly Session (i.e., January 2011). Priority for debt issuance is: 1) Maintenance Reserve; 2) Higher Education Equipment Trust Funds; 3) Equipment for previously funded projects; 4) Energy Conservation Improvements; 5) Construction funds for projects with completed planning. The **JCC** revised the priorities as follows: 1) Maintenance Reserve; 2) Higher Education Equipment Trust Funds; 3) Equipment for previously funded projects; 4) Construction funds for projects with completed planning; 5) Energy Conservation Improvements. Also added language that December 2009 recommendations could be used, allowing institutions to proceed with ETF and maintenance reserve expenditures pending the review by the Secretary. (Item C-85.D, page 363)

Sustainable Community Investment – The **Governor** adds language prohibiting commencement of any constructions unless the agency first issues a finding that the location of the building is compliant with guidelines issued by DGS to ensure consistency with the Principles of Sustainable Community Investment identified in Executive Order 69 and 82. The **JCC** eliminates this language. (Item C-0.P, page 347)

Maintenance Reserve – The **Governor** changes language around 85% spending requirement. Rather than reverting un-used balances, institutions which do not meet the 85% spending requirement will have its maintenance reserve funding reduced in the subsequent biennium. (Item C-84, page 360)

Energy Conservation Improvements – The **Governor** provides for $35.2 million in debt (based on financing priority above) to finance energy conservation projects that (1) reduce energy consumption in a publicly owned facility by 20%; (2) promote and encourage green building technology throughout state government facilities; (3) promote and encourage the conversion of agricultural waste for use in the production of fuel; or (4) technologies to reduce peak use of electricity. (Item C-86.A, page 363)

Energy Efficiency Projects – The **JCC** eliminates language regarding Virginia Energy Conservation and Environmental Standards, LEED Silver, or Green Globes two-globe standards in regards to energy efficiency projects. (Item 4-4.01.u.1, page 401)

Maintenance Reserve Roof Replacements – The **Governor** adds language requiring roof replacements to be in accord with the Virginia Energy Conservation and Environmental Standards, LEED Silver, or Green Globes two-globe standards. The **JCC** eliminates this language. (§4-4.01.c.1, page 397)

Maintenance Reserve and FICAS - The **JCC** eliminates language requiring the second priority of maintenance reserve projects to be those identified in FICAS as currently or potentially critical because they must be addressed within the next twelve months. (Item 4-4.01.c.2, page 397)

Leases That Are Capital Projects, But Not Capital Leases – The **Governor** eliminates language exempting from the capital outlay procedures those leases that qualify as capital projects, but not as capital leases. (Previously §4-4.01.a.5 of Chapter 781)

PPEA Projects – The **Governor** proposes language to exempt Public-Private Educational Facilities and Infrastructure Act projects from the capital outlay procedures as long as these projects are included in the capital outlay plan and not funded from general funds. The **JCC** eliminates this proposed language. (§4-4.01.a.5, page 396)

ARRA Capital Projects – The **Governor** authorizes the Director of DPB to initiate a capital project if fully funded by the ARRA of 2009 or similar federal law. The **JCC** eliminates this proposed language. (§4-4.01.m.2.b, page 399)

Site Selection – The **Governor** instructs DGS to issue guidelines to ensure that site selection for new state facilities is accomplished in a way that is consistent with the Principles of Sustainable Community Investment identified in Executive Orders 69 and 82. (Item 69, page 35)

Out-of-State Capital Fee - The **JCC** directs institutions of higher education to increase the out-of-state fee by $5.00/credit hour fee to out-of-state students to cover the cost of capital. UVa must revert an additional $1.5M back to the state as the proceeds of this fee. (Item 271, page 173)

Department of General Services – The **Governor** eliminated specific standards previously included (i.e., review 85% of projects within 14 days; removed language about a dedicated position to conduct fire and life safety code reviews for institutions of higher education; and eliminated specific language about the Facility Inventory Condition and Assessment system. The **JCC** eliminates additional language providing funds to maintain and oversee FICAS, including language stating that fees would be assessed to state agencies and institutions of higher education. (Item 71, page 36)

