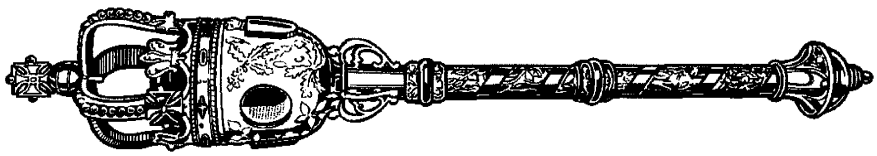
Report of the House Appropriations Subcommittee

on

Technology Oversight & Government Activities



House Bill 29

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House Bill 30

February 19, 2012

REPORT OF THE SUBCOMMITTEE
on
Technology, Oversight, and Government Activities

Mr. Chairman and Members of the Committee:

The Technology, Oversight, and Government Activities Subcommittee is pleased to put before you a series of recommendations to improve the structural balance of Virginia's budget at a time when the economy is beginning to show some signs of recovery.

As we began our review, the need for improving the structural balance of Virginia's budget was an important concern. Mr. Chairman, a number of members expressed concern about the financial well-being of their localities, and I want to extend my thanks to you for directing the resources necessary to this Subcommittee to address this issue. Consequently, the Subcommittee is recommending reducing the local aid reversions contained in the current budget by $70 million over the biennium.

In addition, the Subcommittee is recommending the use of up to $50 million for the Federal Action Contingency Trust Fund, or FACT Fund. Included in the Subcommittee's recommendation are criteria for the use of the fund that did not previously exist, as well as the establishment of an approval commission to review the proposed uses of the fund and recommend either approval or denial of those uses. The Subcommittee's members believe structural balance also extends to how money is spent, so the creation of this approval commission is an important component for this FACT fund. Just as importantly, the Subcommittee's recommendation provided additional resources for use in funding other needs of the Committee.

Further supporting the work of the Committee, the Subcommittee made a series of recommendations that provided resources for the Committee's use elsewhere in the budget. First, the Subcommittee is

recommending the reduction of $2.0 million each year for information technology charges reserved for three state agencies. Each of these agencies received at least $800,000 per year in funding to address the costs of their information technology services during the 2011 Session. The Subcommittee is also recommending a reduction of $750,000 per year in the Miscellaneous Contingency Reserve Account.

The Subcommittee also recommended the elimination of $1.0 million the first year and $1.3 million the second year that had been proposed for new initiatives related to the marketing and expansion of Virginia's modeling and simulation and cyber-security sectors. These new initiatives duplicate investment components that had been approved as part of the Commonwealth Research and Commercialization Fund, to which the General Assembly appropriated $10 million during the 2011 Session, and for which the Committee has recommended another $15 million within Commerce and Trade. Given an existing means to expand these industries, the introduction of new programs did not appear to be a wise investment.

In closing, I would like to thank Chairman Putney and the members of the Subcommittee for their hard work and support during the Session in putting the Subcommittee budget together. Committee staff will review the report and the attached listing of our recommendations at this time, and I hope it will be your pleasure to adopt our Subcommittee Report.

Respectfully Submitted by the House Appropriations Subcommittee on Technology Oversight & Government Activities:

