

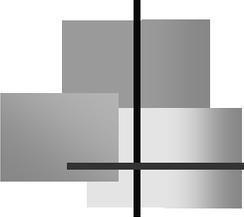
# House Appropriations Committee

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**Funding Recommendations proposed  
by the Subcommittees for the 2004-06  
Budget**

**(House Bill 1500, as introduced)**

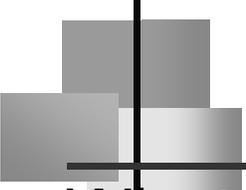
**February 6, 2005**



# Economic Outlook 2004-06 Biennium

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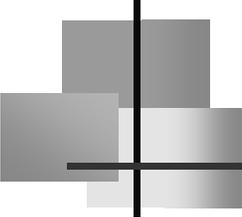
- December general fund revenue forecast assumes economic growth rates of 8.2 percent in FY 2005 and 5.2 percent in FY 2006
  - Forecast assumes Virginia will continue to outperform the nation in jobs, personal income, and wage and salary growth
- Mid-Session forecast indicates that Fiscal Year 2005 collections will exceed forecast:
  - Two sources, representing 78% of overall collections are within the forecast – sales and withholding taxes
  - Year-to-date collections are being driven by 3 sources, representing 20% of overall revenue collections -- corporate, recordation and non-withholding tax payments
    - \$249.0 million in fiscal year 2005
    - \$33.0 million in fiscal year 2006
  - Tobacco taxes have been revised down by \$16.6 million
    - Impacts the Virginia Health Care Fund
- Revenues do not reflect tax policy and other adjustments



# Mid-Session Forecast

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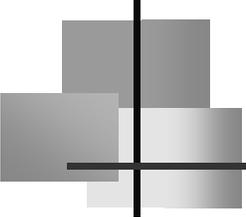
- What is driving current year revenues:
  - Nonwithholding/estimated payments: The other source of personal income tax revenues falls into 3 general categories: small businesses, self employed (contract employees) and individuals with substantial investment/dividend income
    - The number of filers are up over last year / Average check size is up
    - Upward adjustment of \$135.0 million
  - Corporate income taxes: Most volatile of major tax sources
    - Since 1987, Virginia has never had 3 years of double digit growth
    - Upward adjustment of \$70.0 million
  - Recordation Taxes: Housing starts, interest rates and housing values
    - Since the spring of 2004, recordation activity had been returning to a historical ratio of 70% originations and 30% refinance
    - October – December, 45% of activity has been refinancing. Cash-out refinancing to capture home appreciation and to lock-in low interest rates
    - Overall, housing values have seen year-over-year double digit increases in throughout the state
    - Upward adjustment of \$77.0 million



# General Fund Resource Adjustments 2004-06 Biennium

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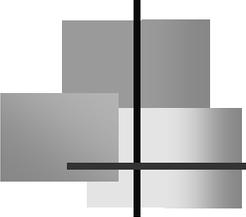
- Several tax policy changes adopted by the House are reflected in fiscal year 2006 forecast that lower available general fund resources by \$139.0 million
  - Food tax reduction -- \$99.1 million
    - Advance the remaining 1 cent food tax reduction in fiscal year 2006
  - Conform to federal tax law -- \$6.7 million
    - Increased business expensing allowance, teacher deduction of up to \$250 for classroom expenses
  - Car rental tax and VIPNET fee to transportation -- \$33.2 million
    - Redirects the 3 percent car rental tax -- originally earmarked for DMV and directed to the general fund in 2002 -- for use for rail improvements
  
- Several amendments to budget further adjust resources available downward by \$95.8 million
  - Accelerated sales tax threshold change – (\$104.7 million)
  - Technical correction to food tax reduction estimate -- \$6.5 million
  - Increase in rebate paid for use of state credit card -- \$1.6 million
  - HB 2762, retail sales on auto paint refinishing -- \$753,000
  - Increase deposit to game fund pursuant to HB 38 (1999 Session) -- (\$900,000)
  - Additions to balance -- \$1.9 million



# Accelerated Sales Tax

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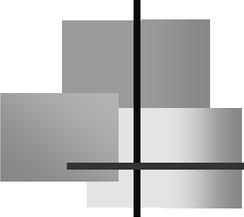
- Estimated cost is \$250 million in FY 2006, impacting 9,860 retailers
- Committee amendments will reduce general fund revenues by \$104.7 million to begin phase-out in FY 2005
  - Increases the threshold from \$1.3 million to \$30 million
    - Change in threshold will remove 9,469 retailers (96%)
  - \$12.6 million of the money will go to transportation



# Other General Fund Resources

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- Revised general fund transfers result in an additional \$108.2 million
  - Driven by a revision in expected Lottery and ABC profits, increase court collections and sale of surplus property
- Additional FY 2004 carry forward balance totals \$306.3 million
  - \$284.5 million is designated for Rainy Day Fund deposits, Lottery profits for education, and Water Quality Improvement Fund Deposit



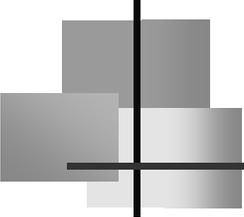
# Budget Savings Included in Introduced Bill

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- Budget savings include:
  - Public Education - \$81.5 million
    - Revised ADM forecast, participation in incentive and categorical accounts
  - Personal Property Tax Relief - \$59.3 million
    - Revised forecast for reimbursements for tax year 2004 and 2005
  - Debt service payments - \$32.8 million
  - Medicaid - \$36.9 million
    - Revenue max strategies at MCV hospital and MHMR case management

