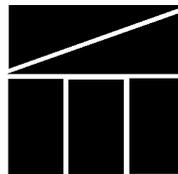


**Governor Kaine's Proposed Amendments
to the 2008-2010 Biennial Budget
and
Governor Kaine's Proposed Budget
for the 2010-2012 Biennium**

*A briefing for the Joint Meeting of the Senate Finance Committee,
House Appropriations Committee, and the House Finance Committee*

December 18, 2009



Daniel Timberlake

Director

Virginia Department of Planning and Budget

Overview of the Shortfall

Continued declines in the revenues and transfers creates a significant budget shortfall in FY 2010 . . .

- FY 2009 general fund revenues fell \$299 million short of the estimates contained in Chapter 781.
- In August, total projected general fund revenues for FY 2010 were expected to fall by \$1,209 million below the levels appropriated in Chapter 781.
- The revised revenue and transfer projection before any policy changes are made results in an additional shortfall of \$335.1 million.

Before making any adjustments to spending, projected general fund revenues for FY 2010 and for each year of the 2010-2012 biennium are not sufficient to support the current level of spending . . .

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
GF Resource base per CH 781	\$ 15,755.4	\$ 15,755.4	\$ 15,755.4
Adjust - August Interim Forecast	(1,209.1)	(809.4)	(30.7)
Adjust - December Forecast	(335.1)	(278.6)	(308.1)
Available GF Resources	<u>14,211.2</u>	<u>14,667.4</u>	<u>15,416.6</u>
Less:			
Spending Base per CH 781	(15,844.0)	(15,845.4)	(15,845.4)
Net Shortfall	\$ (1,632.8)	\$ (1,178.0)	\$ (428.8)
Total Shortfall Across All 3 Years			\$ (3,239.7)

*Amounts shown in millions

Summary of Proposed Changes in Spending

When new spending requirements are added, the total general fund shortfall increases to \$1.8 billion in FY 2010 and to \$4.5 billion in the 2010-2012 biennium. . .

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
GF Resource base per CH 781	\$ 15,755.4	\$ 15,755.4	\$ 15,755.4
Adjust - August Interim Forecast	(1,209.1)	(809.4)	(30.7)
Adjust - December Forecast	(335.1)	(278.6)	(308.1)
Available GF Resources	<u>14,211.2</u>	<u>14,667.4</u>	<u>15,416.6</u>
Less:			
Spending Base per CH 781	(15,844.0)	(15,845.4)	(15,845.4)
New Spending - Operating	(154.9)	(989.2)	(1,850.2)
New Spending - Capital	-	(39.2)	-
GF Spending Requirements	<u>(15,998.9)</u>	<u>(16,873.8)</u>	<u>(17,695.6)</u>
Net Shortfall	\$ (1,787.7)	\$ (2,206.4)	\$ (2,279.0)

*Amounts shown in millions

New spending requirements in FY 2010 are dominated by updates to Medicaid and public education, and restoration of ARRA funds . . .

Description of Action	FY 2010		
Fund Medicaid utilization and inflation	\$	80.1	
Restore GF to items funded by the American Recovery and Reinvestment Act of 2009		30.9	
Fund increased information technology costs to agencies		19.4	
Restore general fund support for agriculture best management practices		15.2	
Fund Health Care Fund appropriation		14.8	
Update enrollment projections in Direct Aid to Public Education		14.5	
Provide funding for unemployed parents cash assistance program		5.5	
Fund medical assistance services for low-income children utilization and inflation		3.1	
Fund medical services for involuntary mental commitments		3.1	
Restore general fund support for the Virginia Land Conservation Fund deposit		2.0	188.6 121.7%
All Other Spending Adjustments (includes technical)		<u>(33.7)</u>	-21.7%
Total of All Spending Items		<u>\$ 154.9</u>	

*Amounts shown in millions

Medicaid and public education continue to dominate the majority of new GF spending requirements in the 2010-2012 biennium . . .

Description of Action	Biennial Spending		
Backfill Medicaid program due to loss of federal stimulus matching funds	\$ 1,191.49		
Fund Medicaid utilization and inflation	777.7		
Fund debt service requirements	165.7		
Rebenchmark Standards of Quality (SOQ) costs (includes enrollment update)	143.8		
Eliminate aid to locality reductions	100.0		
Adjust support for Virginia Retirement System payments	89.5		
Provide funding for the state employee health insurance program	84.6		
Reserve funding for an anticipated mandatory deposit to the Revenue Stabilization Fund in FY 2013	40.0		
Delay the update of the composite index for direct aid programs until FY 2012	39.0		
Adjust funding for the Health Care Fund	32.6		
Provide additional funding for state mental health and mental retardation facility Medicaid costs	31.9		
Fund medical assistance services for low-income children utilization and inflation	26.6	2,723.0	94.6%
Other General Fund Spending		151.3	5.3%
Base and technical spending		5.0	0.2%
Total of All General Fund Spending		\$ 2,879.3	

*Amounts shown in millions

Impact of Resource Actions

Transfers and policy actions reduce the shortfall but are not sufficient to address all of the revenue losses in FY 2010 and in the 2010-2012 biennium . . .

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Estimated Shortfall - revenue vs. spending	\$ (1,787.7)	\$ (2,206.4)	\$ (2,279.0)
Proposed Resource Changes (policy and technical)			
Revenues	182.4	121.9	110.1
Transfers	127.7	68.3	60.0
Adjustments to Balance	(148.5)	(0.5)	-
Subtotal of Policy Changes	<u>161.6</u>	<u>189.7</u>	<u>170.1</u>
Revised Shortfall	\$ (1,626.2)	\$ (2,016.7)	\$ (2,108.9)

*Amounts shown in millions

Summary of Proposed Reductions

Significant reductions in general fund spending are required in each year . . .

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Governor's September Reduction Plan	\$ 854.3	\$ 279.9	\$ 436.0
Additional Targeted Reductions	344.6	1,748.0	1,683.5
Total Proposed Reductions	\$ 1,199.0	\$ 2,028.0	\$ 2,119.5

*Amounts shown in millions

Beyond the savings proposed in the September Reduction Plan, an additional \$344.6 million in GF savings actions are recommended in FY 2010. . .

Description of Action	FY 2010		
Supplant sheriffs' general fund support with stimulus funding	\$	109.5	
Eliminate textbook funding paid to school divisions		79.6	
Remove nonpersonal inflation factors used in funding the Standards of Quality		61.3	
Lag fourth quarter payment of retirement contributions to July 2010		19.8	
Use Literary Fund balances for teacher retirement		17.0	
Capture additional benefit savings in Standards of Quality from VRS rate changes		9.8	
Lag fourth quarter reimbursement for State Operated Programs paid to school divisions		8.2	
Reduce state support for retirement and group life insurance contributions for constitutional office staff		7.8	
Reflect savings from enhanced federal match in the Medicaid Comprehensive Services Act budget		7.5	
Implement a five percent reduction to local and regional jail per diem payments		3.6	324.1 94.0%
All other savings strategies			20.6 6.0%
Total of Additional Savings Actions Since September	\$	344.6	

*Amounts shown in millions

Beyond the savings proposed in the September Reduction Plan, an additional \$3.4 billion in GF savings actions are recommended in the 2010-2012 biennium . . .

Agency Name		Biennial Savings		
Central Appropriations	\$	2,040.9		
Direct Aid to Public Education		600.5		
Department of Medical Assistance Services		383.9		
Compensation Board		227.1		
Department of Criminal Justice Services		89.4		
Mental Health Treatment Centers		24.4		
Department of Corrections		22.9		
Department of Health		15.4		
Intellectual Disabilities Training Centers		10.0		
Comprehensive Services for At-Risk Youth and Families		6.6	3,421.1	99.7%
All other agencies			10.5	0.3%
Total of Additional Savings Actions Since September			\$ 3,431.6	

- 99.7 percent of the biennial savings occurs in the top ten agencies

83 percent of the additional GF savings actions recommended in the 2010-2012 biennium appear in the top ten strategies. . .

Description of Action	Biennial Savings		
Eliminate reimbursements for personal property tax relief	\$ 1,900.0		
Fund health care costs in Standards of Quality based on actual plan participation	269.2		
Implement policy changes to the Standards of Quality model	174.2		
Utilize State Fiscal Stabilization Funds for general fund supported programs in K-12	126.4		
Reduce HB599 funding	88.4		
Withhold inflation adjustments from hospital operating rates	76.0		
Eliminate state support for retirement and life insurance premiums to constitutional offices	61.6		
Require state employees to pay a portion of retirement contributions	55.7		
Reduce income limits for optional 300 percent Supplemental Security Income eligibility group	53.3		
Postpone mandated increase in annual Mental Retardation and Developmental Disability waiver slots	39.2	2,844.0	82.9%
All Other Reduction Strategies		<u>587.6</u>	17.1%
Total of Additional Savings Actions Since September		<u>\$ 3,431.6</u>	

*Amounts shown in millions

Summary of All Changes

The introduced budgets (HB/SB 29 and HB/SB 30) contain balances in each year . . .

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Revised Revenue Estimates	\$ 14,211.2	\$ 14,667.4	\$ 15,416.6
Add Policy Changes	161.6	189.7	170.1
Adjust for balance from prior year	161.0	-	-
Add Transfer from Revenue Stabilization Fund	292.9	-	-
Total Resources Available	<u>14,826.7</u>	<u>14,857.1</u>	<u>15,586.7</u>
Add Savings from Reduction Strategies	1,199.0	2,028.0	2,119.5
Less Required Spending	(15,998.9)	(16,873.8)	(17,695.6)
Annual Balance	\$ 26.7	\$ 11.3	\$ 10.6

*Amounts shown in millions

The annual balances roll forward to create a cumulative balance of \$48.6 million . . .

	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
Annual Balance	\$ 26.7	\$ 11.3	\$ 10.6
Cumulative Balance		\$ 38.0	\$ 48.6
less payment to Revenue Stabilization Fund			\$ (40.0)
Unappropriated balance in HB/SB 30			\$ 8.6

- which permits a single, one-time down payment of \$40.0 million to a reserve for a future estimated payment to the revenue stabilization fund in FY 2013 and leaves approximately \$8.6 million as an unappropriated balance.

Summary of Changes by Secretarial Area

General fund reductions in FY 2010 exceed new spending . . .