Research

Rolls Royce – The **Governor** provides $12,769,000 in the first year and $7,517,000 in the second year for chaired professorships, research, laboratory renovations, community college programs, graduate student and internships endowments, workforce training, project management, and training grants. (Item 96, page 53) The **Governor** also provides up to $5 million of previously awarded funds and funds repaid by political subdivisions or business beneficiaries may be used to assist Prince George County with site improvements related to the location of a major aerospace engine manufacturer. (Item 96, page 52)

Virginia Biotechnology Wet-Laboratory Program - The **JCC** provides $1.5M in each year to provide loans, loan guarantees, or grants to construct, improve, furnish, maintain, acquire, and renovate biotech labs design to provide wet-lab or other needed space to attract biosciences or other technology companies to the state or to accommodate growth of companies already in Virginia. Decisions related to size, scope, and selection of users shall be made by a panel including the Secretary of Commerce, the President of the Center for Innovative Technology, the Executive Director of the Virginia Biotechnology Association, and a president from a research higher ed institution as selected by the Council of Presidents. (Item 114, page 64)

Virginia Immunology Center - The **JCC** directs GMU, UVa, VT, VCU, and EVMS to create a new research consortium and provides $1.5M in the first year to GMU to upgrade its lab facilities related to such consortium. (Item 114, page 64)

Virginia Transportation Research Council - The **JCC** proposes language for the Secretary of Transportation to study the downsizing or elimination of the Virginia Transportation Research Council with activities to be transferred to other VDOT offices, research universities, and/or private sector contractors. (Item 451, page 314)

Commonwealth GAP Program- The **JCC** provides $500,000 in the first year and $1M in the second year to foster the development of Virginia-based technology, biosciences, and energy companies. (Item 428, page 294)

Higher Education Research Initiative - The **JCC** eliminates $510,000 in each year for a proton beam initiative at Hampton University. (Item 244, page 156)

Report on Governor's Budget Bill with Joint Conference Committee (JCC) Amendments
2010-12 Appropriation Act (HB/SB30)
Language Changes

Grants to Promote Research, Development, and Commercialization of Products - The **JCC** reduces such grants from $3,000,000 to $1,000,000, pursuant to Va. Code § 22.2-2240.1. (Item 96, page 53)

Higher Education Research Initiative – The **Governor** has not provided funding for the Commonwealth Technology Research Fund. $3 million in the first year is provided to the Jefferson Science Associates to leverage a federal investment to upgrade the Jefferson Lab's research facilities. (Item 224, page 156)

Dahlgren Education and Research Center at UMW - The **Governor** provides $250,000 in the second year for operating costs associated with this center, intended to be the anchor in the development of education and research partnerships between state higher education institutions and the adjacent Naval Support Facility. The **JCC** moves $100,000 from the second year into the first year. (Item 181, page 124)

<u>Other Higher Ed</u>

General Fund Expenditures – The **JCC** adds language requiring general fund (0100) and non-general fund (0300) expenditures in higher education institutions be separated and include all details of all funds. (Item 248, page 159)

Auxiliary Cash Balances Reverted – The **Governor** provides for auxiliary cash balances of $18.8 million be reverted to the general fund in FY2011; list of amounts by institution to be provided by DPB. The **JCC** removes this provision. (§3-1.01.II, page 372)

Interest on Educational and General Balances – The **Governor** defers payment of interest on E&G balances and rebates on credit card purchases for FY2012, an estimated GF savings of $8.4 million. (Item 465, page 325)

Interest Earning Allocations Suspended – The **Governor** provides language that suspends allocation of interest earnings on the following UVa-related funds for FY2011 and FY2012:

- Academic Division and Wise Auxiliary Balances (0306)
- Academic Division E&G Facilities Maintenance Reserve Fund (0325)
- Medical Center Armory Control Board Fund (0302, 0309, 0330)

However, we're not yet clear how this applies since several of these funds are not held and invested by the State Treasury. (§3-3.03, page 376)