James P. Massie, III, Chair

Joe T. May

L. Scott Lingamfelter

Charles D. Poindexter

Thomas A. Greason

Christopher K. Peace

James M. Scott

Robert H. Brink

Budget Amendment Recommendations

Amendment	House Bill 29 FY 2012	2012-14 BIENNIAL TOTAL General Fund	Nongeneral Fund	FTE
TECHNOLOGY, OVERSIGHT, AND GOVERNMENT ACTIVITIES				
HB 30 (2012-14 Budget)				
Innovation and Entrepreneurship Investment Authority				
University Corsortia May Apply to CRCF		Language		
Eliminate Modeling and Simulation Initiativ		(1,280,000)		
Eliminate New Cyber-Security Initiative		(1,000,000)		
Virginia Information Technologies Agency				
Eliminate Erroneous Reference		Language		
Eliminate Duplicative Language		Language		
Provide Language about Working Capital Funds		Language		
Central Appropriations				
FACT Fund Revisions for FY 2014		(20,000,000)		
Reduce Unallocated IT Funding		(4,000,000)		
Reduce Miscellaneous Contingency Funding		(1,500,000)		
Reduce Local Aid Reductions		45,000,000		
Part 3: Miscellaneous Transfers				
Capital Advances and Lines of Credit		Language		
Part 4: General Provisions				
4-2.01: War Memorial Gifts and Donations		Language		
4-4.01: Higher Education Capital References		Language		
4-8.01: Correct Language		Language		
Total: HB 29/30	-	17,220,000	-	0.00

Technology and Operations Subcommittee — Item 423 #1h

Technology
Innovation And Entrepreneurship Investment Authority — Language

Language:
Page 306, after line 18, insert:
"L. Notwithstanding the definition of qualifying institutions in § 2.2-2233.1, Code of Virginia, a university research consortium that includes Virginia colleges and university member institutions is a qualifying institution for purposes of seeking funding from the Commonwealth Research Commercialization Fund."

Explanation:
(This amendment provides that a consortium of Virginia colleges and universities may apply for funding from the Commonwealth Research Commercialization Fund.)

Technology and Operations Subcommittee — Item 423 #2h

Technology	**FY 12-13**	**FY 13-14**	
Innovation And Entrepreneurship Investment Authority	($480,000)	($800,000)	GF

Language:
Page 305, line 12, strike "$5,926,877" and insert "$5,446,877".
Page 305, line 12, strike "$6,206,877" and insert "$5,406,877".
Page 306, strike lines 13 through 15.
dPage 306, line 16, strike "K" and insert "J".

Explanation:
(This amendment eliminates funding included in House Bill 30 for the marketing and diversification of modeling and simulation initiatives.)

Technology and Operations Subcommittee — Item 423 #3h

Technology	**FY 12-13**	**FY 13-14**	
Innovation And Entrepreneurship Investment Authority	($520,000)	($480,000)	GF

Language:

Page 305, line 12, strike "$5,926,877" and insert "$5,406,877".
Page 305, line 12, strike "$6,206,877" and insert "$5,726,877".
Page 306, strike lines 16 through 18.

Explanation:

(This amendment eliminates funding included in House Bill 30 for the marketing and expansion of cyber-security initiatives.)

Technology and Operations Subcommittee — Item 426 #1h

Technology

Virginia Information Technologies Agency — Language

Language:

Page 308, line 13, strike "for General Management and Direction".

Explanation:

(This amendment corrects an erroneous reference. Funding provided to finance procurement and implementation activities for a contracts management system is being moved in the budget bill from one program to another to reflect current practices, requiring associated language to move as well. While the language was added in its new location, reference to the original program was never removed.)

Technology and Operations Subcommittee — Item 427 #1h

Technology

Virginia Information Technologies Agency — Language

Language:

Page 309, strike lines 1 through 10, and insert:
"B.1. As established in § 3-2.03 of this act, working capital advances totaling up to $90,000,000 will provide for the development of enterprise applications for the Commonwealth including the development of the performance budgeting and financial management systems. These working capital advances will be repaid from anticipated revenues from enhanced collections, cost recoveries, inter-agency collaborative projects and other sources of initiatives to be collected pursuant to this

item and will be deposited into the Virginia Technology Infrastructure Fund. No funds derived from these working capital advances shall be expended without the prior budget approval of the Secretaries of Technology and Finance. The State Comptroller shall notify the Governor and the Chairmen of the House Appropriations and Senate Finance Committees prior to any approved expenditure."

Explanation:

(This amendment links the working capital advance provided in this item for the development of applications to the line of credit table in Part 3.)

Technology and Operations Subcommittee — Item 427 #2h

Technology

Virginia Information Technologies Agency — Language

Language:

Page 309, strike lines 18 through 21.
Page 309, line 22, strike "D.1" and insert "C.1".

Explanation:

(This amendment removes an erroneous reference for workplace solution services that was mistakenly included in two items.)