# HB 1500 Resources and Spending

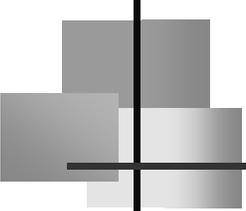
\$ in millions	FY 2005	FY 2006	Biennium
Chapter 4, unappropriated balance		\$15.2	\$15.2
FY 2004 Additional Balance Forward	\$306.3		\$306.3
GF Revenue (revised forecast)	\$699.8	\$500.9	\$1,200.7
Transfers (Lottery and ABC Profits)	\$28.5	\$79.7	\$108.2
Tax Policy Changes	(\$9.4)	(\$129.6)	(\$139.0)
Other Resource Adjustments	(\$84.7)	(\$10.1)	(\$94.8)
Total Resources Available (net)	\$940.5	\$456.1	\$1,396.6
HB 1500 introduced - Savings	\$138.6	\$74.9	\$213.5
HB 1500 Spending	(\$687.7)	(\$915.7)	(\$1,603.4)
HB 1500, unappropriated balance			\$6.7



# Revenue Stabilization Fund

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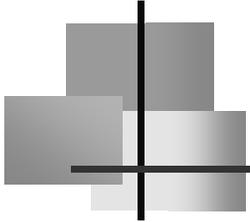
- Constitutionally-mandated deposit
  - FY 2006 deposit of \$268.9 million based on FY 2004 revenue growth
    - \$87.0 million pre-deposited in FY 2004 pursuant to HB 29 (2004 Session)
  - Additional \$181.9 million required in FY 2006
    - \$139.0 million was designated by Comptroller from FY 2004 surplus revenues
      - \$87.0 million of designated funds had been appropriated in FY 2006 per Chapter 4
    - Net additional appropriation of \$94.9 million



# Revenue Stabilization Fund

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- Super Deposit
  - \$134.5 million deposit in FY 2005 based on FY 2004 revenue growth
  - Requirement based on legislation approved by 2003 Session
- Balance in fund by close of FY 2006 will be \$677.0 million
- FY 2007 deposits will be based on FY 2005 revenue collections
  - Current estimate is \$147.6 million
    - This amount reflects the mid-session revenue adjustments
    - Approximately 50% of any additional revenue growth will be subject to deposit in FY 2007



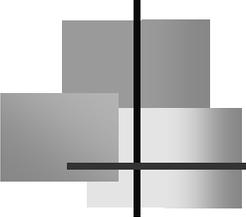
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# **Details by Secretarial Area**



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# **Report of the Transportation Subcommittee**

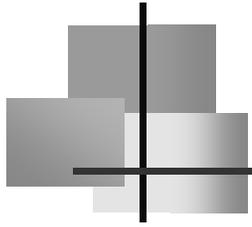


# Transportation

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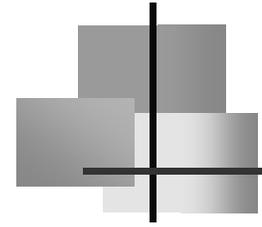
- Provides a total of \$1,027.7 million in additional funding for transportation over the biennium
  - \$193.7 million more than proposed in the introduced budget
- More than 50 percent of the funding (\$528.3 million) is ongoing revenues for transportation
- Additional \$499.4 million in one-time infusions
  - Includes repayment of \$90.0 million diverted from TTF
  - Dedication of \$100.0 million of revenues derived from the mid-Session reforecast – almost 40 percent of “surplus” revenues

# Transportation Initiative Sources of Funding (\$ in millions)

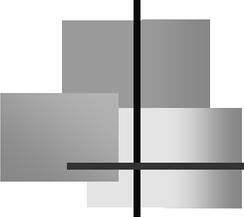


	New Funds		Existing Transportation Funds	Total
	FY 05	FY 06		
Deposit of Insurance Premiums (Recurring)	\$127.0	\$137.9	\$0.0	<b>\$264.9</b>
Restoration of TTF Diversion (One-Time)	90.0	0.0	\$0.0	<b>\$90.0</b>
Transfer 3 percent Rental Tax (Recurring)	0.0	23.2	\$0.0	<b>\$23.2</b>
Transfer \$2.00 Driver's Record Fee (Recurring)	0.0	10.0	\$0.0	<b>\$10.0</b>
Civil Fees from "Abusers" bill (Recurring)	0.0	100.0	\$0.0	<b>\$100.0</b>
Use of Surplus for Transportation (One-Time)	100.0	0.0	\$0.0	<b>\$100.0</b>
Elimination of Accelerated Sales Tax (One-Time)	12.6	0.0	\$0.0	<b>\$12.6</b>
State NGF Transportation Revenues (One-Time)	0.0	0.0	\$150.4	<b>\$150.4</b>
Fed'l NGF Transportation Revenues (One-Time)	0.0	0.0	\$146.4	<b>\$146.4</b>
State NGF Transportation Revenues (Recurring)	0.0	0.0	\$48.4	<b>\$48.4</b>
Federal NGF Transportation Funds (Recurring)	0.0	0.0	81.8	<b>81.8</b>
<b>Total Revenues</b>	<b>\$329.6</b>	<b>\$271.1</b>	<b>\$427.0</b>	<b>\$1,027.7</b>

