

Resource Changes for 2004-2006

Chapter 2 of 2006 Special Session I (HB 29/HB 5012) includes \$1,859.8 million in general fund resources above those assumed in Chapter 951, as adopted by the 2005 General Assembly. This amount includes: (1) a \$1,373.8 million revision to the general fund revenue forecast, (2) FY 2005 unreserved balance of \$570.0 million, and (3) combined balance and transfer reductions totaling \$84.0 million. These changes, combined with the \$4.3 million unappropriated balance from last session, provide a total of \$1,864.1 million.

Chapter 2 increases spending by \$487.2 million, leaving a total of \$1,376.9 million to be carried forward into the 2006-08 biennium, as a beginning balance in HB 5002 (Chapter 3 of 2006 Special Session I).

Additional General Fund Resources Available for Appropriation FY 2006 (\$ millions)			
	<u>Original Amount</u>	<u>Revised Amount</u>	<u>Difference</u>
June 30, 2006 Balance	\$ 0.0	\$ 570.0	\$ 570.0
Adjustments to the Balance	41.4	(30.3)	(71.7)
Official Revenue Estimates	13,313.5	14,687.3	1,373.8
Transfers	<u>837.4</u>	<u>825.1</u>	<u>(12.3)</u>
Additional GF Resources Available for Appropriation	\$14,192.3	\$16,052.1	\$1,859.8
Plus: Unobligated Balance (Ch. 951)			4.3
Less: HB 29 New Spending			487.2
Chapter 2 Carry Forward Balance			\$1,376.9**

** Does not include \$29.2 million of Governor's reconvened session amendments that were adopted as balance forward in HB 5002 (Chapter 3), making the HB 5002 total \$1,406.0.

Changes in the Balance

Chapter 2 includes a total of \$71.7 million in reductions to the \$570.0 million unreserved balance available at the close of fiscal year 2005. Adjustments to the balance include the reappropriation of \$115.9 million in unspent capital project balances, and \$139.4 million in agency operating balances carried forward from FY 2005 (\$47.7 million of operating balances are reverted). The balance

adjustments also reflect a deficit authorization of \$7.3 million for BRAC-related land activities in Virginia Beach, \$17.0 million for emergency fuel assistance authorizations, \$27.6 million for natural disaster obligations and a \$26.2 million transfer to the Transportation Trust Fund for its share of the accelerated sales tax revenues.

Technical balance adjustments include recasting a \$3.3 million Special Education Recovery Fund as a balance change rather than a transfer, accounting for \$11.9 million in SOQ technical adjustments in the second year, and providing \$3.0 million from balances for the purchase of land adjacent to the Jamestown Settlement, as authorized by the 2005 General Assembly.

Changes in Revenue

FY 2005 ended with a revenue surplus of \$544.6 million due to strong non-withholding collections (business owners, self-employed and contract employees and retired taxpayers), corporate profits, and deed recording taxes. Chapter 2 anticipates continued healthy growth in these sources for FY 2006, resulting in a revenue adjustment of \$1,373.8 million.

- **Increased Revenue.** Over 90 percent of the FY 2006 revenue adjustment would occur in the three volatile sources that produced last fiscal year's surplus: Non-withholding (\$666 million); Corporate (\$343 million); and deed recording (\$239 million).

Income tax withholding is estimated to grow at a slightly higher rate than the official forecast adopted last year, resulting in an additional \$46 million.

Interest earnings are increased by \$29.7 million due to the larger GF balances that can be invested.

- **Decreased Revenue.** The revised forecast includes a negative adjustment of \$2.4 million from advancing the date of federal tax conformity to December 31, 2005 (separate legislation), a negative adjustment of \$15.0 million from interest on delinquent taxes related to improved collection of receivables, and a negative \$26.0 million to repeal the accelerated sales tax in May rather than July.

The overall general fund revenue growth rate projected for FY 2006 is 7.3 percent (8.9 percent growth, if the one-time reduction of \$226.1 million from repealing accelerated sales tax is excluded).

**Estimate of General Fund Taxes By Source
FY 2006 (\$ Millions)**

	<u>Estimated FY 06</u>	<u>Estimated % Growth</u>	<u>Change From FY 06 Official</u>
Net Individual	\$9,170.4	9.8%	\$835.7
Corporate	851.5	38.1%	343.3
Sales	2,803.8	(4.8)%**	(24.6)
Insurance	392.5	5.1%	(21.2)
Recordation	723.0	21.3%	239.2
All Other	746.1	(7.0)%	1.4
Total Revenues	\$14,687.3	7.3%**	\$1,373.8

*Income tax collections, particularly on the corporate side, are somewhat overstated because refund processing has been delayed from phased implementation of the new revenue accounting system.