Technology and Operations Subcommittee — Item 469 #1h

Central Appropriations	**FY 12-13**	**FY 13-14**	
Central Appropriations	$0	($20,000,000)	GF

Language:

Page 358, line 9, strike "$30,042,240" and insert "$10,042,240".
Page 360, strike lines 9 through 11 and insert:
"J.1. There is hereby appropriated in the second year an amount not to exceed $20,000,000 from that portion of the general fund balance designated by the State Comptroller on June 30, 2012, for nonrecurring expenditures pursuant to § 2.2-1514 B., Code of Virginia, to further capitalize the Federal Action Contingency Trust (FACT) Fund. The purposes of this FACT Fund are to address: (i) impacted localities in funding needs associated with the implementation of and response to the recommendations of the 2005 Base Realignment and Closure Commission (BRAC)

or any subsequent BRAC recommendations ; (ii) the continuation of statutorily-required federally mandated services at the present level if federal budget reductions are imposed; or (iii) unique economic development opportunities to expand the Commonwealth's ability to attract businesses in targeted sectors to help transition industries negatively affected by federal budget reductions or BRAC recommendations. This FACT Fund may also include support for wastewater treatment facility infrastructure with a Department of Environmental Quality approved Preliminary Engineering Report, as defined in 9 VAC 25-790-110, serving a BRAC affected community with a median household income below $50,000.

2. There is hereby created an advisory committee to provide advice to the Governor concerning the use of the Federal Action Contingency Trust (FACT) Fund. The FACT Fund Approval Commission is established as an advisory commission in the legislative branch and shall consist of 10 members, including the Chairman of the House Appropriations Committee and four members of the House Appropriations Committee selected by the chairman, the Chairman of the Senate Finance Committee and four members of the Senate Finance Committee selected by the chairman. The secretaries of Commerce and Trade, Health and Human Resources and Finance shall also be available to provide technical assistance to the advisory committee.

3. Prior to the distribution of any funds from the Federal Action Contingency Trust (FACT) Fund, The FACT Fund Approval Commission shall review all prospective uses of the FACT Fund and recommend approval or denial of such uses to the Governor. The Governor shall also notify the chairmen of the Senate Finance Committee and the House Appropriations Committee in writing within ten days concerning his decision to distribute money from the FACT reserve having previously received approval from the advisory committee."

Explanation:

(This amendment modifies the language contained in House Bill 30 providing for the Federal Action Contingency Trust (FACT) Fund in order to establish criteria for use of the funding and an advisory committee that would recommend whether specific uses of the FACT Fund should be approved. The language provides for the use of FY 2012 year-end general fund balances to support the FACT Fund, which could enable the fund to proceed in supporting the established criteria more quickly than would have been the case as outlined in House Bill 30.)

Central Appropriations	**FY 12-13**	**FY 13-14**	
Central Appropriations	($2,000,000)	($2,000,000)	GF

Language:

Page 358, line 9, strike "$12,962,240" and insert "$10,962,240".
Page 358, line 9, strike "$30,042,240" and insert "$28,042,240".
Page 359, line 39, strike "$8,128,237" and insert "$6,128,237".
Page 359, line 39, strike "$5,208,237" and insert "$3,208,237".

Explanation:

(This amendment reduces unallocated general fund amounts contained within Central Appropriations for VITA information technology charges by $2.0 million per year. In total, $3.1 million in fiscal year 2013 and $3.4 million in fiscal year 2014 in unallocated information technology charges were reserved for three agencies -- the Department of Emergency Management (VDEM), Department of Juvenile Justice (DJJ), and Department of Environmental Quality (DEQ). However, these three agencies received substantial general fund support for their information technology charges pursuant to Chapter 890, the 2011 Appropriation Act. For instance, VDEM received $2.1 million for fiscal year 2011 and $3.1 million for fiscal year 2012; DJJ received $2.0 million in fiscal year 2011 and fiscal year 2012; and DEQ received $800,000 in fiscal year 2011 and fiscal year 2012.)