# Transportation Initiative Uses of Funding (\$ in millions)



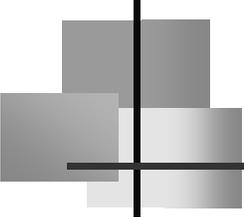
	New Funds		Existing Transp.	Total
	FY 05	FY 06	Funds	
Commonwealth Transportation Investment Fund	\$127.0	\$137.9	\$0.0	<b>\$264.9</b>
Public Private Partnership Incentive Fund	0.0	40.0	\$0.0	<b>\$40.0</b>
Local Congestion Mitigation Fund	0.0	60.0	\$0.0	<b>\$60.0</b>
Increase Revenue Sharing Program	0.0	0.0	\$35.0	<b>\$35.0</b>
Rail Enhancement Fund	0.0	33.2	\$0.0	<b>\$33.2</b>
Transit Capital Funding	70.0	0.0	\$0.0	<b>\$70.0</b>
Pay Off Project Deficits	132.6	0.0	\$123.8	<b>\$256.4</b>
Additional Six Year Program Funding	0.0	0.0	268.2	<b>\$268.2</b>
<b>Total Use By Source</b>	<b>\$329.6</b>	<b>\$271.1</b>	<b>\$427.0</b>	<b>\$1,027.7</b>
<b>Total One-Time Funding</b>	<b>\$202.6</b>	<b>\$0.0</b>	<b>\$296.8</b>	<b>\$499.4</b>
<b>Total On-Going Funding Commitments</b>	<b>\$127.0</b>	<b>\$271.1</b>	<b>\$130.2</b>	<b>\$528.3</b>



# Uses of Additional Transportation Funding

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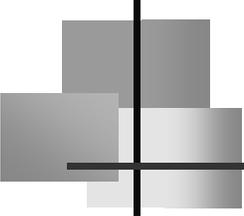
- Commonwealth Transportation Investment Fund – HB 2771
  - Provides \$264.9 million over the biennium by dedicating one-third of the insurance premium tax revenues to transportation projects throughout the Commonwealth
- Transportation Partnership Opportunity Fund – HB 2798
  - \$40.0 million a year beginning in FY 2006 for grants and loans to help jump-start public-private partnership projects
- Local Congestion Mitigation Incentive Fund – HB 1563
  - \$60.0 million a year beginning in FY 2006 to provide dollar for dollar matches for projects in jurisdictions with high population growth rates or air quality attainment issues



# Uses of Additional Transportation Funding

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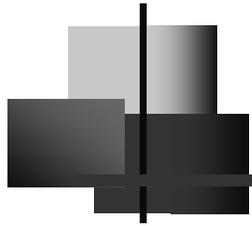
- Local Revenue Sharing Program – HB 2330
  - Increase funding for the existing VDOT revenue sharing program from \$15.0 million to \$50.0 million year beginning in FY 2006
  - Expand program eligibility to cities and towns as well as counties
- Rail Enhancement Fund – HB 2596
  - Provide \$33.2 million a year beginning in FY 2006 for freight and passenger rail projects across Commonwealth
  - First time dedicated revenue source available for this mode
  - Requires private or local match of 30 percent
- Transit Capital Funding -- \$70.0 million in FY 2006 as follows:
  - \$40.0 million for Washington Metropolitan Transit Authority rail car purchases
  - \$20.0 million for Virginia Railway Express for rail car purchases and for improvements to facilities and equipment to extend service to Gainesville
  - \$10.0 million for capital purchases for bus rapid transit project in Virginia Beach



# Uses of Additional Transportation Funding

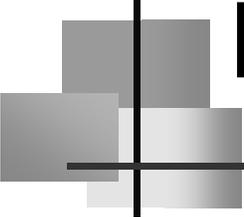
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- Project Deficit Pay Off – from HB 2736
  - Dedicates \$256.4 million to pay off allocation deficits on projects completed as of June 30, 2004
  - Frees up future allocations for districts that otherwise would have limited project funding going forward
- Additional Six-Year Improvement Program Funding
  - Appropriates an additional \$268.2 million to the Transportation Trust Fund for transportation projects across the state
- Continued General Fund Commitment to FRAN Debt Service
  - Includes language expressing the House's continued commitment to paying all debt service of FRANs issued to replace funds diverted from VDOT in 2003 until debt is retired in 2013
  - Use of general funds for transportation does not eliminate that commitment



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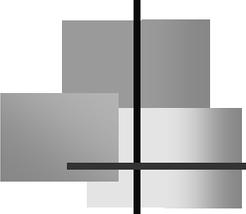
# **Report of the Commerce, Agriculture and Technology Subcommittee**



# House Appropriations Committee Economic Development Package

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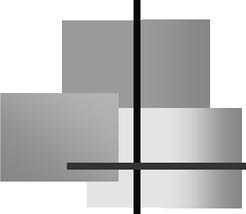
- Committee proposal is broad-based and addresses many of Virginia's key economic sectors and development needs
  - Tourism, industrial development, natural resources, agriculture and forestry, and higher education
- Cuts across secretarial areas
- Targets funding to programs that have a proven track-record of promoting economic growth and enhancing our natural resources
- Funded through redirecting "Virginia Works" initiative funding to support effective, existing programs
  - \$18.8 million proposed for Virginia Works is removed, \$9.9 million in funding for House alternative is included