**Understates economic-based sales tax growth because of the \$226.1 million negative adjustment to eliminate the accelerated sales tax.

Changes in Transfers

Chapter 2 includes a lottery profit reduction of \$8.3 million due to establishment of a lottery in North Carolina, and a reduction in VITA-related savings of \$4.0 million, \$3.4 million of which would be delayed until FY 2007.

Technical adjustments include: (1) \$18.8 million reduction in the Local Real Estate/SOQ Fund transfer to correct an error in the calculation and to reflect the adjusted sales tax forecast, and (2) a refund of \$16.3 million from the Revenue Stabilization Fund after the June deposit because it is expected that interest earnings will put the deposit over the Constitutional cap calculated in December 2005 (this amount is increased by \$2.8 million in HB 5002 balance adjustments).

**General Fund Resource Changes
Since April 2005 (\$ in Millions)**

<u>Balance Adjustments:</u>	<u>2004-2006</u>
GF Balance 6/30/05	\$ 1,382.7
Amount already appropriated in Chapter 951	(556.6)
Return of unspent capital balances	(115.9)
Return of a portion of agency operating balances	(139.4)
Return of TTF share of accelerated sales tax	(26.2)
Natural Disaster Reserves	(27.6)
BRAC-related land transactions	(7.3)
Emergency low-income energy authorizations	(17.0)
Other technical adjustments	<u>5.6</u>
Total Additional Balances	498.3
 <u>Revenue Amendments:</u>	
December Tax Re-forecast	\$ 1,215.1
Mid-session Reforecast	177.1
Change Accelerated Sales Tax Repeal from July to May	(26.0)
Additional ABC Taxes	7.5
Federal Tax Conformity (Advance date to December 2005)	(2.4)
Norfolk health department land sale (VPBA)	<u>2.5</u>
Total Revenue Adjustments	1,373.8
 <u>Transfers:</u>	
Revenue Stabilization Fund refund (interest over cap)	\$16.3
ABC profits	1.3
Local Real Estate/SOQ Fund (sales tax reforecast)	(18.8)
Lottery Profits	(8.3)
VITA-related savings delayed	(4.0)
Court debt collections	1.7
ABC Profits	5.5
Move date for sale of ABC Building into 2006-08	(7.5)
Other Adjustments	<u>1.5</u>
Total Transfer Amendments	(12.3)
Total Additional GF Resources Available for Appropriation	\$1,859.8

Legislative

No actions in HB 5012.

Judicial

- **Circuit Courts**
 - *Criminal Fund.* Provides an additional \$5.1 million GF for FY 2006 for the cost of appointing attorneys to represent an increased number of indigent defendants in criminal cases, and other increased costs associated with the Criminal Fund. Expenditures for the fund are projected to total \$82.3 million in FY 2006.

- **General District Courts**
 - *Involuntary Mental Commitment Fund.* Provides an additional \$98,204 GF for FY 2006 for the cost of involuntary mental commitment proceedings. Expenditures for the fund are projected to total \$5.0 million in FY 2006. The associated cost of hospitalization is included in the budget for the Department of Medical Assistance Services (DMAS).

- **Virginia State Bar**
 - *Increased Operating Costs.* Provides an additional \$1.1 million NGF for FY 2006 for the costs of salary increases, new staff positions and improved technology, to be paid from current nongeneral fund revenues.

Executive Offices

No actions in HB 5012.

Administration

- **Compensation Board**
 - *Delayed Jail Opening.* Captures general fund savings of \$1.6 million from delaying the opening of the Fairfax County Jail Expansion. Currently, all wings and floors of the facility have not been opened.

- **Department of General Services**
 - *Facility Inventory Condition and Assessment System (FICAS).* Includes \$49,000 from the general fund to pay vendor licensing fees for a new building maintenance database that will be transferred to the agency from the Auditor of Public Accounts. This database contains information on all of the state's buildings, including structural issues, mechanical system conditions, and life safety needs. The database will be used to develop maintenance projections, cost estimates, and evaluations of the need for building replacement.

Agriculture & Forestry

No actions in HB 5012.