General Fund Grants to Graduate Students – The **Governor** amends language allowing general fund graduate financial aid to be awarded without the 50% OOS restriction to out-of-state graduate students who are considered resident students due to earning $4,000 or more annually as a teaching assistant, research assistant, or graduate assistant. (§4-5.01.b.3.d, page 403)

State Fiscal Stabilization Fund from American Recovery and Reinvestment Act of 2009 – The **Governor** provides $21,892,717 to the Academic Division and $1,702,859 to Wise in the first year for E&G and financial aid. The funding is intended to moderate the general fund reductions, moderate the need for tuition and fee increases, and increase student access. We may spend in fiscal 2011 or the first quarter of 2012. Prior to release, the institution must provide a plan outlining how it will be spent on E&G vs.

financial aid and in which year. The plan must include anticipated tuition and fee increases for each year. The amount is an estimate and may be modified based on final budget reduction actions. (Item 187, page 127)

Reporting Requirements – The **Governor** modifies language related to reducing reporting requirements:

- Changes Prompt Pay reporting from monthly to quarterly
- Changes Personnel Development Service reporting from monthly to quarterly
- Suspends Gas Report/Repair Charge reporting
- Changes SWAM reporting from weekly to monthly
- Suspends Consolidated Faculty Salary Average reporting

(all above from §4-8.01.a.3.c, page 423-4)

- Exempts higher ed from organizational memberships reporting (§4-5.05.c.2, page 408)
- Adds language instructing DPB and SCHEV to consolidate non-general fund revenue reporting requirements (§4-8.01.a.3.d, page 424)
- Changes Status of Progress on Capital Projects reporting to annually (§4-8.01.d.3.d, page 424)
- Consolidates leasing reporting requirements (§4-8.01.a.3.c and d, page 423-4)
- Eliminates Commonwealth Generalist Initiative reporting (previously Item 149 and Item 197 of Chapter 781)
- Eliminates research funding reporting (previously Item 199 of Chapter 781)

The **JCC** restores the Consolidated Faculty Salary Report.

Restructuring Assessment – Elementary and Secondary Education – The **Governor** adds language that the Virginia Dept of Education, SCHEV, VCCS, and the Virginia Employment Commission may collect, use, share, and maintain de-identified student data to improve student and program performance including those for career readiness. (§4-9.02.b.6.c.2, page 427)

IT Facilities and Services – The **Governor** eliminates language that exempts non-major information technology projects from VASCUPP members from requesting authorization from VITA for procurement of IT services and goods. The **JCC** reverses this action. (§4-5.04.b.1.b, page 406)

Network Virginia – The **Governor** adds language that using the Network Virginia contract for services available under the VITA state contract is prohibited except for research projects, research initiatives, or instructional programs at higher education institutions. The **JCC** eliminates this proposed language. (§4-5.04.b.1.d, page 406)

Eminent Scholars Program – The **JCC** halves funding ($1.7M in each year) for the state match to the Eminent Scholars Program in each year. (Item 138. page 103)

Undergraduate Financial Aid – The **JCC** directs SCHEV to review student financial aid funding methodology, examining costs of education by category, use of cost allowances, gift aid received by students and Expected Family Contribution, and the impact on financial aid requirements of alternative financial aid methodologies. Report is due by October 1, 2010. (Item 139, page 106)

Higher Education Reversion Account – The **JCC** established a $10 million reversion fund that will be distributed to institutions of higher education in 2011-12. (Item 473.1, page 336)

Two Year Transfer Grant Program **–** The **JCC** removes $1.1 million from $1.8 million appropriation based on expected need and transfers administrative responsibility to SCHEV. (Item 472, page 336)

Tuition Assistant Grants (TAG) – The **JCC** reduces TAG funding by $5M in each year. (Item 137, page 101)

Center for Advanced Manufacturing Satellite Site – The **JCC** directs the Virginia Economic Development partnership to establish a working group (CAM, UVa, JMU, Blue Ride CC, Shenandoah Valley Partnership, Va. Association of Manufacturers, and others to develop a satellite site of the Center for Advanced Manufacturing in the Shenandoah Valley. Report is due 11/15/10. (Item 114, page 64)