# Tourism Initiatives

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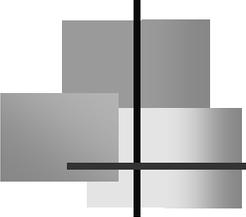
- General Tourism - \$2.0 million to the Virginia Tourism Authority
  - Expand existing programs
  - Help market statewide tourism in anticipation of 2007
  - Initiate strategies that promote growth tourism industries
    - Virginia history
    - Wine industry
- Regional Tourism and Special Programs
  - See Virginia First – additional \$150,000
  - See Virginia Parks – additional \$100,000
  - Film Industry Promotion - \$1.0 million to work with industry on history related films
  - Travel Guide for Persons with Disabilities - \$100,000 for update
  - On the Waterfront - \$250,000 for regional effort in Hampton Roads
  - Cooperative funding to match local tourism efforts - \$500,000
    - Grants to groups such as the Coalfields Tourism Authority



# Agriculture and Forestry

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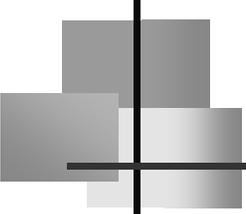
- Soybean Rust
  - Provides \$50,000 to the Secretary of Agriculture to ensure rapid response to anticipated soybean fungal issues
- VDACS High Value Crops
  - Provides \$300,000 to develop and market specialty crops and to undertake research and field test to find best crops for Virginia's conditions
    - \$200,000 GF, matched by \$200,000 USDA funds to provide loans for new crop ventures
    - Also includes \$100,000 GF, matched by \$100,000 USDA funds for research and crop tests at Virginia Tech and Virginia State to determine which crops are best suited to Virginia conditions (HB 1500)
- Virginia Horse Center
  - Provides \$720,349 in the second year to continue General Assembly's support for payment of the initial debt service issued to establish the Center
- Coyote Damage Control
  - Provide additional \$50,000 each year to fully match federal funds for this VDACS program, thus providing a total of \$120,000 of state support for the program in each year



# Agriculture and Forestry

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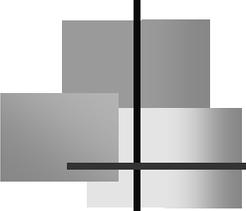
- Eliminate fee for VDACS Weights & Measures Program
  - Provide \$500,000 GF in the second year
  - In conjunction with HB 2837, allows for elimination of \$4 fee
- Strengthen State's Forest Resources
  - Reforestation Program: Provides additional \$600,000 GF in second year, bringing total funding to \$850,000 to provide greater match for industry contributions
  - Sloan Forest Industries Center: \$100,000 to provide state support for new Center at Virginia Tech. This initiative is projected to create or save a total of 220 jobs and help ensure Virginia's forest industries remain competitive in 21<sup>st</sup> century
  - Broadband Equipment: \$717,125 in the second year to replace computer systems at Forestry's regional offices and fund access to broadband services



# Virginia Industrial and Community Development

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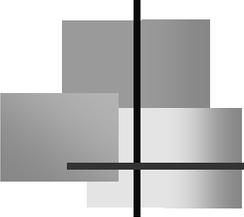
- Promote Rural Planning Capabilities and Regional Cooperation
  - Provide a minimum appropriation to each Planning District Commission of \$100,000 – total cost of \$709,418
  - Planning District Commissions are only source of technical assistance in many rural areas
- Shipyard Apprenticeship Program -- \$150,000
  - Incentive scholarship program for those attending Tidewater Community College's 3-year program for shipyard workers
  - Provide training for high-skill, high-wage jobs for key industry with graying workforce
- Advanced Manufacturing Support
  - \$379,000 to advanced manufacturing program at Dabney Lancaster Community College, including robotics, electronics, etc.
  - \$394,000 to Philpott Manufacturing Extension to support creation of Small Manufacturing Assistance Program



# Virginia Industrial and Community Development

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- Facilitate Broadband Access
  - \$350,000 to Center for Innovative Technology to support the development and delivery of broadband services throughout rural and underserved areas of the Commonwealth
  - \$50,000 to the Dickenson County Wireless Authority for initiatives in that rural locality
- Community Development Bank -- \$500,000
  - This funding is provided to establish a community development financial institution to provide business and housing loans in distressed communities and to distressed populations (HB 2061)
- Distressed Areas Job Grant Program -- \$500,000
  - Provides an additional \$500,000 to this performance-based program housed at DHCD to promote the establishment of small businesses in the Commonwealth's most distressed areas, bringing total funding for the program to \$1.5 million



# Funding Reductions

## Elimination of New Initiatives

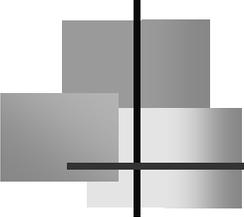
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- Other proposals for Commerce and Trade initiatives totaling \$5.8 million for biennium were not funded
  - Removes \$150,000 proposed restoration of small business incubator funding
  - VEC Career Readiness Certification Program
    - \$100,000 new GF initiative
  - Governor's Opportunity Fund – eliminate proposed \$2.0 million increase
    - \$12.0 million remaining in FY 2005
  - Biotechnology Fund – eliminate \$1.6 million proposed for new initiative
  - VCU-Semiconductor Engineering Fund – proposed \$2.0 million appropriation eliminated



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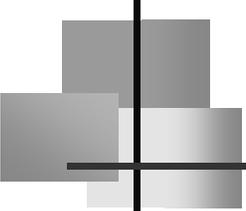
# **Report of the Natural Resources Subcommittee**