HB/SB 29 General Fund Operating Changes

Fiscal Year 2010

	Savings	Spending	Net Change
Secretarial Area			
Judicial Department	\$ -	\$ 0.3	\$ 0.3
Executive Offices	(2.3)	-	(2.3)
Administration	(161.2)	(2.0)	(163.2)
Agriculture and Forestry	(3.9)	-	(3.9)
Commerce and Trade	(7.6)	3.2	(4.4)
Education	(557.4)	(52.4)	(609.8)
Finance	(8.1)	(29.0)	(37.1)
Health & Human Resources	(215.8)	105.3	(110.5)
Natural Resources	(9.3)	18.7	9.4
Public Safety	(71.3)	2.8	(68.5)
Technology	(2.3)	-	(2.3)
Transportation	(14.3)	-	(14.3)
Central Appropriations	(145.4)	107.9	(37.5)
Independent Agencies	(0.1)	-	(0.1)
Nonstate Entities	-	0.0	0.0
GRAND TOTAL	\$ (1,199.0)	\$ 154.9	\$ (1,044.1)

*Amounts shown in millions

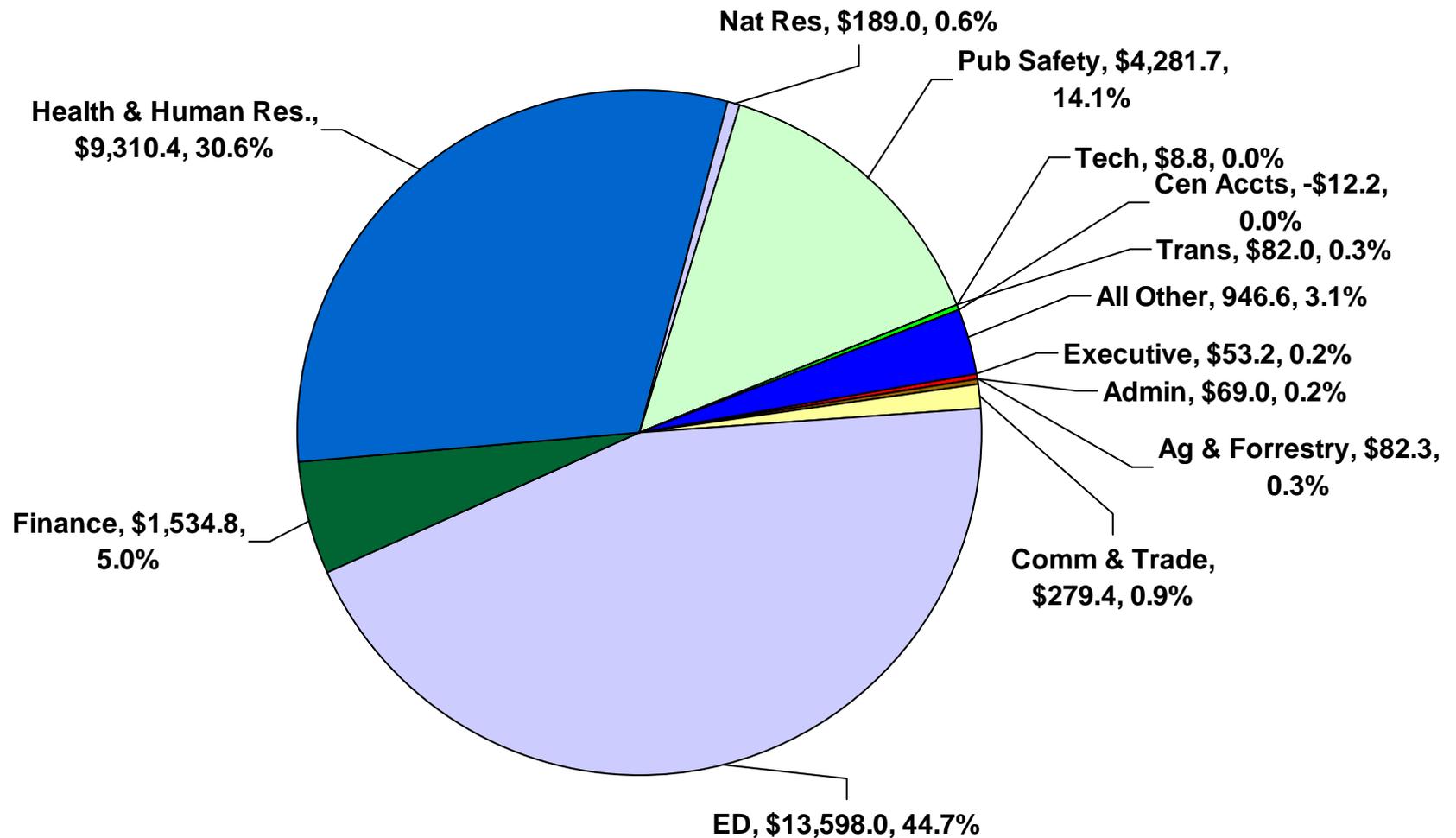
General fund spending continues to be less than the reductions in the 2010-2012 biennium . . .

HB/SB 30 General Fund Operating Changes

Secretarial Area	Savings		Spending *		Net Change	
	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012
Legislative Department	\$ -	\$ -	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.0
Judicial Department	\$ (0.3)	\$ (0.8)	\$ (2.7)	\$ (2.7)	\$ (3.0)	\$ (3.5)
Executive Offices	\$ (1.2)	\$ (1.2)	\$ 0.4	\$ 0.4	\$ (0.8)	\$ (0.7)
Administration	\$ (6.1)	\$ (6.2)	\$ (5.7)	\$ (5.8)	\$ (11.9)	\$ (12.0)
Agriculture and Forestry	\$ (3.6)	\$ (4.2)	\$ (1.2)	\$ (1.3)	\$ (4.8)	\$ (5.4)
Commerce and Trade	\$ (8.7)	\$ (8.9)	\$ 32.0	\$ 36.6	\$ 23.4	\$ 27.6
Education	\$ (415.9)	\$ (454.7)	\$ 47.6	\$ 117.6	\$ (368.3)	\$ (337.1)
Finance	\$ (18.0)	\$ 5.8	\$ 47.9	\$ 135.7	\$ 29.9	\$ 141.5
Health & Human Resources	\$ (275.4)	\$ (389.1)	\$ 691.0	\$ 1,392.6	\$ 415.6	\$ 1,003.5
Natural Resources	\$ (8.4)	\$ (8.4)	\$ 4.8	\$ 4.4	\$ (3.7)	\$ (4.0)
Public Safety	\$ (237.1)	\$ (256.9)	\$ 2.1	\$ 1.5	\$ (235.0)	\$ (255.4)
Technology	\$ (3.6)	\$ (3.6)	\$ (0.2)	\$ (0.2)	\$ (3.8)	\$ (3.8)
Transportation	\$ (28.0)	\$ 28.0	\$ -	\$ -	\$ (28.0)	\$ 28.0
Central Appropriations	\$ (1,021.5)	\$ (1,019.3)	\$ 172.1	\$ 210.4	\$ (849.4)	\$ (809.0)
Independent Agencies	\$ (0.1)	\$ (0.1)	\$ (0.0)	\$ (0.0)	\$ (0.1)	\$ (0.1)
Grand Total	\$ (2,028.0)	\$ (2,119.5)	\$ 989.2	\$ 1,890.2	\$ (1,038.8)	\$ (229.4)

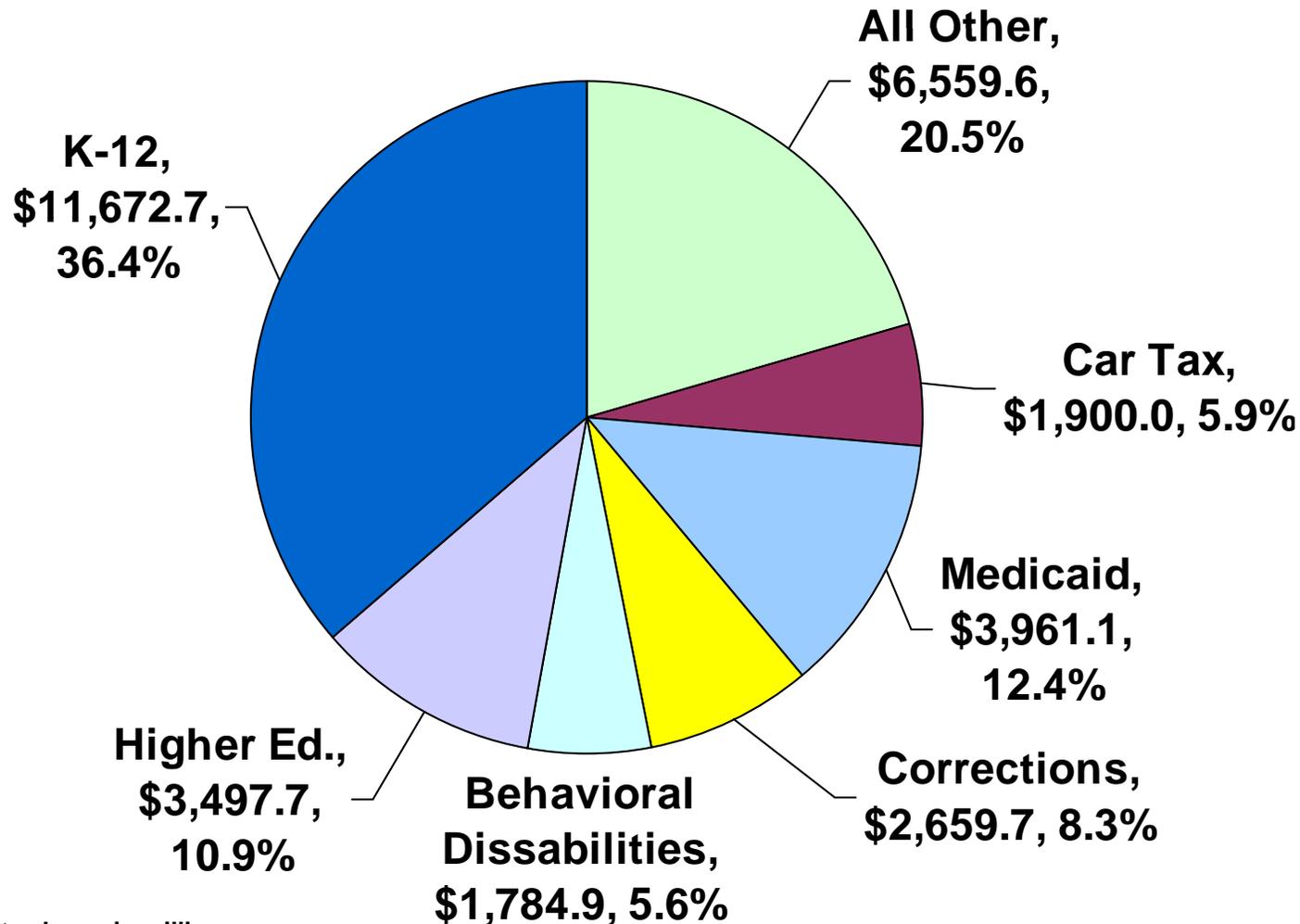
* Spending actions include Base and Technical Adjustments as well as Operating Decision Packages
Any negative spending indicate(s) downward Base Adjustments

Education, health and human resources, and public safety still compose the largest areas of general fund spending in the 2010-2012 biennium . . .