Commerce and Trade

- **Department of Housing and Community Development**
 - *Economic Development Project.* Provides \$1.1 million GF to the City of Norfolk to assist a local economic development effort. A companion amendment in § 3-3.04 clarifies that the City must provide a comparable amount of in-kind services to the Commonwealth.

- **Department of Mines, Minerals and Energy**
 - *Energy Savings Performance Contracts.* Increases the GF appropriation for resource management and planning by \$29,598 in the second year to enhance assistance to agencies to execute additional energy savings performance contracts.

Public Education

- **Direct Aid to Public Education**
 - *Reflect Increased Sales Tax Projections and Census Revisions.* Provides a net increase of \$18.5 million GF based on increased sales tax projections for FY 2006. In addition, provides a net of \$1.6 million GF based on updating the 2005 triennial census of school-aged population data as well as corrected data for Portsmouth, upon which the sales tax distribution is based, for the second half of FY 2006.
 - *Restore Funds Transferred From FY 2006 to FY 2005.* Provides \$8.9 million GF to restore funds that the Governor had transferred from FY 2006 to FY 2005 to prevent the proration of funding to local school divisions.
 - *Capture Savings Based on Projected Enrollment and Non-Participation Levels.* Reduces general funds by a total of \$21.6 million GF as follows:
 - Incentive Programs. Captures a net \$7.8 million GF across various incentive programs, primarily based on non-participation savings in the at-risk four-year-olds preschool program.
 - Average Daily Membership (ADM) Enrollment. Reduces funds by \$7.7 million GF to reflect a revised lower enrollment projection of 1,186,289 students – 4,424 less than the number estimated in Chapter 951. (At the June 28, 2006 Reconvened Session, the General Assembly approved an amendment related to 2006-08 revenues, which included an additional savings of \$3.3 million GF due to final FY 2006 enrollment figures.)
 - Remedial Summer School and ESL. Reduces funding by \$2.8 million and \$1.5 million GF, respectively, due to lower than projected numbers of students participating in Remedial Summer School and English as a Second Language (ESL) programs.
 - Carryforward Balances. Captures \$2.0 million GF of the FY 2005 carry forward balances included in the FY 2006 adjusted base year.

- Teacher Mentoring and Teacher Corps. Reduces funds by \$1.8 million GF to capture savings due to lower than anticipated numbers of qualifying schools and eligible teachers.
 - *Reflect Decrease in Projected Lottery Proceeds.* Reduces funds by a net \$3.2 million GF to reflect preliminary updated estimates of Lottery proceeds based on North Carolina’s new lottery starting in the 4th quarter of FY 2006. (At the June 28, 2006 Reconvened Session, the General Assembly approved an amendment to the 2006-08 budget related to revenues, which included reflecting an additional \$16.5 million GF in Lottery proceeds from FY 2006. Of that amount, \$10.1 million GF is allocated to Basic Aid payments and the remaining \$6.4 million GF is distributed to school divisions based on the state’s share of \$9.45 per pupil.)
 - *Governor’s School Funding to Account for Alternative Course Schedules.* Adds language stating that funding for the academic year Governor’s Schools will be based on fall membership data or equivalent enrollment for students that attend based on alternative course schedules such as block scheduling.
- **Department of Education**
 - *Carry Forward Balances.* Captures \$937,721 GF of the FY 2005 carry forward balances included in the FY 2006 adjusted base year.
 - *National Board Certification Bonuses.* Captures \$285,000 GF in anticipated savings based on the most recent estimate of the number of teachers who will be eligible for initial awards of \$5,000 each and continuing awards of \$2,500 each for the remaining life of the certification (nine years).
 - *School Efficiency Reviews.* Includes language authorizing the Department of Education to invite a school division undergoing a division-level academic review to participate in the school efficiency review program. Such school divisions would be exempt from the initial 25 percent cost for the review. However, these school divisions would have to pay the separate supplemental charge of 25 percent if the division does not certify that at least 50 percent of the school efficiency review report’s recommendations are not initiated within 24 months of the final report.

Higher Education

No actions in HB 5012.

Other Education

No actions in HB 5012.