# Improving Water Quality: Point Source Pollution

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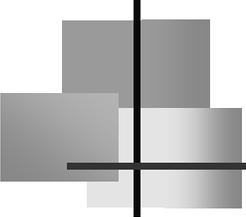
- \$50 million is deposited into the Water Quality Improvement Fund to provide grants to localities for wastewater treatment plant upgrades
  - Money targets the 101 “significant dischargers”
  - Prioritizes cleaning-up largest polluters first
- Represents first installment of ten-year plan to improve wastewater treatment plants’ nutrient removal capabilities
- Implements sliding scale for grants based upon local ability to self-finance plant improvements
  - Grants range between 35 percent to 75 percent of project cost



# Improving Water Quality: Nonpoint Source Pollution

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- \$6.5 million is transferred from the Department of Environmental Quality to the Department of Conservation and Recreation for nonpoint source pollution control
  - Amount transferred ensures 70 percent of \$32.4 million surplus deposited to Water Quality Improvement is used for nonpoint source pollution
  - Additional sums will be used primarily for the implementation of agricultural best management practices
  - No more than 60 percent of nonpoint source pollution funding may be used in Chesapeake Bay watershed
    - Remainder will be used to control nutrient pollution in Southside and Southwest Virginia



# State Park Funding

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- \$1.8 million is provided to increase staffing in Virginia's state parks
  - Provides for 30 more park personnel than introduced budget
  - Distributes positions across state parks
- \$500,000 is included for the purchase of \$2.3 million in new equipment through the Master Equipment Lease Program
  - Lease will be repaid over five years

# Other Natural Resource Actions

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- \$250,000 provided for the Department of Conservation and Recreation's Erosion and Sediment Control Program
  - Provides staff for local program evaluation and support
  - Improves water quality by preventing sediment loss to streams and rivers
- \$250,000 included for dredging of Appomattox River
  - Project will reopen the Petersburg's harbor and revitalize the distressed city's economy
- \$20,000 is provided for citizen water quality monitoring at Smith Mountain Lake
- \$701,510 provided for water supply planning in the introduced budget is eliminated

# Natural Resources Language Items

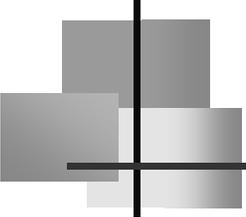
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- Language requires the Department of Conservation and Recreation to use \$20 million in the second year from its share of the Water Quality Improvement Fund's proceeds for implementation of agricultural best management practices
- Language requires state park system to examine whether the Pinnacles natural area preserve could be developed into a day-use state park
- Language is included to increase the size of the general fund transfers in the second year to the Game Protection Fund



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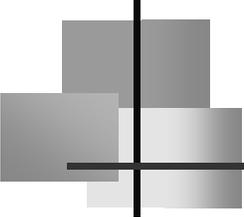
# **Report of the Compensation and General Government Subcommittee**



# General Government

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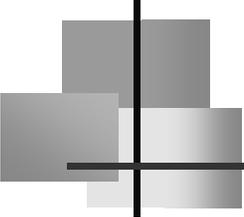
- \$1.5 million is included to purchase equipment for the House Chamber after renovation of State Capitol
- \$276,672 is added for additional veteran benefit personnel in order to improve the delivery of assistance to Virginia's veterans
- \$59,400 is provided for one position within the Department of Taxation to administer the Small Tobacco Product Manufacturers Incentive Act



# General Government: Judicial Branch Spending

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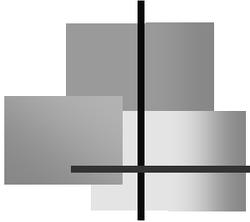
- \$3.0 million is included to address the compensation of court-appointed attorneys representing indigent criminal defendants
- \$707,985 is added for additional general district, juvenile and domestic relations, and circuit court judgeships
  - Court deputy and clerk staffing is included in these costs
- \$342,862 is provided for the Indigent Defense Commission to ensure public defenders have access to on-line legal research and electronic communication with the court system
- \$300,000 is included to begin full implementation of the Judicial Performance Review program



# General Government: Reductions

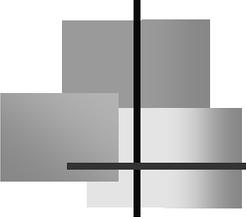
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- Level fund school efficiency review program: \$398,500
  - Provides sufficient funding for eight school division reviews
- Other reductions
  - Eliminate new fraud hotline staff: \$136,474
  - Provide uniform salaries for entry-level auditors and reduce use of part-time staff in Department of Taxation: \$85,000
  - Eliminate Employee Suggestion Program Coordinator position: \$75,000



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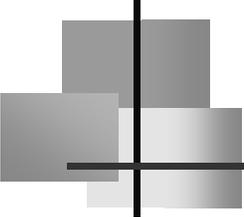
# **Employee Compensation & Benefits**



# Employee Compensation and Benefits

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- Employee Salary Increase - 3 percent Dec. 2005: \$52.5 million GF
  - State employees: \$28.5 million
  - State-supported local employees: \$12.3 million
  - Higher education faculty: \$11.7 million
- State Employee In Band Salary Adjustment: \$14.8 million GF
  - \$50 per year of state service
    - Addresses salary compression
  - Average classified state employee has 11 years of service & \$36,750 annual salary
    - About 1.5% increase for average employee



# Employee Compensation and Benefits

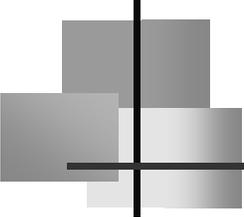
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- State Employee Retiree Health Credit: \$1.1 million GF
  - Funds HB 1626 which removes the 30-year cap on retiree health credit benefits
- State Employee Health Insurance Program: \$31.2 million GF
  - Funds 12.5 percent increase in premiums for employers
  - No changes to benefit structure