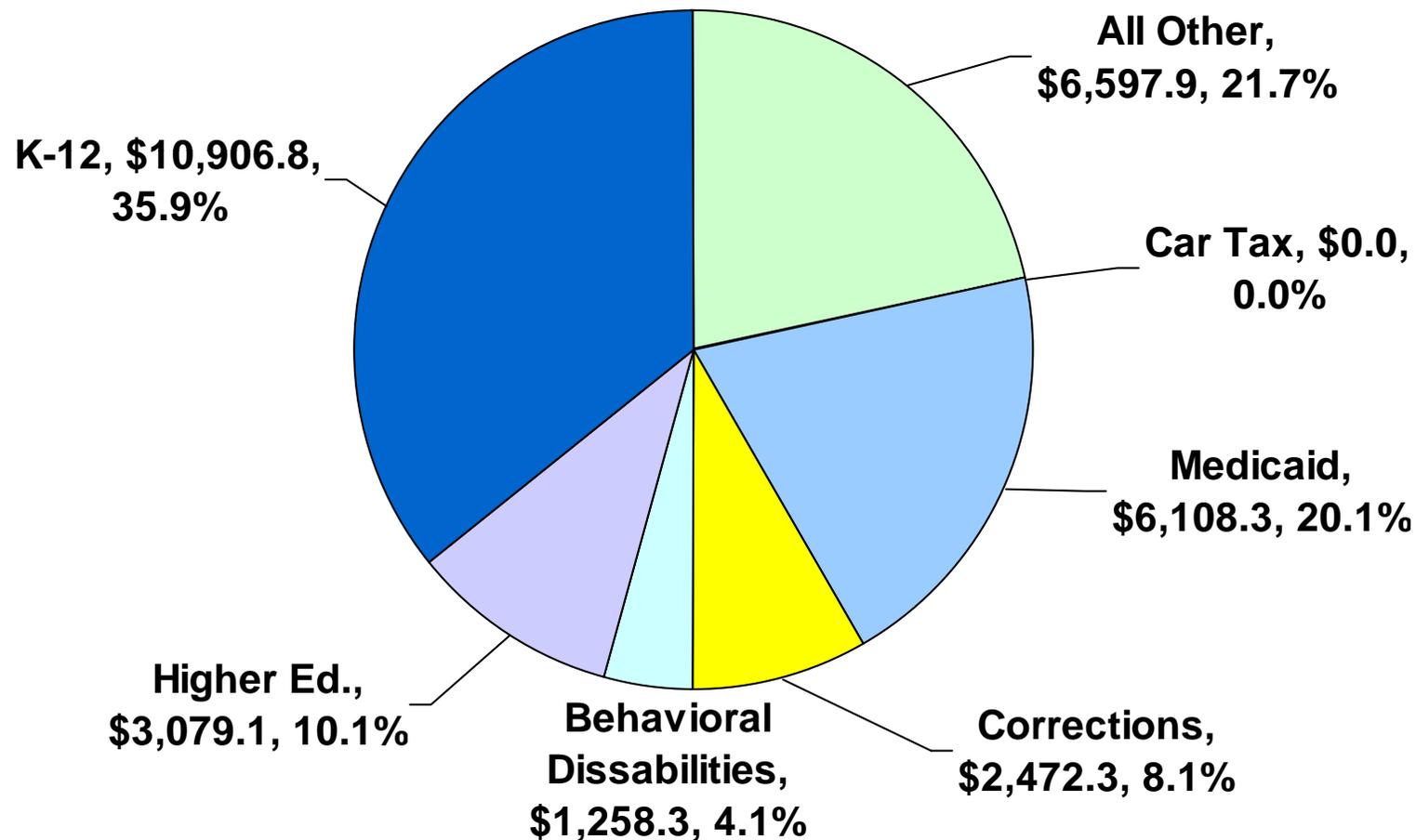
Summary of Changes in Budget Drivers

The six budget drivers make up 79.5 percent of the general fund biennial budget in Chapter 781...



*Amounts shown in millions

The six budget drivers make up 78.3 percent of the general fund biennial budget in the Introduced Budget. . .



*Amounts shown in millions

From FY 2008 to FY 2012, total spending on the budget drivers will have decreased...

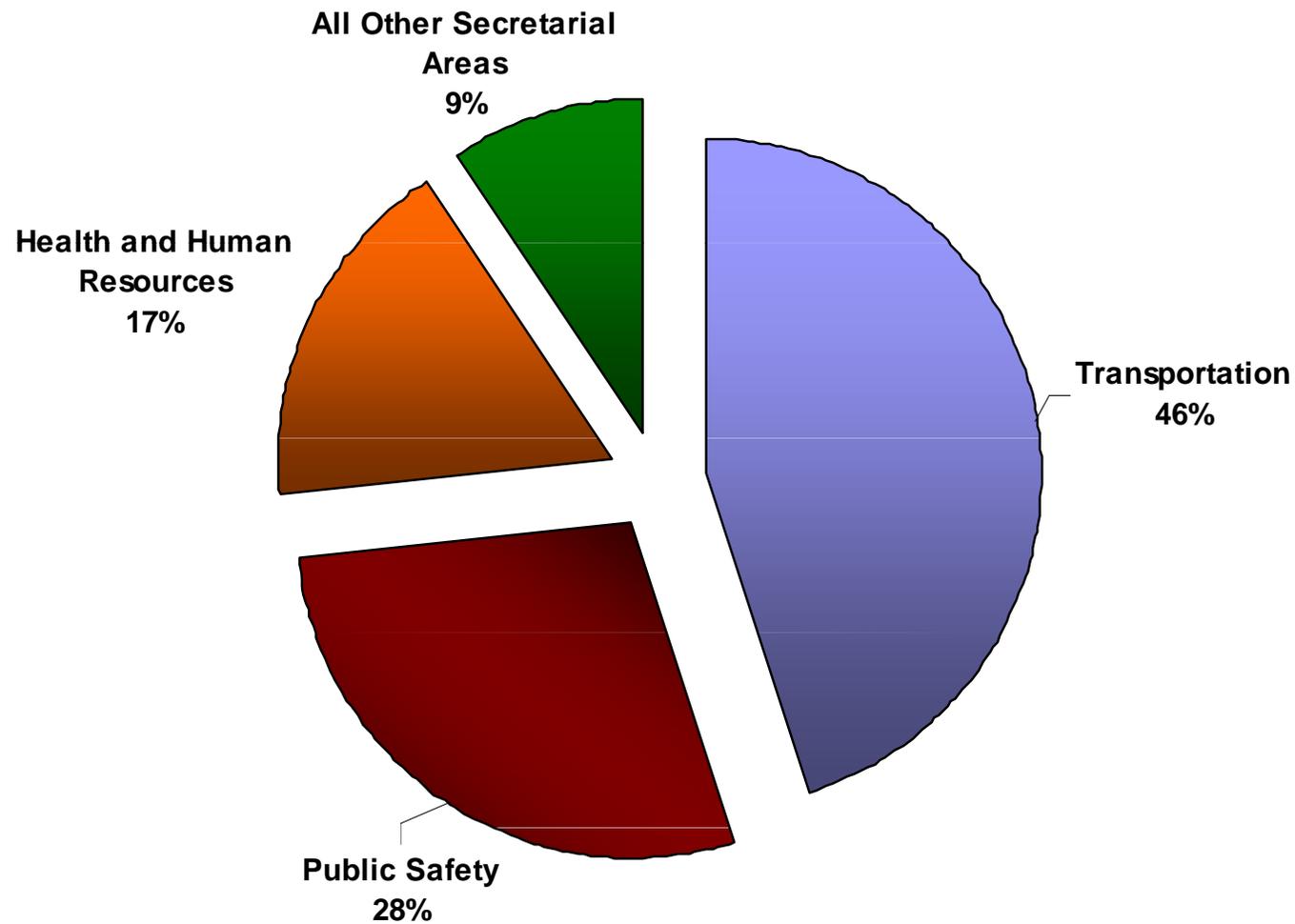
- The actual support dedicated to budget drivers in between FY 2008 - FY 2012 has declined by 8.7 percent
- However, budget drivers, as a percentage of operating expenditures, increase by 1.5 percent during the same time period.

Impact of Budget Changes on Positions and Employment Levels

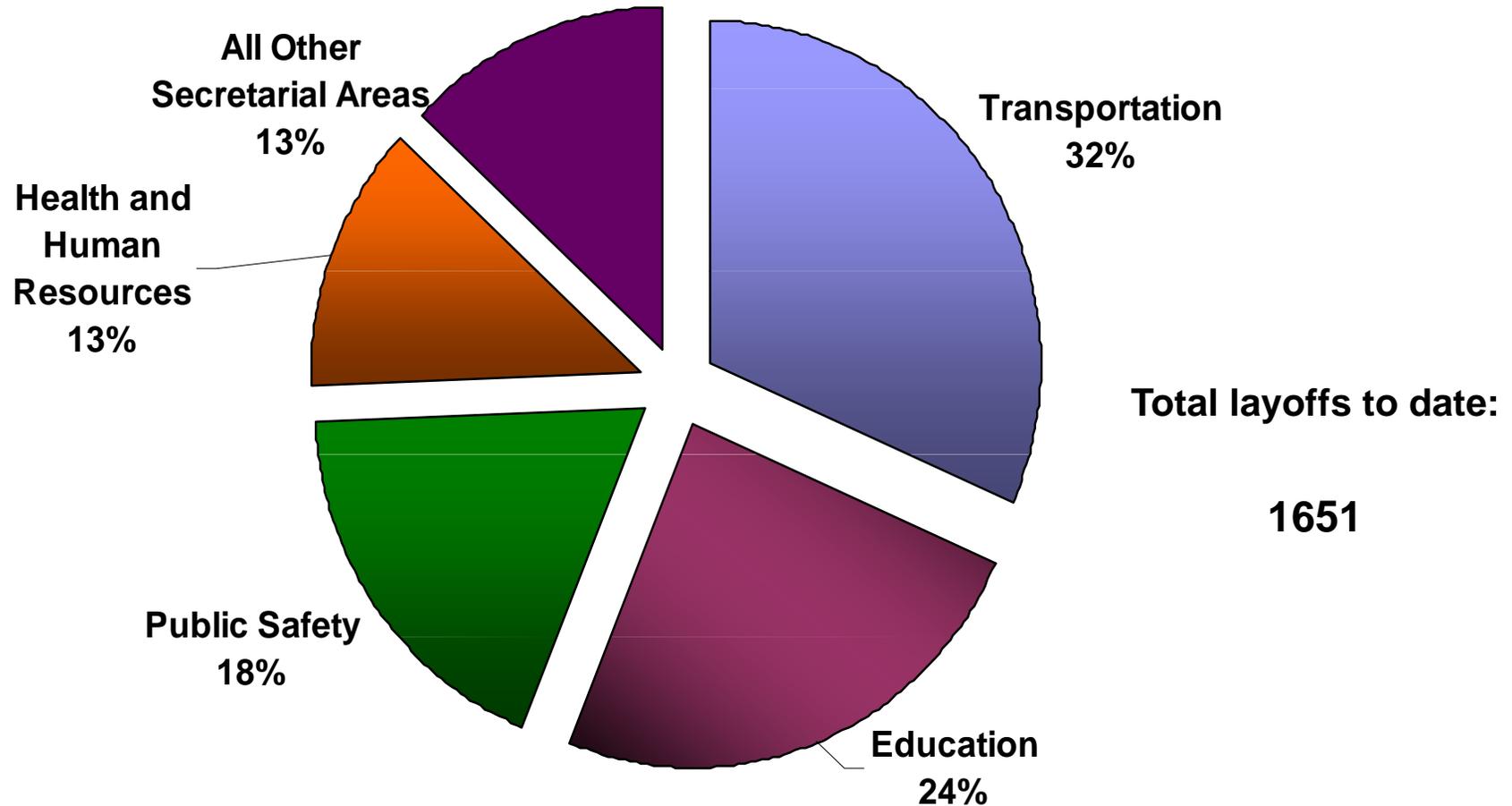
By the end of the 2010-2012 biennium, over 3,299 positions will have been eliminated since FY 2008 . . .

