

**Report on Amendments to Chapter 806, 2012-14 Appropriations Act (HB29/SB29)
(a.k.a., The Caboose Bill)
Language Changes**

Sources of Information

The original 2012-14 Appropriation Act (HB1500/SB800) is available at <http://leg2.state.va.us/MoneyWeb.NSF/sb2013>. The Governor's proposed amendments to the 2012-14 Appropriation Act (HB29/SB29) are available at <http://leg2.state.va.us/MoneyWeb.NSF/sb2014>.

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

The Office of State Governmental Relations maintains the most recent analysis of the Budget Bill and the 2014 General Assembly Session at <http://www.virginia.edu/governmentalrelations/>.

Compensation and Benefits

Bonus Payment – The Governor provides that all state employees who are employed on April 1, 2014 and remain employed until at least November 24, 2014 shall receive a one-time bonus payment equal to up to 2% of base pay on December 1, 2014. The bonus is contingent upon unspent general fund appropriations equal to or exceeding twice the general fund cost of the bonus. Employees must have achieved a performance rating of at least “meets expectations.” State employees will receive an additional one-time bonus payment equal to up to 1% of base pay on December 1, 2014 (contingent upon spending) if they have attained a performance rating of “exceeds expectations.” (Item 268, page 214)

Virginia Retirement System (VRS) – The Governor designates \$3.4 million in the second year to implement the employee retirement reforms provided for in Chapter 701 of the Acts of Assembly of 2012. (Item 482, page 222)

Other Higher Education

Higher Education Research Consortium - The Governor clarifies that other public higher education institutions in Virginia may choose to join the non-stock corporation research consortium (initially comprised of UVA, VCU, Virginia Tech, George Mason, and EVMS) as participating institutions, which requires a cash contribution from each institution of at least \$50,000 in each year of participation. (Item 105, page 38)

Medical Center Related

Reimburse Indigent Care Costs – The Governor increases the general fund reimbursements to UVA Health System for indigent health care costs in FY14 by \$955,735 and decreases nongeneral fund reimbursements by \$794,550. (Item 307, page 138)

Medicaid Expansion – The Governor adds language indicating that any amendment to the State Plan for Medical Assistance, as well as any related waivers, to implement coverage for newly eligible Medicaid recipients under the Affordable Care Act shall sunset on June 30, 2016. The Medicaid Innovation and Reform Commission shall continue to assess progress made toward implementation of Medicaid reforms. (Item §4-5.03, page 285)

Report on Governor's Budget Bill, 2014-16 Appropriation Act (HB30/SB30) Language Changes

Sources of Information

The 2014-16 Appropriation Act (HB30/SB30) is available at <http://leg2.state.va.us/MoneyWeb.NSF/sb2014>.

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

The University's Office of State Governmental Relations maintains the most recent analysis of the Budget Bill and the 2014 General Assembly Session at <http://www.virginia.edu/governmentalrelations/>.

Compensation and Benefits

Bonus Payment - The Governor proposes a December 2014 one-time bonus (tied to savings) up to 2% (across-the board for classified employees who *meet* expectations; merit-based for University staff, A&P faculty, and T&R faculty). The Governor proposes an additional one-time bonus (tied to savings) up to 1% (across-the board for classified employees who *exceed* expectations; merit-based for University staff, A&P faculty, and T&R faculty). (Item 467, page 402)

State Support for Employer's Share of Health Insurance Premiums – The Governor maintains the state's general fund support for the costs associated with changes in the employer's share of health insurance premiums. (Item 467, page 400)

VRS Rate Increase – The Governor proposes to increase the VRS rate from 8.76% (excluding the 5% employee portion) to 12.33% for each year of the biennium. (Item 467, page 398)

Research and Economic Development

Medical Research at Virginia Tech and VCU – The Governor provides \$650,000 incremental general funds in each year of the biennium to support the Parkinson's and Movement Disorders Center at Virginia Commonwealth University, as well as \$1.0 million incremental general funds in each year to help VCU's Massey Cancer Center achieve NCI Comprehensive Status. Other medical research funding includes \$1.65 million incremental general funds in each year to support brain disorder research at Virginia Tech. (Item 206, page 176; Item 223, page 189)

Rolls-Royce – The Governor provides \$648,000 general funds in year one and \$19.3 million general funds in year two to support the location of an aerospace engine facility (Rolls-Royce) in Prince George County. The Director of DPB will transfer the funds to the impacted agencies upon request. For comparison, \$9.3 million and \$10.4 million were provided in FY13 and FY14, respectively. (Item 101, page 81)

Commonwealth Research Commercialization Fund (CRCF) – Consistent with the previous biennium, the Governor proposes \$4.8 million annually for the CRCF, of which up to \$1.5 million shall be used annually for a Small Business Innovation Research Matching Fund

Program for Virginia-based technology businesses. The Governor eliminates funding for the Center for Innovative Technology’s GAP Funds. (Item 101, page 81)

Higher Education

Higher Education Funding Policy – In the previous appropriation act, the Governor directed the Secretaries of Education and Finance, Higher Education Advisory Committee, Director of DPB, Executive Director of SCHEV, and House Appropriation/Senate Finance staff to develop, by September 15, 2013, a long-term funding policy for higher education. In the 2014-16 proposed budget bill, the Governor outlines the specific process for providing funding to higher education institutions consistent with the funding elements identified under the Virginia Higher Education Opportunity Act of 2011 (HEOA, aka Top Jobs for the 21st Century (TJ21)). (§4-10.00, page 503)