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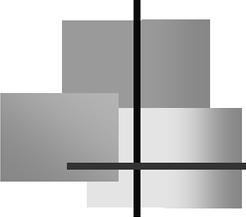
# **Report of the Public Safety Subcommittee**



# State Forensic Laboratory

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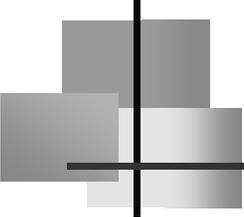
- Forensic science laboratory: \$6.1 million to address expanding caseloads and staff recruitment and retention issues
  - Forensic laboratory staff: 31 positions
    - 17 positions by October 2005
    - 14 positions by January 2006
  - Scientist Salary and Retention Program
    - \$2.5 million to retain existing, experienced staff & enhance ability to recruit experienced scientist
    - \$300,000 to continue professional achievement program
  - Establish Mitochondrial DNA laboratory: 3 positions
  - Restore full funding for the Institute of Forensic Science
  - Lease additional Norfolk laboratory space



# State Police

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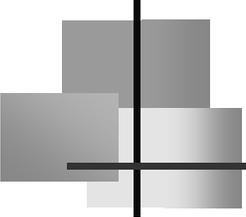
- State Police: \$2.9 million GF
  - Gang-reduction program: \$1.0 million
  - Increased gas and oil costs: \$1.0 million
  - Staff new Fusion/Network Operations Center: \$0.5 million
  - STARS project management -- \$250,000
  - I-81 targeted traffic enforcement -- \$110,000



# Corrections and Jail Spending

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- Department of Corrections: \$1.9 million GF
  - Expand day reporting centers
  - Establish environmental remediation program
  - Expand state inmate bed capacity
- Department of Juvenile Justice: \$1.9 million GF
  - Juvenile correctional center reorganization: \$1.2 million
  - Pilot Truancy Reduction Program: \$0.7 million
- Sheriffs and Jails
  - Fully fund law enforcement deputies: 1:1,500 population: \$1.0 million
  - Expand master deputy program: \$0.5 million
  - Delayed jail openings: (\$1.7) million
  - Defer 2<sup>nd</sup> year per diem increase: (\$1.6) million



# Other Public Safety Spending

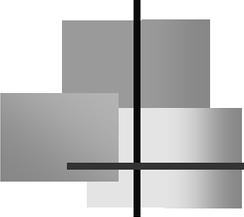
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- Department of Criminal Justice Services: \$4.2 million
  - Second year 599 program funding
- Department of Military Affairs: \$0.6 million GF
  - Recruitment and retention
  - Challenge Youth Program
  - Armory maintenance and repair
- Dept. of Emergency Management: \$0.6 million GF
  - Six positions for new Emergency Operations Center
- Dept. of Correctional Education: \$0.6 million GF
  - Expand GED and vocational program training



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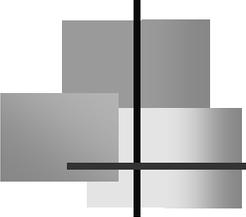
# **Report of the Capital Outlay Subcommittee**



# Capital Outlay

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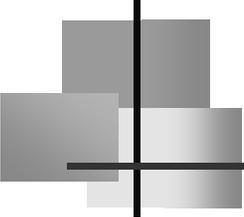
- \$165.3 million of general fund
  - Project Cost Overruns
  - Capital Maintenance
  - Equipment
  - Renovations and Acquisitions



# Project Cost Overruns

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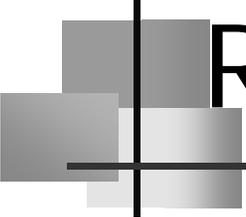
- Project Cost Overruns
  - \$25.0 million for the VCCS
  - \$28.1 million for remaining higher education and state agencies
    - Funds are allocated directly to each project to allow these projects to move forward efficiently and effectively
  - \$5.0 million for state parks for critical projects that represent actual overruns and not project expansions



# Capital Maintenance and Equipment

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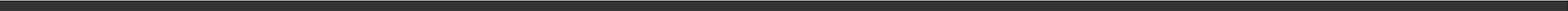
- Capital Maintenance Reserve
  - \$47.8 million to address major mechanical system repairs and replacement
    - Includes a \$5.3 million supplement for Norfolk State and Virginia State
    - \$2.4 million supplement to state parks
- Equipment
  - \$28.5 million to equip projects scheduled to open in the upcoming biennium



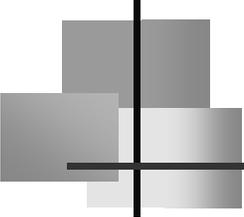
# Renovations and Acquisition

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- Address high priority projects - \$28.7 million
  - VMI Kilbourne Hall - \$7.4 million
  - JMU Property Acquisition - \$8.0 million
  - VSU Generators - \$1.0 million
  - Woodrow Wilson Water Line - \$1.2 million
  - SE Va. Training Ctr. Cook / Chill - \$3.1 million
  - Corrections Environmental Remediation - \$3.5 million
  - No. Va. Forensic Lab - \$2.0 million
  - DGS Chiller and Transformer - \$1.0 million



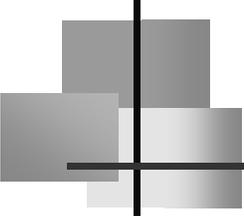
# **Report of the Higher Education Subcommittee**