Secretarial Area	FY 2008 Positions	FY 2012 Positions	Change in Positions	Total Layoffs to date	2010-2012 Proposed Layoffs
Administration	912.0	840.5	(71.5)	41	1
Agriculture and Forestry	836.4	757.0	(79.4)	20	35
Central Appropriations	-	-	-	0	0
Commerce and Trade	1,858.5	1,656.0	(202.5)	69	0
Education	52,050.0	53,943.1	1,893.1	400	1
Executive Offices	419.0	414.5	(4.5)	0	0
Finance	1,263.5	1,314.5	51.0	6	0
Health and Human Resources	17,031.5	16,103.8	(927.8)	207	625
Independent Agencies	1,556.0	1,614.0	58.0	1	0
Judicial Department	3,235.7	3,290.7	55.0	0	0
Legislative Department	633.0	609.0	(24.0)	0	0
Natural Resources	2,261.0	2,170.0	(91.0)	48	0
Public Safety	22,464.6	20,945.1	(1,519.5)	304	2
Technology	405.0	376.0	(29.0)	30	0
Transportation	12,204.0	9,797.0	(2,407.0)	525	0
Totals	117,130.1	113,831.1	(3,299.0)	1,651	664

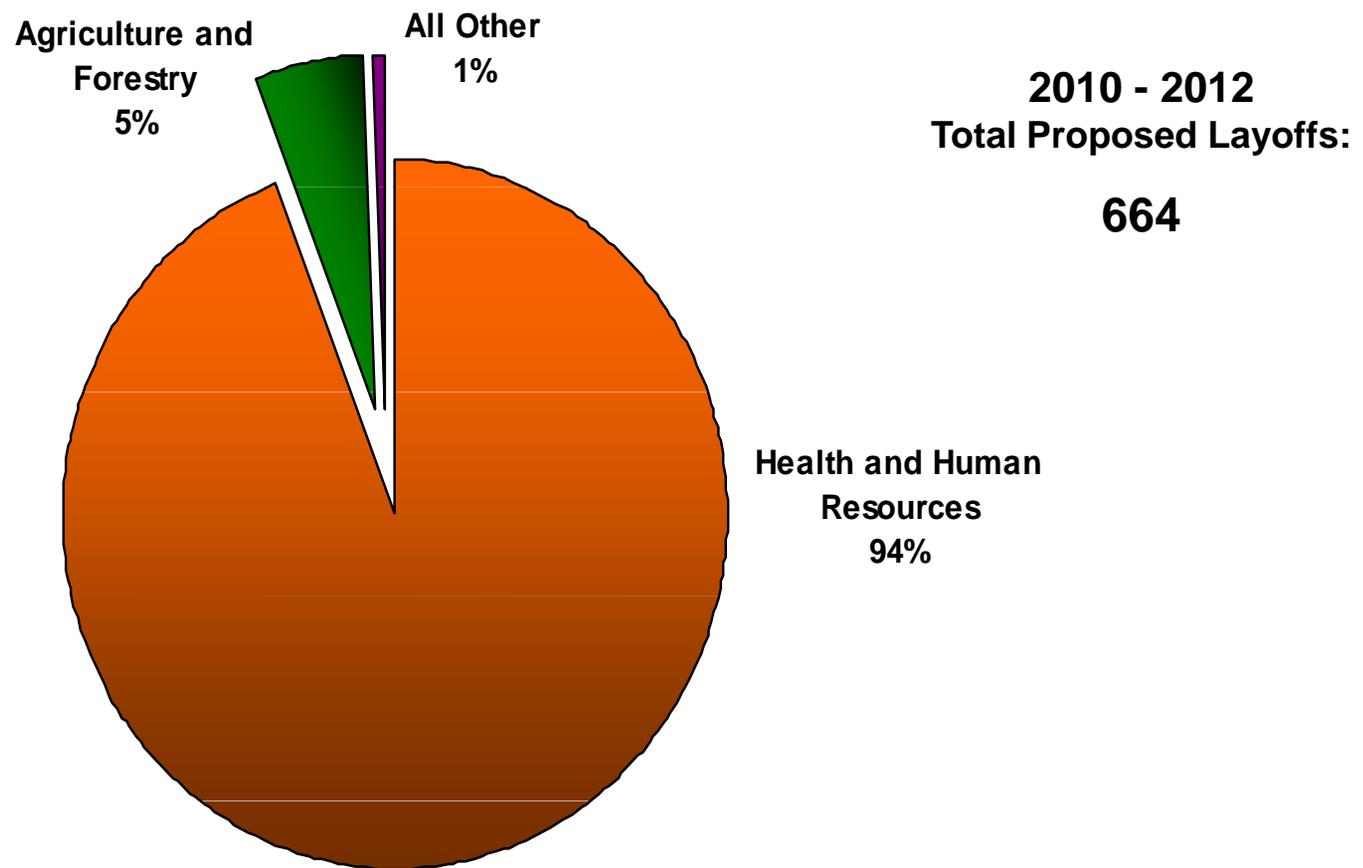
Transportation and Public Safety make up 74% of the total position eliminations . . .



Transportation and Education constitute 56% of the total layoffs . . .



Health and Human Resources will be the hardest hit Secretariat by the 2010-2012 proposed layoffs



Proposed Capital Outlay

Capital Outlay – 2010-2012 Biennium

<ul style="list-style-type: none"> ● Maintenance Reserve <ul style="list-style-type: none"> ➢ Restores funds captured in Chapter 781 that could not be replaced with federal stimulus dollars (\$15.0 million GF) ➢ Addresses deferred maintenance needs that are critical to the continued use of a building, system, or equipment (\$100.0 million VCBA and VPBA). 	\$15.0 GF \$100.0 VCBA/VPBA
<ul style="list-style-type: none"> ● Provide support for projects which were funded through the SFSF during the 2009 General Assembly Session 	\$38.3 GF
<ul style="list-style-type: none"> ● Fund equipment for projects being completed in the 2010-2012 biennium 	\$0.9 GF \$25.8 VCBA
<ul style="list-style-type: none"> ● Fund energy conservation projects 	\$35.2 VCBA
<ul style="list-style-type: none"> ● Fund construction for higher education projects for which planning has been completed 	\$1,087.6 VCBA
<ul style="list-style-type: none"> ● Higher Education Equipment Trust Fund 	\$100.0 VCBA

*Amounts shown in millions

Appendix

Highlights of Detailed Spending Changes by Secretarial Area

Education

Chapter 781 -

- General fund appropriation -
FY 2010 \$7,152.1 million
- 45.1 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$6,542.4 million
- Change over base
 - *Reduction -\$557.4 million*
 - *New Spending -\$52.4 million*
 - *Net Change -\$609.8 million*
- -8.5 percent change
- 44.2 percent of total general fund operating recommendation

Education – FY 2010

Institutions of higher education

- September Reductions (\$214.1)
 - *Across-the-board: (\$196.8)*
 - *Compensation and other changes: (\$17.3)*
- Restoration to meet State Fiscal Stabilization Fund (SFSF) Maintenance of Effort Guidelines
 - *Restoration of \$150.1 general fund.*
 - *\$75.0 in SFSF.*

Education – FY 2010

K-12 Public Education

- Technical and mandated adjustments (\$10.0)
 - *Standards of Quality Account Updates: (\$5.9)*
 - *Updates to categorical and incentive programs and technical adjustments: \$13.0*
 - *Adjust for additional Literary Fund Revenue: (\$17.0)*

Education – FY 2010

K-12 Public Education

- ***Reductions*** (\$540.1)
 - September Reduction: (\$231.1)
 - Sales Tax: (\$37.3)
 - Benefit Changes: (\$59.4)
 - Supplant general fund with SFSF: (\$68.9)
 - Use Literary Funds: (\$55.0)
 - Use additional Lottery Fund Proceeds: (\$9.9)
- ***Additional Targeted Reductions***
 - Eliminate non-personal inflation factors: (\$61.3)
 - Eliminate textbook funding: (\$79.6)
 - Localities are encouraged to utilize the estimated \$140 million in savings from the fringe benefit holiday for textbook purchases.
 - Delay fourth quarter reimbursement of State Operated Programs: (\$8.2)
 - Capture additional benefit reductions: (\$9.8)
 - Use additional Literary Fund for teacher retirement: (\$17.0)
 - Supplant of general fund support with SFSF: (\$150.0)

Education – FY 2010

Department of Education (Central Office)

➤ *September Reductions* (\$3.0)

Other education agencies (\$8.3)

➤ *September Reductions*

- State Council of Higher Education for Virginia: (9.0)
- Museums and other education: (\$6.3)
- Higher Education Centers and other: (\$1.7)

Education – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$7,151.7 million

- 45.1 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$6,783.4 million
- Change over base
 - *Reduction -\$415.9 million*
 - *New Spending \$47.6 million*
 - *Net Change -\$368.3 million*
- -5.1 percent change
- 45.8 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$6814.5 million
- Change over base
 - *Reduction \$454.7 million*
 - *New Spending \$117.6 million*
 - *Net Change -\$337.1 million*
- -4.7 percent change
- 43.6 percent of total general fund operating recommendation

Education – 2010-2012 Biennium

Institutions of higher education – New GF Spending

Virginia State University \$0.6

- *Provides funding to support the university's manufacturing engineering and logistics technology programs.*

● Longwood University \$0.5

- *Provides additional funding to support the bachelor of science in nursing program.*

Education – 2010-2012 Biennium

Institutions of higher education – GF Reductions

- Four-year institutions (\$176.8)
 - *Applies a four percent reduction in FY 2011 and a 15 percent reduction in FY 2012.*

- Two-year institutions (\$57.5)
 - *Applies a three percent reduction in FY 2011 and a 13 percent reduction in FY 2012.*

- Other higher education institutions (\$9.2)
 - *Applies a four percent reduction in FY 2011 and a 15 percent in FY 2012.*
 - Includes VIMS and the extension services.