Technology and Operations Subcommittee — Item 469 #3h

Central Appropriations	**FY 12-13**	**FY 13-14**	
Central Appropriations	($750,000)	($750,000)	GF

Language:

Page 358, line 9, strike "$12,962,240" and insert "$12,212,240".
Page 358, line 9, strike "$30,042,240" and insert "$29,292,240".
Page 358, line 10, strike "$1,500,000" and "$1,500,000" and insert:
"$750,000" and "$750,000".

Explanation:

(This amendment reduces the amount of funding provided within Central Appropriations for the miscellaneous contingency reserve account. This funding is unnecessary because other sources of funding are available for these purposes. First, the Governor is permitted to use up to $1.0 million per year from the general fund amounts appropriated for the Governor's Opportunity Fund if there is any

insufficiency. Second, the Governor may use up to $2.0 million from the unappropriated general fund balance when (a) insufficient funds are not available within the agency's appropriation and (b) additional funds must be provided prior to the end of the next General Assembly Session.)

Technology and Operations Subcommittee Item 472 #1h

Central Appropriations	**FY 12-13**	**FY 13-14**	
Central Appropriations	$22,500,000	$22,500,000	GF

Language:

Page 362, line 22, strike "($50,000,000)" and insert "($27,500,000)".
Page 362, line 22, strike "($45,000,000)" and insert "($22,500,000)".
Page 362, line 35, strike "$50,000,000" and insert "$27,500,000".
Page 362, line 36, strike "$45,000,000" and insert "$22,500,000".

Explanation:

(This amendment reduces the level of general fund savings captured from aid to localities. These general fund savings are captured through a reversion clearing account found in Central Appropriations. As introduced, House Bill 30 assumed general fund savings of $50.0 million the first year and $45.0 million the second year from aid to localities. The amendment reduces those assumed savings to $27.5 million in fiscal year 2013 and $22.5 million in fiscal year 2014.)

Technology and Operations Subcommittee Item 3-2.03 #1h

Working Capital Funds and Lines of Credit

Lines of Credit Language

Language:

Page 391, line 47, strike "$90,000,000" and insert "$60,000,000".
Page 392, line 14, after "Agency", insert:
", for General Operations".
Page 392, after line 14, insert:
"Virginia Information Technologies Agency, for Enterprise Applications
$30,000,000".

Explanation:

(This amendment gives a more detailed presentation of funding provided for the

development of enterprise applications. Companion amendments for related working capital advances are in Items 260 and 427.)

Technology and Operations Subcommittee Item 4-2.01 #1h

Revenues

Nongeneral Fund Revenues Language

Language:

Page 408, line 5, after "funds", strike "." and insert:

", except that donations or gifts to the Virginia War Memorial Foundation that are small in size and number and valued at less than $5,000, such as library items or small display items, may be approved by the Executive Director of the Virginia War Memorial in consultation with the Secretary of Veterans Affairs and Homeland Security. All other gifts and donations to the Virginia War Memorial Foundation must receive written approval from the Secretary of Veterans Affairs and Homeland Security."

Explanation:

(This amendment provides that gifts and donations made to the Virginia War Memorial that are valued at less than $5,000 be exempt from the requirement that the Governor approve all gifts, grants, and donations made to state agencies. The Executive Director must consult with the Secretary of Veterans Affairs and Homeland Security about the acceptance of these gifts and donations. A number of private individuals are donating uniforms, flags, and other items from their service in World War II to the Virginia War Memorial.)

Technology and Operations Subcommittee Item 4-4.01 #2h

Capital Projects

General Language

Language:

Page 418, line 25, after "Assembly" insert:

"and Chapter 824 and 829 of the 2008 Acts of Assembly".

Explanation:

Amendment to House Bill 30, as Introduced

(This amendment updates the references to include later enactments.)

Technology and Operations Subcommittee Item 4-8.01 #2h

Reporting Requirements
Governor Language

Language:
Page 444, line 4, strike "dtata" and insert "data".

Explanation:
(This amendment simply corrects a misspelled word.)