# Higher Education

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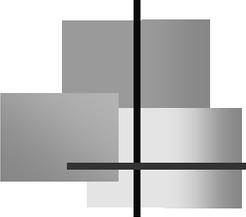
- Provides an increase over the base budget of about \$59.9 million or about 2 percent focused on base operating needs and financial aid
- Remove new initiatives and discretionary spending proposed in the introduced budget
  - Research supplements – saves \$2.5 million
  - Redirect Out-of-State Graduate Aid – saves \$2.4 million
  - Senior Year Initiatives – saves \$1.7 million
  - Southside Assessment – saves \$1.5 million



# Higher Education

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- \$24.0 million GF for public colleges and universities
  - \$17.4 million focused on base operating costs and enrollment growth
  - \$2.6 million for operations of new facilities
  - \$2.6 million for the Medical Education Campus at Northern Virginia Community College
  - \$1.4 million addresses increased health care premiums at the University of Virginia
- \$12.6 million for financial aid for undergraduates at public and private institutions
  - \$7.0 for undergraduate financial aid for students at public institutions in order to maintain current level of need
  - \$3.5 million for TAG to provide undergraduate students an annualized award of \$2,800 by the spring of 2006
  - \$2.0 million to continue to provide in-state tuition for military dependents



# Higher Education

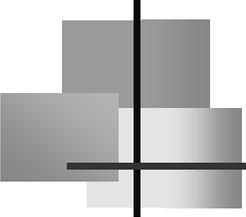
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- \$11.7 million to provide a three percent faculty salary increase
- \$2.0 million to provide additional extension agents and research specialists throughout the Commonwealth to support extension and education efforts
- \$1.2 million to continue the higher education center in South Boston
- \$0.6 million in health related initiatives at Virginia Commonwealth University for family practice, Alzheimer's research and palliative care
- \$2.0 million for education programs, promotions, and staff to accommodate increased visitation and support revenue-generating activities at Jamestown



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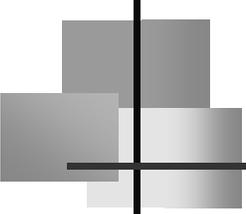
# **Report of the Health and Human Resources Subcommittee**



# Health and Human Resources

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- \$182.7 million GF to fully fund Medicaid utilization and inflation
  - Continues rate increases for emergency room physicians, pharmacists, home health care providers, Mental Retardation Waiver providers, hospitals, neonatal intensive care units and nursing homes
  - Continues inflationary adjustments for hospitals and nursing homes
  - Maintains current array of optional services and eligibility criteria

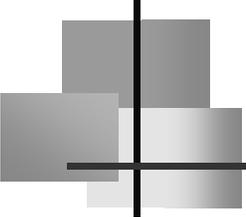


# Health and Human Resources

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## Medicaid (continued)

- Provides \$37.9 million to address decline in Medicaid revenue from the Virginia Health Care Trust Fund
- Shortfall is due to:
  - 2-month delay in enactment of legislation creating the fund and implementing tobacco tax increases
  - Lower than estimated tobacco tax proceeds
  - Lower than anticipated Medicaid recoveries

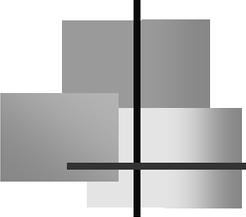


# Health and Human Resources

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## Medicaid Provider Rate Increases

- Language directs revenues from House Bill 2918 to be used for provider rate increases
- Provides \$16.6 million GF over the biennium to increase OB/GYN Medicaid rates by 34 percent
- Provides \$2.8 million GF in FY 2006 to increase rates for dental services by 10 percent
- Provides \$250,000 GF in FY 2006 to adjust payments for neonatal intensive care units serving a disproportionate share of Medicaid infants

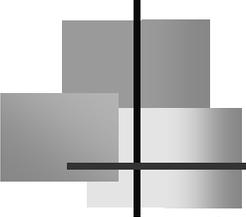


# Health and Human Resources

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## Children's Health Insurance

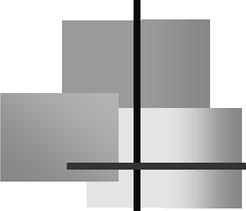
- Provides \$7.1 million GF for enrollment growth in Medicaid for children in families with incomes between 100 and 133 percent of the federal poverty level
  - Funds are matched at FAMIS match rate (\$2 for \$1 in federal matching funds)
- Provides \$2.1 million GF for FAMIS enrollment growth (\$2 for \$1 in federal matching funds)



# Funding for Mentally Disabled

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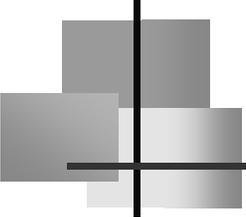
- Provides \$6.9 million GF for medications for mentally disabled individuals in communities and state facilities
- Provides \$4.7 million GF to expand community crisis stabilization services
  - Funding will provide a total of six crisis stabilization units across the Commonwealth
- Provides \$4.5 million GF for early intervention services for infants and toddlers
- \$1.0 million GF to retain MHMR facility nurses
- \$0.5 million GF for children's mental health services



# Funding for Disabled

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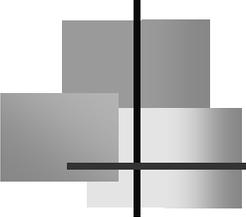
- Provides \$0.5 million GF for Other Olmstead Initiatives
  - \$150,000 GF for 3 new Public Guardian and Conservator Programs
  - \$150,000 for Centers for Independent Living
  - \$150,000 for Long-term Rehabilitation Case Management
- \$0.5 million GF to restore funds for the Office of the Inspector General
- \$84,475 GF and one position for licensing of brain injury programs (HB 2826)