Education – 2010-2012 Biennium

K-12 Public Education

- GF Spending

- *National Board Certification Bonus* \$1.0

- Technical and mandated adjustments \$226.7

- *Update for rebenchmarking: \$147.4*

- *Adjust for sales tax revenue: (\$33.9)*

- *Adjust for Literary Fund Revenue: (\$17.0)*

- *Update for Composite Index (FY 2012 only): \$39.0*

- *Update for benefit rate changes: \$91.1*

Education – 2010-2012 Biennium

K-12 Public Education – GF Reductions	(\$584.4)
● Reduce Health Care Support	(\$269.2)
➤ <i>Provides funding based on actual participation instead of the current practice of providing support at 100 percent of prevailing practice.</i>	
● Implement Policy Changes	(\$174.2)
➤ <i>Excludes payments for accrued annual and sick leave for terminated employees and contract buy-outs, and excludes capital, miscellaneous and expenditures for Regional Programs.</i>	
● Supplant general fund with SFSF	(\$126.4)
● Remove nonpersonal inflation factors used to calculate costs.	(\$9.5)

Education – 2010-2012 Biennium

K-12 Public Education – GF Reductions (con't)

- Capture Savings from State Operated Programs (\$4.3)
 - *Anticipated closure of two facilities.*
 - *Continuation of the fourth quarter reimbursement delay.*

- Reduce supplemental programs (\$0.9)

Education – 2010-2012 Biennium

- Department of Education (Central Office) (\$3.8)
 - *Continue September 2009 reduction plan*

- Other Reduction Actions (\$17.9)
 - *State Council of Higher Education for Virginia: (2.0)*
 - *Eminent Scholars: (\$1.2)*
 - *Museums and other education: (12.9)*
 - *Higher Education Centers and other: (\$3.0)*

- Secretary of Education and Workforce \$9.7
 - *Transfer public broadcasting to the Secretary of Education.*

Health and Human Resources

Chapter 781 -

- General fund appropriation -
FY 2010 \$3,945.2 million
- 24.9 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$3,834.7 million
- Change over base
 - *Reduction -\$215.8 million*
 - *New Spending \$105.3 million*
 - *Net Change -\$110.5 million*
- -2.8 percent change
- 25.9 percent of total general fund operating recommendation

Health and Human Resources – FY 2010

New GF Spending

- Department of Medical Assistance Services \$104.6
 - *Fund Medicaid program growth: \$94.9*
 - Medicaid program costs are \$80.1 and tobacco tax revenue in the Health Care Fund is \$14.8 lower.
 - *Fund FAMIS/CHIP/Temporary Detention Order Utilization: \$6.2*
 - *Administrative enrollment related costs / required information technology costs: \$3.5*

Health and Human Resources – FY 2010

New GF Spending (con't)

- Department of Social Services \$8.7
 - *Cash Assistance for Low-Income Families: \$5.5*
 - Funds the cost associated with an increasing caseload in the unemployed parent cash assistance program.
 - *Support Costs of Mandated Programs: \$1.8*
 - Provides funding necessary to cover the increased cost of utilizing mainframe services in localities.
 - *Child Support Enforcement Operational Shortfall: \$1.4*
 - Provides support to offset declining revenues and increased operational costs.

Health and Human Resources – FY 2010

GF Reductions

- September Reductions (\$203.2)
- Additional Reductions (\$20.6)
 - *Federal stimulus offset for CSA Medicaid budget (\$7.5)*
 - *Capture FAMIS program savings: (\$5.2)*
 - Enrollments have been lower than projected last year.
 - *Medicaid provider rate reductions: (\$3.7)*
 - Clinical laboratory, therapeutic behavioral and intensive in-home services rates to be reduced February 1, 2010.
 - *100 Unfilled Mental Retardation waiver slots eliminated (\$1.2)*
 - Slots were scheduled for release January 1, 2010.
 - *Adjust child welfare funding: (\$2.8)*
 - Adjusts foster care and adoption subsidy program budgets to meet the anticipated expenditures for FY 2010.

Health and Human Resources – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$3,945.6 million

- 24.9 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$4,361.2 million
- Change over base
 - *Reduction \$275.4 million*
 - *New Spending \$691.0 million*
 - *Net Change \$415.6 million*
- 10.5 percent change
- 29.5 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$4,949.2 million
- Change over base
 - *Reduction -\$389.1 million*
 - *New Spending \$1,392.6 million*
 - *Net Change \$1,003.5 million*
- 25.4 percent change
- 31.7 percent of total general fund operating recommendation

Health and Human Resources – 2010-2012 Biennium

New GF Spending

- Virginia Department of Health \$3.3
 - *Melendez-Diaz v. Massachusetts Supreme Court Ruling: \$1.9*
 - Ensures the Office of the Chief Medical Examiner maintains operations without delays related to increased court appearances.
 - *Offset TANF cut to CHIP of Virginia: \$1.4*
 - Backfills lost TANF funds with general fund.

- Department of Behavioral Health and Developmental Services \$4.2
 - *Acute mental health services for children in private facilities.*

Health and Human Resources – 2010-2012 Biennium

New GF Spending (con't)

- Department of Medical Assistance Services \$2,079.8
 - *Backfill of federal stimulus funds: \$1,191.5*
 - *Fund Medicaid Utilization and Inflation: \$777.7*
 - Expenditures primarily driven by significant enrollment growth.
 - Medicaid expenditures are projected to increase by 11.4 percent in FY 2011 and 8.1 percent in FY 2012.
 - *Fund FAMIS/Children's Health Insurance Program/ Involuntary Mental Commitments: \$44.8*
 - *Health Care Fund shortfall: \$32.6*
 - Lower tobacco tax revenues are expected due to recent federal tobacco tax increase.
 - *Medicaid costs of state MH/MR facilities: \$31.9*

Health and Human Resources – 2010-2012 Biennium

New GF Spending (con't)

- Department of Social Services \$20.0
 - *Adjust child welfare funding: \$3.7*
 - Adjusts foster care and adoption subsidy program budgets to meet the anticipated expenditures.
 - *Cash Assistance for Low-Income Families: \$7.3*
 - Funds the cost associated with an increasing caseload in the unemployed parent cash assistance program.
 - *Federation of Food Banks: \$1.0*
 - *Offset TANF cuts: \$8.1*
 - Backfills lost TANF funds with GF for Healthy Families of Virginia and local domestic violence grants.

Health and Human Resources – 2010-2012 Biennium

GF Reductions

- Comprehensive Services Act (\$79.4)
 - *Reduce appropriation to reflect slowed growth: (\$63.3)*
 - *Reduce appropriation for parental agreements: (\$10.0)*
 - *No reduction in service provision.*

- Virginia Department of Health (\$30.1)
 - *Eliminate federal funding for the Teen Pregnancy Prevention Projects: (\$0.9)*
 - *Outsource laboratory services in 10 health districts: (\$1.4)*

Health and Human Resources – 2010-2012 Biennium

GF Reductions (con't)

- Virginia Department of Health (con't)
 - *Reduce funding for nonstate entities: (\$5.1)*
 - Reduces state funding to the Virginia Community Healthcare Association, Virginia Association of Free Clinics, and Virginia Health Care Foundation by 10 percent each year. Reduces state funding for the other nonstate entities by 15 percent each year.
 - Poison Control Centers will be consolidated into one statewide contract.
 - *Establish new fee structures in the Office of Environmental Health Services: (\$0.4)*
 - Implements operational permit fees for sewage facilities at marinas regulated by the Marina Program.
 - Establishes fees for certifications, marine resources, and National Pollutant Discharge Elimination System permits in the Shellfish Sanitation Program.

Health and Human Resources – 2010-2012 Biennium

GF Reductions (con't)

- Virginia Department of Health (con't)
 - *Increase environmental health services fees: (\$7.6)*
 - Increases all the base fees for restaurant, hotel, campground, and summer camp permits and plan reviews to cover the costs to perform the inspections in the local health districts.

 - *Supplant general fund appropriation in the Office of the Chief Medical Examiner (OCME) with new vital records fees: (\$5.0)*
 - Increases the current vital records search fee from \$12.00 to \$20.00. General fund appropriation in OCME will be supplanted with new revenue generated from the vital records fee increase.

Health and Human Resources – 2010-2012 Biennium

GF Reductions (con't)

- Department of Medical Assistance Services (\$418.9)
 - *Reduce Medicaid provider reimbursement rates/eliminate inflation: (\$228.7)*
 - No inflation for hospitals / nursing facilities.
 - Five percent rate reduction for Medicaid waiver services.
 - No reductions for physician/dental services.
 - *Reduce Medicaid eligibility: (\$82.1)*
 - Freezes enrollment in the Intellectual Disability, Elderly and Disabled, Developmental Disability, Day Support and Alzheimer's waivers on January 1, 2011 for one year.
 - Reduces income eligibility for individuals with income up to 300 percent of SSI to 275 percent of SSI.

Health and Human Resources – 2010-2012 Biennium

GF Reductions (con't)

- Department of Medical Assistance Services (con't)
 - *Limit or eliminate Medicaid services: (\$37.7)*
 - Elimination of optometry services for adults and podiatry services.
 - Allowable respite care hours reduced from 720 to 240 per year.
 - *Other Medicaid reductions: (\$70.4)*
 - Elimination of mandated increase in Intellectual Disability/Developmental Disability waiver slots each year.
 - Implementation of a ICF-MR provider assessment to generate additional federal funding.

Health and Human Resources – 2010-2012 Biennium

GF Reductions (con't)

- Department of Behavioral Health and Developmental Services (\$91.8)
 - *Close Commonwealth Center for Children and Adolescents and children's unit at Southwestern Virginia Mental Health Institute: (\$15.4)*
 - Closes the facility and the unit as of June 30, 2010.
 - *Transfer geriatric clients to Piedmont Geriatric Hospital: (\$2.0)*
 - Closes the geriatric unit at Southwestern Virginia Mental Health Institute as of June 30, 2011 and transfers clients to Piedmont.
 - *Reduce census at state intellectual disability training centers by 113 beds: (\$13.3)*
 - *Reduce Community Services Boards funding by five percent: (\$24.4)*
 - *Reduce central office administrative expenditures: (\$9.5)*
 - *Efficiencies, consolidations and other reductions: (\$27.2)*

Health and Human Resources – 2010-2012 Biennium

GF Reductions

- Department of Social Services (\$15.8)
 - *Balance TANF budget: (\$35.9 NGF)*
 - TANF spending has been reduced and/or eliminated for all non-mandated programs. Due to increased spending on mandated programs, optional TANF spending had to be cut.
 - *Efforts were made to minimize the impact of budget reductions on local departments of social services*
 - Only two strategies have a direct impact, about \$2.3 each year, on local operations.

Health and Human Resources – 2010-2012 Biennium

GF Reductions (con't)

- Other Health and Human Resources Agencies (\$12.6)
 - *Department for the Aging: (\$1.5)*
 - 4.7 percent reduction in individual care services provided by Area Agencies on Aging.
 - No reduction to funding for meals provided to the elderly
 - *Virginia Tobacco Settlement Fund: (\$4.0)*
 - Diverts 1.5 percent of Master Settlement Agreement funds from the Virginia Tobacco Settlement Fund to cover the cost of insuring lower income children.