Achieving Goals of the HEOA – The Governor provides \$183.1 million total general funds in 2014-16 to support higher education, including \$150.7 million to support the goals of the HEOA. The funds are distributed in the following “buckets”:

Funding Buckets	Biennial Total	%	UVa (split equally in FY15 & FY16)	%	UVa-Wise (split equally in FY15 & FY16)	%
Degree Incentives (80% volume, 20% improvement)	\$63,000,000	41.8%	\$4,142,886	6.6%	\$501,002	0.80%
Enrollment Growth	\$21,000,000	13.9%	\$2,190,274	10.4%	\$149,824	0.71%
Base Funding	\$13,500,000	9.0%	-		-	
Financial Aid (UG and Grad)	\$31,500,000	20.9%	\$975,320	3.1%	\$200,000	0.63%
Initiatives/Research	\$21,700,000	14.4%	\$4,000,000	18.4%	\$500,000	2.3%
TOTAL	\$150,700,000	100%	\$11,308,480	7.5%	\$1,350,826	0.90%

Enrollment growth is funded based on tuition assistance grant funding of \$3,300 per student.

Reallocation of General Funds to Support HEOA Goals – In lieu of budget reductions, the Governor directs each public higher education institution to set aside in FY15 and FY16 the equivalent of 2 percent of its FY14 general funds support for educational and general (E&G) operations to reallocate toward the goals of the HEOA (\$25.2 million total). The reallocation is in addition to previous reallocations implemented in the 2012-14 biennium. UVa is required to re-allocate \$2,390,301 in each year of the biennium towards initiatives in TJ21. UVa-Wise is required to re-allocate \$258,753 in each year of the biennium. Specific programs and strategies for the reallocations will be documented in the institution’s six-year plan. (Item 127, page 99; Item 193, page 169; Item 200, page 174)

Higher Education Procurement Cooperative – The Governor establishes the Higher Education Procurement Cooperative to provide a formal network and structure to aggregate and leverage individual higher education institutional procurement requirements and resources to obtain

financial advantage from cooperative procurement. The Cooperative will be organized under the umbrella of the Virginia Association of State College and University Purchasing Professional. (§4-10.00, page 503)

Higher Education Equipment Trust Fund – The Governor maintains the level of funding for Higher Education Equipment Trust Fund (ETF) purchases at \$64.2 million annually. (Item 251, page 201)

College Partnership Laboratory Schools – Consistent with the previous biennium, the Governor provides \$600,000 general funds in FY15 to plan for the development and implementation of innovative education programs and to promote greater cooperation and coordination between institutions of higher education in developing programs for preschool to grade 12 students through the establishment of College Partnership Laboratory Schools. The Secretary of Education is authorized to select institutions of higher education to receive funding. (Item 127, page 99)

Tuition Assistance Grants – The Governor increases the tuition assistance grant (TAG) award from \$3,200 to \$3,300 for qualified undergraduate students. The grants remain at \$2,200 for qualified graduate and medical students. (Item 142, page 141)

VMSSDP Program – The Governor proposes \$1.9 million in each year of the biennium for the Virginia Military Survivors and Dependents program, thereby providing up to a \$1,800 annual stipend to offset the costs of room, board, books, and supplies for qualified recipients. The annual stipend is the same amount as that provided in FY14. (Item 142, page 142)

Interest Earnings/Credit Card Rebates – The Governor continues general fund payments to higher education institutions for interest earned on tuition and fees and other non-general fund revenues (\$3.7 million each year) and for rebates on credit card purchases (\$1.8 million each year). (Item 464, page 395)

Veterans Consortium – The Governor provides \$1.6 million new funding during the biennium to implement a consortium, coordinated by SCHEV, between JMU, ODU, UVA, Virginia Tech, and VCCS to develop and administer a pilot program geared towards assisting Virginia's veterans and military members in applying previous military training and education towards completing existing bachelor's degree and professional certificate programs. SCHEV receives a total of \$503,000 to implement a module dedicated to veterans and military personnel on the Virginia Education Wizard website and to coordinate the consortium. Each member institution receives a total of \$221,000 during the biennium. (Item 144, page 145; Item 193, page 169)

Virtual Library of Virginia – The Governor provides \$1.5 million incremental general funds in the first year and \$1.6 incremental general funds in the second year for the Virtual Library of Virginia, which is provided for the benefit of students and faculty at the Commonwealth's public higher education institutions and participating nonprofit, independent private colleges and universities. (Item 144, page 144)

Medical Center Related

Indigent Care Reimbursement – The Governor continues the budget reduction from the 2012-14 biennium for indigent care services paid to UVa and VCU academic health centers into FY15. The medical centers will still be paid the full federal share of their indigent care costs. All previous reductions (including hospital inflation) will be restored in FY16. The Governor provides indigent care funding from the Department of Medical Assistance Services (DMAS) to the UVa Health System of \$42.6 million in FY15 and \$55.3 million in FY16. (Item 301, page 246)

Language Change for Compensation – The Governor incorporated the language change proposed by the UVa Medical Center that gives the Medical Center the authority to determine compensation paid to its employees in accordance with policies established by the Board of Visitors. (Item 197, page 171)

Other

Incentivizing Nurses to Underserved Areas – The Governor directs the Secretary of Health and Human Resources, in collaboration with the Virginia Department of Health, to examine and report on the effectiveness of existing incentive programs that are designed to attract nurses to underserved areas of Virginia. The report shall specifically include the Nursing Scholarship and Loan Repayment Program and recommendations to improve the program. The report is due by October 1, 2014. (Item 283, page 233)