# Health and Human Resources

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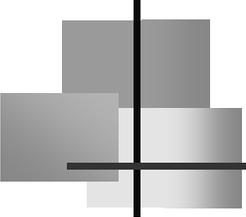
- Provides \$954,000 NGF for expanded newborn screening program (HB 1824)
- Provides \$941,382 GF to expand access to dental services across the Commonwealth
- Provides \$350,000 GF to expand access to medications in unserved areas
- Provides \$306,117 GF to add critical positions in the Office of the Chief Medical Examiner to address case backlogs
  - 4 additional medical death investigators
  - 1 additional autopsy technician



# Health and Human Resources

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- Provides \$9.4 million GF for child day care subsidies and child day care licensing to free up Temporary Assistance to Needy Families funds for core services
- Provides \$2.7 million GF for required improvements to foster care and child welfare systems
- Provides \$1.3 million GF to increase the Auxiliary Grant rate for individuals in Assisted Living Facilities from \$894 to \$910 per month



# Funding Reductions and Elimination of New Initiatives

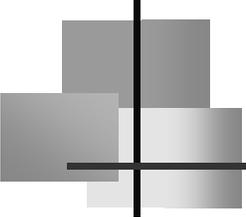
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- Defers increase in hospital payment adjustment factor - \$3.6 million
- Defers FAMIS expansion for pregnant women - \$3.2 million
- Revised estimate of funding for Involuntary Mental Commitments - \$2.7 million
- Reduce rate increase for Auxiliary Grant program - \$2.7 million
- Defer new program covering transition costs for individuals leaving nursing homes - \$370,000
- Eliminate nonstate agency funding "Celebrating Special Children" - \$150,000



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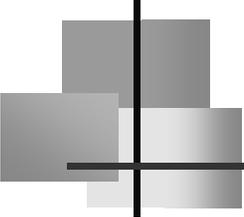
# **Report of the Elementary and Secondary Education Subcommittee**



# Public Education

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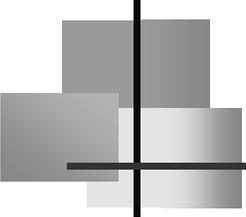
- Provides \$118.8 million GF in total Direct Aid to Public Education funding
- Spending is offset by \$82.1 million GF in savings contained in the introduced budget
- Majority of new funding reflects ongoing spending commitments



# Mandatory Technical Updates to SOQ

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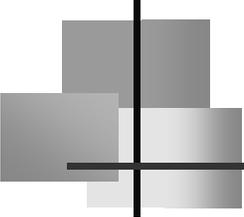
- Adjustment for additional net Lottery Proceeds: \$35.2 million
  - FY 2005 \$19.8 million (includes FY2004 carryover)
  - FY 2006 \$15.4 million
- Adjust additional net Sales Tax estimates: \$13.8 million
  - FY 2005 \$2.5 million
  - FY 2006 \$11.3 million
- Lower composite index for Alleghany School Division: \$704,280
  - Consolidated with Clifton Forge



# Public Education

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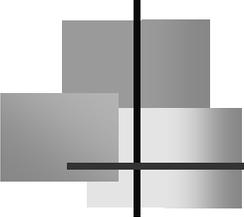
- Fully fund second year shortfall in current budget in Direct Aid accounts: \$13.2 million
  - School coding, Special Education, ESL, and VRS rate
  - First year funding is removed and a portion is used to fully fund the second year
- Va. Schools for the Deaf, Blind and Multi-Disabled:
  - Adjust for energy costs at VSDB-Staunton: \$426,758
    - Due to closure of Staunton Correctional Center
  - Provide funding for VSDB planning/ site selection: \$198,200
- Additional Academic Reviews for schools  
"Accredited with Warning": \$183,107 in FY 2006



# Teacher Compensation

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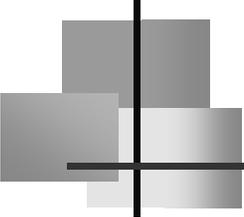
- Provides state share 2.5% salary increase: \$45.7 million in FY 2006
  - Effective December 1, 2005
  - School divisions must **provide** an equivalent pay raise to receive funds
- Provides increase for teacher retiree health care credit: \$8.3 million in FY 2006
  - Increase monthly rate from \$2.50 per month to \$4.00 per month
  - Equals credit provided to state employees



# Public Education

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- Provides \$1.5 million for Vocational Education:
  - Equipment funds to all school divisions: \$800,000
  - Regional Center-serves all divisions: \$400,000
  - Industry Certification testing fees: \$350,000
- Provides \$250,000 in FY 2005 for UVA contract for turnaround specialists
- Provides \$200,000 in FY 2006 for Jobs for Virginia Graduates
- Provides \$100,000 in FY 2006 to complete the statewide Governor's School network



# Public Education

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- Lower Student Average Daily Membership (ADM)  
Growth: (\$61.3) million
  - FY 2005: 7,859 fewer students in ADM
  - FY 2006: 10,738 fewer students in ADM
- Adjust Incentive-based and Categorical accounts for technical and participation updates: (\$18.2) million
- Lower division participation in Teacher Mentor and delayed implementation of Virginia Corps program: (\$2.0) million
- No funding was allocated for new program initiatives contained in the introduced budget: (\$3.6) million