Public Safety

Chapter 781 -

- General fund appropriation -
FY 2010 \$1,755.0 million
- 11.1 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$1,686.5 million
- Change over base
 - *Reduction -\$71.3 million*
 - *New Spending \$2.8 million*
 - *Net Change -\$68.5 million*
- -3.9 percent change
- 11.4 percent of total general fund operating recommendation

Public Safety – FY 2010

New GF Spending

- Forensic Science \$0.2
 - *Additional positions to help comply with Melendez decision.*

Public Safety– FY 2010

GF Reductions

- September Reductions (\$98.9)
- Additional Reductions (\$127.4)
 - *Compensation Board*
 - General fund supplants: (\$111.5)
 - Local law enforcement dispatches with E-911: (\$2.0)
 - Sheriff's programs: jails, law enforcement & court security (\$109.5)
 - Reduce retirement and Group Life: (\$7.9)
 - Reflects savings for April, May and June.
 - Remove one day's pay: (\$2.2)
 - Includes both office staff and offices.
 - Savings from delayed jail openings: (\$2.4)
 - Riverside Regional Jail: (\$1.1)
 - Loudoun County: (\$1.3)
 - Five percent per diem reduction: (\$3.6)

Public Safety – FY 2010

Additional Reductions (con't)

- Criminal Justice Services

- *HB 599 funding: (\$2.8)*

- State Police

- *Supplant GF funding for medical evacuation unit with “4 for Life” revenue: (\$1.0)*

Public Safety – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$2386.0 million

- 15.1 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$2151.1 million
- Change over base
 - *Reduction -\$237.1 million*
 - *New Spending \$2.1 million*
 - *Net Change -\$235.0 million*
- -9.8 percent change
- 14.5 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$2130.6 million
- Change over base
 - *Reduction -\$256.9 million*
 - *New Spending \$1.5 million*
 - *Net Change -\$255.4 million*
- -10.7 percent change
- 13.6 percent of total general fund operating recommendation

Public Safety – 2010-2012 Biennium

New GF Spending

- Compensation Board \$10.3
 - *New local and regional jail beds: \$4.7*
 - Staffing (Rappahannock Regional Jail and Pittsylvania County Jail).
 - Operations (Patrick County Jail)
 - Should request staffing next session for FY 2012.
 - *Per diem adjustment for possible out-of-state inmates: (\$2.5)*
 - *VRS rate adjustment: \$2.8*

Public Safety – 2010-2012 Biennium

New GF Spending (con't)

- Military Affairs \$0.4
 - *Tuition assistance*

- Internet Crimes Against Children \$0.5
 - Funds provided to Department of Criminal Justice Services to be divided equally between two task forces.

Public Safety – 2010-2012 Biennium

New GF Spending (con't)

- Forensic Science \$1.6
 - *Melendez decision*
 - *Funding for overtime, new positions, travel costs.*

- Corrections \$26.7
 - *Increased inmate medical costs: \$9.3*
 - *Replacement of out-of-state inmate revenue: \$17.4*
 - *General fund supplanted in 2008-2010 biennium. Wyoming inmates will be returned to home state in February.*

- Other GF Actions \$1,016.0
 - Transfer Compensation Board to the Public Safety Secretariat.

Public Safety – 2010-2012 Biennium

GF Reductions

- Compensation Board (\$268.0)
 - *General Fund Supplant: (\$37.0)*
 - Local law enforcement dispatchers with E-911: (\$4.0)
 - Clerks' operations with Technology Trust Fund: (\$3.0)
 - Law enforcement with VA Public Safety Fund: (\$15.0)
 - Court security with VA Public Safety Fund: (\$15.0)
 - *Law enforcement ratio 1:2,000: (\$24.7)*
 - *Suspend Career Development Programs: (\$11.4)*
 - *Across the board cuts: (\$14.6)*
 - Attorneys, Commissioners, Treasurers, Directors and Clerks.

Public Safety – 2010-2012 Biennium

GF Reductions (con't)

- Compensation Board (con't)
 - *Reinstate reductions restored by 2009 session: (\$28.6)*
 - *Remove retirement and group life insurance: (\$61.6 million)*
 - *Remove state aid for office operations: (\$45.2)*
 - Commissioners, Treasurers and Directors of Finance
 - *Remove liability and bond support: (\$3.4)*
 - *Per diem savings: (\$41.5)*
 - Inmate early release: (\$2.6)
 - Adjust per diem rates: (\$38.9)
 - State = \$12 per day
 - Local = \$4 per day

Public Safety – 2010-2012 Biennium

GF Reductions (con't)

- **State Police** (\$15.0)
 - *General fund supplants: (\$11.6)*
 - Med-flight with 4-for-life: (\$2.0)
 - Counter terrorism activities with Public Safety Fund: (\$9.6)
 - *Postpone trooper schools: (\$3.4)*
 - 117th to Jan 2012: (\$2.1)
 - 118th biennium after next: (\$1.3)

- **Criminal Justice Services** (\$4.8)
 - *Reduce local grant programs: (\$3.2)*
 - Includes reductions in CASA, re-entry, school resource officer and victim-witness grant programs.
 - *Reduce funding for regional training academies: (\$0.9)*
 - *Eliminate seven vacant positions: (\$0.7)*

Public Safety – 2010-2012 Biennium

GF Reductions (con't)

- **HB 599** (\$88.4)
 - *Appropriation includes \$14.9 million from Public Safety Fund, for net funding decrease of \$73.4.*

- **Juvenile Justice** (\$15.0)
 - *Close Natural Bridge Juvenile Correctional Center: (\$5.6)*
 - *Reduce funding for local programs: (\$5.0)*
 - Community programs and juvenile detention centers.
 - *Eliminate local court service unit positions: (\$2.3)*
 - *Eliminate central office positions: (\$1.0)*
 - *Reduce contracts for transitional services: (\$1.1)*

Public Safety – 2010-2012 Biennium

GF Reductions (con't)

- **Corrections** (\$78.1)
 - *Close Brunswick and Botetourt prisons: (\$45.2)*
 - *Capture savings from information system development completion: (\$10.3 million)*
 - Funding will no longer be needed after development of offender management system is completed in fall 2010
 - *Eliminate payment in lieu of taxes to localities: (\$2.9)*

- **Correctional Education** (\$4.7)
 - *Eliminate positions due to facility closings*
 - Closing of Brunswick, Botetourt adult prisons and Natural Bridge juvenile facility.

Commerce and Trade

Chapter 781 -

- General fund appropriation -
FY 2010 \$114.2 million
- 0.7 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$109.8 million
- Change over base
 - *Reduction -\$7.6 million*
 - *New Spending \$3.2 million*
 - *Net Change -\$4.4 million*
- -3.8 percent change
- 0.7 percent of total general fund operating recommendation

Commerce and Trade – FY 2010

New GF Spending

- Department of Housing and Community Development \$1.6
 - *Restore general fund support for the Fort Monroe Federal Area Development Authority*
 - Provides general fund support for operating expenses in lieu of federal fiscal stabilization funds.

- Secretary of Commerce and Trade \$1.6
 - *Restore general fund support for the Governor's Development Opportunity Fund and the Virginia Investment Performance grant program*
 - Provides general fund support in lieu of federal fiscal stabilization funds.

GF Reductions (\$7.6)

- September Reductions

Commerce and Trade – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$114.2 million

- 0.7 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$137.6 million
- Change over base
 - *Reduction -\$8.7 million*
 - *New Spending \$32.0 million*
 - *Net Change \$23.4 million*
- 20.4 percent change
- 0.9 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$141.8 million
- Change over base
 - *Reduction -\$8.9 million*
 - *New Spending \$36.6 million*
 - *Net Change \$27.6 million*
- 24.2 percent change
- 0.9 percent of total general fund operating recommendation

Commerce and Trade – 2010-2012 Biennium

New GF Spending

- Economic Development Incentive Payments \$58.8
 - *Semiconductor manufacturing performance grants: \$5.4*
 - Payments to Micron based on capital investment and job creation, in accordance with the Code of Virginia and a performance agreement.

 - *Incentives to attract Rolls-Royce to the Commonwealth: \$20.3*
 - Funds will support a higher education grant, job training grants, and project management expenses.

Commerce and Trade – 2010-2012 Biennium

New GF Spending (Con't)

- Economic Development Incentive Payments (Con't)
 - *Performance grant payments through the Virginia Investment Partnership Grant Program and the Major Eligible Employer Grant Program: \$9.6*
 - Provides funding for grant payments owed to companies that have met capital investment and job creation criteria required by performance agreements.
 - *Incentives for the location of Ignite Institute to the Commonwealth: \$5.5*
 - Provides funds for a biotechnology venture that will result in a capital investment of \$200 million and create over 400 new jobs.
 - *SRI International: \$3.0*
 - *Assist localities with implementation of Base Realignment and Closure Commission recommendations: \$15.0*

Commerce and Trade – 2010-2012 Biennium

New GF Spending (con't)

- **Housing and Community Development** **\$9.8**
 - *Supplant Temporary Assistance for Needy Families (TANF) funding with general fund dollars: \$7.6*
 - TANF funds are needed within Social Services to support mandatory programs. The general funds will be used to continue to support homeless programs.
 - *Fort Monroe Federal Area Development Authority: \$2.2*
 - Provides the Commonwealth's share of the authority's operating expenses in FY 2011.

- **Other Commerce and Trade Agencies** **\$2.6**
 - *Virginia Economic Development Partnership*
 - Provides pass-through funding for the Virginia Commercial Space Flight Authority for operating costs.

Commerce and Trade – 2010-2012 Biennium

GF Reductions

- Department of Mines, Minerals and Energy (\$1.9)
 - *Enact three separate fee increases to the mining industry:*
 - Establish a \$50 annual gas and oil well permit fee: (\$0.6)
 - Increase coal mine safety annual license fee from \$180 to \$350: (\$0.84)
 - Increase mineral mine safety annual license fee from \$180 to \$350: (\$0.1)
 - The fees supplant GF reductions to avoid service reductions.

Commerce and Trade – 2010-2012 Biennium

GF Reductions (con't)

- Department of Housing and Community Development (\$7.4)
 - *Planning district commissions: (\$1.2)*
 - Reduced formula funding for all commissions by approximately 15 percent and eliminated all supplemental funding.
 - *Enterprise Zone Grants: (\$2.0)*
 - *Water and sewer funding: (\$2.6)*
 - Reduces funding for the Southwest Virginia Water Construction and Planning Grants.
 - Reduces funding for the Southeast Rural Community Action Program (SERCAP).
 - Reduces funding for the Indoor Plumbing and Rehabilitation Program (IPR).

Commerce and Trade – 2010-2012 Biennium

GF Reductions (con't)

- **Department of Labor and Industry** (\$0.9)
 - *Enact an Apprenticeship Program fee*
 - A fee of \$55 per applicant will be assessed.
 - The revenue generated from the fee will supplant general fund dollars.
 - *Increase boiler and pressure vessel inspection fee*
 - This fee will increase from \$20 to \$30.
 - Fee will generate approximately \$700,000 in general fund revenue for the biennium.