Other

Innovative Technology Authority – The **Governor** renames authority to be the Innovation and Entrepreneurship Investment Authority. (Item 428, page 293)

VITA Operational Efficiencies – The **Governor** authorizes the transfer of NGF savings from agencies and higher education institutions related to operational efficiencies of VITA. (§3-1.01.U, page 370) The Information Technology Investment Board will work with the Secretary of Finance and the Director of DPB to reduce technology and telecommunications costs, including opportunities to reduce the number of retained employees and to establish standards, such as number of printers per employee and using docking stations instead of laptops and desktops. **JCC** directs VITA to report on potential efficiencies to the procurement of IT goods not covered under the Comprehensive Infrastructure Agreement. **JCC** also directs VITA to develop a formal funding plan for how it will modernize and integrate enterprise applications that support the central administrative functions of the Commonwealth. (Item 432 and 434, page 296 and 303)

Secretary of Education and Workforce – The **Governor** has re-titled the Secretary of Education to be the Secretary of Education and Workforce. (Item 121, page 68) Educational, Cultural, Community, and Artistic Affairs and Public Education are re-organized from the Secretary of Administration to this secretariat. (Item 122, page 68)

Reengineering Efforts – The **Governor** provides $500,000 in the first year (down from $650,000 in fiscal year 2010) to support technology-based or other approaches to improve efficiency and effectiveness of processes. New for this biennium, also provides for a $10 million line of credit for loans to agencies for reengineering efforts; it is intended that costs savings realized will repay the loan. **JCC** eliminates the Productivity Investment Fund and removes the line of credit. (Item 466, page 326)

Property Tax Relief – The **Governor** eliminates $950 million in each year in general fund payments to localities for property tax relief. The **Governor** has proposed the addition of a 1% income tax increase to be allocated to localities, providing them with funds to fully eliminate the property tax. The **JCC** reverses this change. (previously Item 471 in Chapter 781).

Report on Governor's Budget Bill with Joint Conference Committee (JCC) Amendments
2010-12 Appropriation Act (HB/SB30)
Language Changes

Master Lease Plan and DGS's State-Wide Purchase and Supply System Rates – The **Governor** reverts savings resulting from reduced rates from general fund and nongeneral fund accounts. (Item 473, page 336)

Guidelines Related to Decreasing Printing – The **Governor** eliminates language and related savings reversion related to reducing printing expenses and eliminating annual or special reports. (previously Item 475 in Chapter 781)

State Treasurer Administration Fees – The **Governor** authorizes the State Treasurer to charge projects financed with 9(c) debt an administrative fee of up to 10 basis points plus direct costs of issuance. (§3-1.01.G.4, page 369)

American Recovery and Reinvestment Act of 2009 – The **Governor** charges the Department of Accounts with the reporting responsibility under this Act. Agencies receiving funds shall (1) comply with State Comptroller or DPB reporting requirements; (2) comply with federal reporting requirements; and (3) comply with transparency requirements. (Item 248, page 158)

Directory of Cultural Historic Sites – The **Governor** directs the Department of Conservation and Recreation to develop a state directory of cultural historic sites to recognize commemorative and historic facilities and sites that interpret significant aspects of national, state, or regional cultural history; sites shall not be owned or operating by state agencies. (Item 352, page 243).

Virginia Commercial Space Flight Authority – The **JCC** reduces by $541,000 in each year funds to support this authority. (Item 114.K, page 63)

JLARC Reviews - The **JCC** directs JLARC to provide ongoing oversight of Virginia's information technology outsourcing arrangement using the same model utilized for VRS. Also directs JLARC to evaluate and report on the performance of the Tobacco Indemnification and Community Revitalization Commission. (Item 30, page 15)

Department of Business Assistance - The **JCC** directs the Secretary of Commerce to consider merging the Department of Business Assistance and the Economic Development Partnership. (Item 95, page 51)