- **Economic Development Incentive Payments** (\$0.5)
 - *Reduce funding for the Governor's Development Opportunity Fund: (\$0.2)*
 - *Reduce funding for the Governor's Motion Picture Opportunity Fund: (0.3)*

- **Other Commerce and Trade Agencies** (\$7.9)

Natural Resources

Chapter 781 -

- General fund appropriation -
FY 2010 \$98.3 million
- 0.6 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$107.7 million
- Change over base
 - *Reduction -\$9.3 million*
 - *New Spending \$18.7 million*
 - *Net Change \$9.4 million*
- 9.5 percent change
- 0.7 percent of total general fund operating recommendation

Natural Resources – FY 2010

GF Reductions

- September Reductions (\$ 9.3)
- No additional significant reductions

Natural Resources – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$98.3 million

- 0.6 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$94.7 million
- Change over base
 - *Reduction -\$8.4 million*
 - *New Spending \$4.8 million*
 - *Net Change -\$3.7 million*
- -3.7 percent change
- 0.6 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$94.3 million
- Change over base
 - *Reduction -\$8.4 million*
 - *New Spending \$4.4 million*
 - *Net Change \$-4.0 million*
- -4.1 percent change
- 0.6 percent of total general fund operating recommendation

Natural Resources – 2010-2012 Biennium

New GF Spending

- Department of Conservation and Recreation \$12.0
 - *Agricultural best management practices \$10.0*
 - Establish a nongeneral fund revenue source for the Virginia Natural Resources Commitment Fund (recordation fee increase of ten dollars, revenue of \$18.2 nongeneral fund plus the general fund).

- Other Natural Resources Agencies \$6.1

Natural Resources – 2010-2012 Biennium

GF Reductions

- Department of Conservation and Recreation (\$4.6)

- *Reduce funding to other entities: (\$1.6)*

- Soil and Water Conservation Districts (10 percent)
- Virginia Outdoors Foundation (10 percent)
- Breaks Interstate Park (10 percent)

- *Implement a state park reservation transaction fee: (\$0.8)*

Other Natural Resources Agencies (\$3.8)

- *Department of Historic Resources-reduce funding to other entities: (\$0.8)*

- Reduce or eliminate funding to Montpelier, and cost shares program.

Agriculture and Forestry

Chapter 781 -

- General fund appropriation -
FY 2010 \$45.0 million
- 0.3 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$41.1 million
- Change over base
 - *Reduction -\$3.9 million*
 - *New Spending \$0*
 - *Net Change -\$3.9 million*
- -8.7 percent change
- 0.3 percent of total general fund operating recommendation

Agriculture and Forestry – FY 2010

GF Reductions

- September Reductions (\$3.9)

Agriculture and Forestry – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$46.3 million

- 0.3 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$41.5 million
- Change over base
 - *Reduction -\$3.6 million*
 - *New Spending -\$1.2 million*
 - *Net Change -\$4.8 million*
- -10.4 percent change
- 0.3 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$40.8 million
- Change over base
 - *Reduction -4.2 million*
 - *New Spending -\$1.3 million*
 - *Net Change -5.4 million*
- -11.8 percent change
- 0.3 percent of total general fund operating recommendation

Agriculture and Forestry – 2010-2012 Biennium

New GF Spending

- Department of Agriculture and Consumer Services \$0.2
 - *Provide funding for compliance with information technology disaster recovery standards.*
 - Moves food inspection system to modern technology and provides for disaster recovery services.

Agriculture and Forestry – 2010-2012 Biennium

GF Reductions

- Department of Agriculture and Consumer Affairs (\$6.7)
 - *Transfer a portion of the meat and poultry inspection program to the U.S. Department of Agriculture: (\$1.2)*
 - This strategy transfers responsibility for the meat and poultry inspection program to the federal government.
 - Lays off 35 positions.
- Department of Forestry (\$2.2)
 - *Reduce funding for Reforestation of Timberland incentive payments: (\$0.7)*
- Other Agriculture and Forestry Agencies (\$0.2)

Technology

Chapter 781 -

- General fund appropriation -
FY 2010 \$8.2 million
- 0.1 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$5.9 million
- Change over base
 - *Reduction* -\$2.3 million
 - *New Spending* \$0
 - *Net Change* -\$2.3 million
- -28.4 percent change
- 0.0 percent of total general fund operating recommendation

Technology – FY 2010

New GF Spending

- Address increased IT costs \$19.4
(funded in Central Accounts)
 - *Continued impacts of decentralized rates: \$16.6*
 - Covers the impacts of increased costs to agencies resulting from the FY 2007 implementation of a new rate structure for desktop and server services.
 - *New storage and backup charges: \$2.0*
 - Covers increased costs associated with recently provided billing data from Northrop Grumman for storage, backup, and recovery related services.
 - *Information technology rate changes: \$0.8*
 - Covers the increased costs resulting from rate changes submitted to JLARC in November 2009 for approval.

Technology – FY 2010

GF Reductions

- September Reductions (\$1.0)

- IT rate reductions (\$1.3)
 - *Captures from agencies the savings resulting from reduced and renegotiated service rates, the replacement of old agency equipment with Northrop Grumman services, and a reduction of surcharges: (\$1.0)*
 - *Captures from agencies the savings resulting from administrative efficiencies to be implemented by the Virginia Information Technologies Agency: (\$0.3)*

Technology – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$8.2 million

- 0.1 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$4.4 million
- Change over base
 - *Reduction -\$3.6 million*
 - *New Spending -\$0.2 million*
 - *Net Change -\$3.8 million*
- -46.4 percent change
- 0.0 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$4.4 million
- Change over base
 - *Reduction -\$3.6 million*
 - *New Spending -\$0.2 million*
 - *Net Change -\$3.8 million*
- -46.4 percent change
- 0.0 percent of total general fund operating recommendation

Technology – 2010-2012 Biennium

GF Reductions

- Virginia Information Technologies Agency (\$5.9)
 - Captures savings from agencies resulting from reduced and renegotiated service rates, the replacement of old agency equipment with Northrop Grumman services, and a reduction of surcharges: (\$2.1)
 - Captures from agencies the savings resulting from administrative efficiencies to be implemented by the Virginia Information Technologies Agency: (\$2.8)
 - Extend FY 2010 reduction strategies: (\$1.0)

- Innovation and Entrepreneurship Investment Authority (\$1.3)
 - Continues FY 2010 reduction to funding available for seed stage equity investments in technology and life science companies.

Finance

Chapter 781 -

- General fund appropriation -
FY 2010 \$681.7 million
- 4.3 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$644.6 million
- Change over base
 - *Reduction -\$8.1 million*
 - *New Spending -\$29.0 million*
 - *Net Change -\$37.1 million*
- -5.4 percent change
- 4.4 percent of total general fund operating recommendation

Finance – FY 2010

GF Reductions

- September Reductions (\$7.9)

- Additional Reductions (\$27.8)
 - *Debt Service in Treasury Board*
 - Adjusts debt service funding for outstanding obligations to capture savings realized from refundings and better than anticipated market conditions.

Finance – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$681.7 million

- 4.3 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$711.6 million
- Change over base
 - *Reduction -\$18.0 million*
 - *New Spending \$47.9 million*
 - *Net Change \$29.9 million*
- 4.4 percent change
- 4.8 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$823.2 million
- Change over base
 - *Reduction \$5.8 million*
 - *New Spending \$135.7 million*
 - *Net Change \$141.5 million*
- 20.8 percent change
- 5.3 percent of total general fund operating recommendation

Finance – 2010-2012 Biennium

New GF Spending

- Treasury Board \$165.7
 - *Debt Service*
 - Provides funds necessary to pay debt service on outstanding obligations and amounts estimated to be necessary for projects authorized for general obligation, Virginia Public Building Authority, and Virginia College Building Authority financing, including \$50 million in each year for equipment through the Higher Education Equipment Trust Fund.

Finance – 2010-2012 Biennium

New GF Spending (con't)

- Other Finance Agencies \$43.1
 - *Department of Accounts Transfer Payments Reserve funding for future estimated deposit to the Revenue Stabilization Fund in FY 2013: \$40.0*
 - *Adjust distribution for payments to localities: \$3.1*

Finance – 2010-2012 Biennium

GF Reductions

- Department of Accounts Transfer Payments (\$19.0)
 - *Establish an E-911 Line of Duty Fee Surcharge*
 - Supplant general fund support for the Line of Duty Program with an \$0.18 surcharge fee to the current \$0.75 E-911 tax.

- Department of Taxation
 - Assess localities for the costs associated with the value use taxation program. Revenue will be deposited to the general fund: (\$0.2)

Finance – 2010-2012 Biennium

GF Reductions (con't)

- Department of the Treasury (\$0.1)
 - *Charge fee for 9(c) debt financings:*
 - Assess participating institutions a 10 basis point fee to cover Treasury's debt administration costs. Revenue will be deposited to the general fund.
 - *Increase the Virginia State Non-Arbitrage Program administration fee: (\$0.1)*
 - Additional revenue from doubling the fee will be used to supplant general fund dollars and used to support the administration of the program.
 - *Transfer balances from the State Insurance Reserve Trust Fund to the general fund: (\$4.4)*

Administration

Chapter 781 -

- General fund appropriation -
FY 2010 \$676.5 million
- 4.3 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$513.3 million
- Change over base
 - *Reduction -\$161.1 million*
 - *New Spending -\$2.0 million*
 - *Net Change -\$163.2 million*
- -24.1 percent change
- 3.5 percent of total general fund operating recommendation

Administration – FY 2010

New GF Spending

- Human Rights Council (\$0.03)
 - *Addresses unanticipated cost increases*

Administration – FY 2010

GF Reductions

- September Reductions (\$5.0)
- Additional Reductions (\$0.2)

Administration – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$46.4 million

- 0.3 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$34.6 million
- Change over base
 - *Reduction -\$6.1 million*
 - *New Spending-5.7 million*
 - *Net Change -\$11.9 million*
- -25.5 percent change
- 0.2 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$34.4 million
- Change over base
 - *Reduction -\$6.2 million*
 - *New Spending -5.8 million*
 - *Net Change -\$12.0 million*
- -25.9 percent change
- -0.2 percent of total general fund operating recommendation

Administration – 2010-2012 Biennium

Transfer GF Items

- Compensation Board (\$1,016.0)
 - *Transfers the Compensation Board from the Secretary of Administration to the Secretary of Public Safety.*

- Secretary of Administration (\$9.7)
 - *Transfers the Virginia Public Broadcasting Board and associated grants to the Secretary of Education and Workforce.*

- Department of Employment Dispute Resolution (\$1.3)
 - *Consolidates the Department of Employment Dispute Resolution into the Department of Human Resource Management.*

Administration – 2010-2012 Biennium

GF Reductions

- Department of General Services (\$4.9)
 - Reduces laboratory services: (\$1.2)
 - Continues FY 2010 strategy to eliminate screening and services for milk and dairy testing: (\$0.3)
 - Eliminates four administrative positions and improves efficiency of operations: (\$0.6)
 - Supplants general fund with nongeneral fund: (\$2.1)
 - Continues FY 2010 strategy to supplant purchase and supply account executive positions with eVA charges: (\$0.8)
 - Continues FY 2010 strategy to supplant bid tabulation positions: (\$1.0)
 - Supplant funding for cost reviewer by charging capital projects: (\$0.3)
 - Other reductions: (\$1.6)

Administration – 2010-2012 Biennium

GF Reductions (con't)

- **Department of Human Resource Management (\$1.2)**
 - *Continues FY 2010 reduction to eliminate the statewide training division: (\$0.7)*
 - *Other reductions actions (\$0.5)*

- **State Board of Elections (\$2.4)**
 - *Requires political committees to pay an annual \$25 filing fee to the State Board of Elections for campaign finance disclosure reporting: (\$0.1 revenue)*
 - *Continues FY 2010 ten percent reduction to reimburse local electoral board member salaries and travel: (\$0.3)*
 - *Continues FY 2010 ten percent reduction to reimburse localities for general registrar salaries: (\$1.2)*
 - *Eliminates travel reimbursement for electoral boards: (\$0.1)*
 - *Other reduction actions (\$0.7)*

Central Accounts

Chapter 781 -

- General fund appropriation -
FY 2010 \$823.1 million
- 5.2 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$785.6 million
- Change over base
 - *Reduction -\$145.4 million*
 - *New Spending \$107.9 million*
 - *Net Change -\$37.5 million*
- -4.6 percent change
- 5.3 percent of total general fund operating recommendation

Central Accounts – FY 2010

New GF Spending

- **Economic Development** \$30.9
 - *Commonwealth's commitment to Rolls-Royce: \$9.4*
 - *Commonwealth's commitment to SRI International: \$2.0*
 - *Base Realignment and Closure Commission related projects: \$19.5*
 - For each of these three items, substitutes general fund dollars for fiscal stabilization funds to ensure that stimulus funds are utilized in a manner consistent with the provisions of state and federal law.

- **Technology** \$19.4
 - *Fund increased information technology costs to agencies*
 - Provides funding to supplement impacted agencies for increased IT costs resulting from decentralized rates, new billing charges arising from usage data recently provided by the service vendor for previously approved rates, and new rates being proposed to JLARC.

Central Accounts – FY 2010

GF Reductions

- September Reductions (\$120.1)

- Additional Reductions (\$23.5)
 - *State supported local employee salary payments: (\$1.3)*
 - Reduction equivalent to 1/249th of state supported local employee salary base.
 - *Suspend deferred compensation cash match for final five pay periods: (\$2.5)*
 - *Post July agency fourth quarter retirement contribution payments to FY 2011: (\$19.8)*

Central Accounts – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$823.1 million

- 5.2 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
-\$26.3 million
- Change over base
 - *Reduction -\$1021.5 million*
 - *New Spending \$172.1 million*
 - *Net Change -\$849.4 million*
- -103.2 percent change
- -0.2 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$14.1 million
- Change over base
 - *Reduction -\$1019.3 million*
 - *New Spending \$210.4 million*
 - *Net Change -\$809.0 million*
- -98.3 percent change
- 0.1 percent of total general fund operating recommendation

Central Accounts – 2010-2012 Biennium

New GF Spending

- State Employee Benefits \$106.1
 - *Fund general fund share of State employee health insurance: \$84.6*
 - *Fund increased cost of state employee retirement contributions: \$14.7 million*
 - *Fund increased state employee workers compensation premium payments: \$6.8*
- Aid to Locality Reductions \$50.0
 - *Eliminate annual aid to localities reduction*

Central Accounts – 2010-2012 Biennium

GF Reductions

- **State Employee Retirement** (\$100.8)
 - *Modify retirement benefits for future employees: (\$0.8)*
 - For employees hired after July 1, 2010, increases the minimum retirement age to 55 from 50 and changes the cost of living adjustment formula.
 - *State employees to pay a portion of retirement contributions: (\$55.7)*
 - Requires all state employees enrolled in VRS defined benefit pension programs to pay one percent of salary in FY 2010 and two percent in FY 2012.
 - *Requires employees in optional retirement to pay one percent in FY 2011 and two percent in FY 2012: (\$10.5)*
 - Capture savings from posting agency fourth quarter VRS contributions in the following fiscal year: (\$33.9)

Central Accounts – 2010-2012 Biennium

GF Reductions (con't)

- **Other State Employee Benefits** (\$32.5)
 - *Continues suspension of deferred compensation cash match: (\$23.7)*
 - *Implement pharmacy benefit changes: (\$6.8)*
 - Implements a 90-day maintenance drug network and eliminates coverage for non-sedating antihistamines and erectile dysfunction drugs.
 - *Funding for other benefits: (\$2.0)*
 - Funds group life, sickness and disability coverage, and the retiree health care credit using actuarial assumptions of eight percent investment return and a amortization period of 30 years.

- **Car Tax** (\$1,900.0)
 - *Eliminate \$950 million annual reimbursement*
 - In separate legislation, the Governor proposes elimination of the tax on personal use vehicles and replacement of those local revenues and state reimbursement with another revenue source.

Executive Offices

Chapter 781 -

- General fund appropriation -
FY 2010 \$27.3 million
- 0.2 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$25.1 million
- Change over base
 - *Reduction -\$2.3 million*
 - *New Spending \$0*
 - *Net Change -\$2.3 million*
- -8.3 percent change
- 0.2 percent of total general fund operating recommendation

Executive Offices – FY 2010

GF Reductions

- September Reductions (\$1.6)
- Additional Reductions (\$0.7)
 - *Capture additional general fund balances in the Office of the Governor and Cabinet.*

Executive Offices – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$27.3 million

- 0.2 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$26.5 million
- Change over base
 - *Reduction -\$1.2 million*
 - *New Spending \$0.4 million*
 - *Net Change -\$0.8 million*
- -2.9 percent change
- 0.2 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$26.6 million
- Change over base
 - *Reduction -\$1.2 million*
 - *New Spending \$0.4 million*
 - *Net Change -\$0.7 million*
- -2.7 percent change
- 0.2 percent of total general fund operating recommendation

Executive Offices – 2010-2012 Biennium

GF Reductions

- Office of the Governor and Cabinet (\$1.0)
 - *Consolidate support staff in Cabinet: (\$0.9)*
 - Support staff will be pooled to increase efficiencies. This allows funding for eight positions to be eliminated.
 - *Eliminate two staff in the Office of the Governor: (\$0.1)*

- Office of the Attorney General (\$0.8)
 - *Continue hiring freeze for four positions: (\$0.7)*
 - *Institute one-day furlough in the first year: (\$0.06)*

Judicial

Chapter 781 -

- General fund appropriation -
FY 2010 \$407.0 million
- 2.6 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$407.3 million
- Change over base
 - *Reduction \$0*
 - *New Spending \$0.3 million*
 - *Net Change \$0.3 million*
- 0.1 percent change
- 2.8 percent of total general fund operating recommendation

Judicial – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$407.0 million

- 2.6 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$404.0 million
- Change over base
 - *Reduction -\$0.3 million*
 - *New Spending -\$2.7 million*
 - *Net Change -\$3.0 million*
- -0.7 percent change
- 2.7 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$403.5 million
- Change over base
 - *Reduction -\$0.8 million*
 - *New Spending -\$2.7 million*
 - *Net Change -\$3.5 million*
- -0.9 percent change
- 2.6 percent of total general fund operating recommendation

Judicial – 2010-2012 Biennium

GF Spending

- Indigent Defense Commission \$17.5
 - *Funding added to create public defender offices in Chesterfield, Henrico and Prince William Counties. GF Reductions*

GF Reductions (\$18.4)

- Circuit Courts
 - *Reduced funding for indigent defense due to creation of new public defender offices.*

Transportation

Chapter 781 -

- General fund appropriation -
FY 2010 \$41.0 million
- 0.3 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$26.7 million
- Change over base
 - *Reduction -\$14.3 million*
 - *New Spending \$0*
 - *Net Change -\$14.3 million*
- -34.8 percent change
- 0.2 percent of total general fund operating recommendation

Transportation – FY 2010

GF Actions

- Department of Motor Vehicles (\$3.2)
 - *Transfers Uninsured Motorists Fund balances to the general fund.*

Nongeneral Fund Revenue Changes

- VDOT: (\$152.4)

Transportation – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$41.0 million

- 0.3 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$13.0 million
- Change over base
 - *Reduction -\$28.0 million*
 - *New Spending \$0.0 million*
 - *Net Change -\$28.0 million*
- -68.3 percent change
- 0.1 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$69.0 million
- Change over base
 - *Reduction \$28.0 million*
 - *New Spending \$0.0 million*
 - *Net Change \$28.0 million*
- 68.3 percent change
- 0.4 percent of total general fund operating recommendation

Transportation – 2010-2012 Biennium

GF Actions

- Balance project payments between fiscal years
 - Defers a portion of general fund payments: (\$28.0) for Rt. 58 debt service and a portion of the transfer of recordation tax revenue to the Northern Virginia Transportation District fund in the first year. Funding will be restored in the second year.

- Department of Motor Vehicles (\$6.4)
 - *Transfers Uninsured Motorists Fund balances to the general fund.*

Nongeneral Fund Revenue Changes in the Transportation Secretariat – 2010-2012 Biennium

VDOT

FY 2011	(\$259.5)
FY 2012	(\$244.6)

DRPT

FY 2011	(\$217.8)
FY 2012	(\$187.6)

Independent Agencies

Chapter 781 -

- General fund appropriation -
FY 2010 \$0.3 million
- 0.0 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
FY 2010 \$0.2 million
- Change over base
 - *Reduction -\$0.1 million*
 - *New Spending \$0*
 - *Net Change -\$0.1 million*
- -19.1 percent change
- 0.0 percent of total general fund operating recommendation

Independent Agencies – FY 2010

GF Reductions

- September Reductions (\$0.02)

- Additional Reductions (\$0.03)
 - *Capture savings in the Virginia Firefighters and Rescue Squad Workers' Service Award Program funded in the Virginia Retirement System.*

Independent Agencies – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

\$0.3 million

- 0.0 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation
\$0.2 million
- Change over base
 - *Reduction -\$0.1 million*
 - *New Spending \$0.0 million*
 - *Net Change -\$0.1 million*
- -20.1 percent change
- 0.0 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation
\$0.2 million
- Change over base
 - *Reduction -\$0.1 million*
 - *New Spending \$0.0 million*
 - *Net Change -\$0.1 million*
- -20.1 percent change
- 0.0 percent of total general fund operating recommendation

Independent Agencies – 2010-2012 Biennium

GF Reductions

- Continue savings in FY 2010 (\$0.01)