Finance

- **Department of Accounts Transfer Payments**
 - *“Rainy Day Fund” Deposit.* Includes \$402.2 million in the second year from the general fund for deposit to the Revenue Stabilization Fund to satisfy the Constitutional deposit needed due to fiscal year 2005 surplus general fund revenues. Also included is a \$16.3 million refund of interest earnings that are expected to exceed the mandatory cap. These interest earnings are included as additions to the general fund balance, resulting in a net deposit of \$386 million.
 - *Line-of-Duty Act Payments.* Includes an additional \$1.5 million the second year from the general fund to provide line-of-duty death, disability and health insurance benefits to public safety officers and their families.
 - *Clarify Use of Excess “Rainy Day Fund” Deposits.* Language is added to ensure if the fiscal year 2006 Revenue Stabilization Fund deposit attributable to fiscal year 2005 tax collections exceeds the minimum deposit certified by the Auditor of Public Accounts on October 27, 2005, then following any required transfer to the general fund, the excess shall be considered as an advance payment for any required deposit to the Revenue Stabilization Fund based on fiscal year 2006 tax collections.
- **Department of Planning and Budget**
 - *School Efficiency Review Program Savings.* Captures general fund savings of \$300,000 the second year from the school efficiency review program. School efficiency reviews are conducted by a consulting firm, and these savings simply reflect the actual cost of the consulting firm’s contract. The savings do not affect the completion of any school efficiency reviews.
- **Department of the Treasury**
 - *Insurance Deductibles.* Includes \$4.7 million the second year from the general fund to cover the increased costs of the Commonwealth’s property insurance program, including several large deductibles for incurred losses.

- **Treasury Board**

- *Amend Debt Service Needs for Existing Bond Issues.* Includes a general fund reduction of \$18.5 million in the second year to reflect current estimates of the debt service needed for existing bond authorizations.

Health and Human Resources

- **Comprehensive Services For At-Risk Youth and Families**
 - *Mandatory Special Education and Foster Care Payments.* Provides \$7.5 million GF in FY 2006 to fully fund enrollment growth and expenditure increases for children and adolescents who are mandated to receive services through the CSA program.
- **Department of Medical Assistance Services (DMAS)**
 - *Adjust Appropriation for Tobacco Tax Shortfall.* The adopted budget adds \$9.0 million GF and reduces \$9.0 million NGF in FY 2006 in the Virginia Health Care Fund to reflect lower than anticipated tobacco tax revenues. The 2004 General Assembly created the fund with streams of revenues from tobacco taxes, the master tobacco settlement agreement, and Medicaid recoveries. Revenues from the fund are used to fund Medicaid services and generate federal matching dollars. Additional general fund appropriations are necessary to backfill the projected shortfall in tobacco tax revenues.
 - *Medicaid Utilization and Inflation.* Provides \$5.0 million GF and \$6.7 million NGF in FY 2006 to fully fund expected increases in enrollment and costs in the Medicaid program. Projected growth in Medicaid can be attributed to increasing enrollment, especially among low-income adults, pregnant women, and disabled individuals.
 - *Outsource Payroll Processing for Consumer-directed Personal Attendant Services.* Adds \$975,800 GF and \$975,800 NGF in FY 2006 to contract with a fiscal agent to provide payroll processing services for personal attendants that deliver long-term care services at the direction of eligible waiver recipients. Growth in consumer-directed personal attendant services has outstripped the capacity of the agency to efficiently manage payroll processing for these attendants. The department will contract with an outside vendor to assume management of this function.
 - *Uninsured Medical Catastrophe Fund.* Adds \$500,000 GF in the second year for the Uninsured Medical Catastrophe Fund. This fund provides financial assistance to uninsured persons who need treatment for a life threatening illness or injury. The fund is managed by the Department of Medical Assistance Services.

- ***Reduce FAMIS Funding to Align Spending with Projected Enrollment.*** Reduces spending by \$3.4 million GF and \$6.4 million NGF in FY 2006 in the Family Access to Medical Insurance Security (FAMIS) program to adjust spending for lower than projected enrollment.
- ***Reduce spending for Medicaid-related State Child Health Insurance (SCHIP) Low-Income Children to Align Spending with Projected Enrollment.*** Reduces spending by \$721,445 GF and \$2.8 million NGF in FY 2006 for Medicaid-eligible low-income children living in families with incomes between 100 and 133 percent of the federal poverty level. Projected enrollment in the program is expected to be lower than anticipated in FY 2006. The nongeneral fund reductions are federal matching funds. The federal government matches Medicaid expenditures for these children at the same rate as that provided for the Family Access to Medical Insurance Security (FAMIS) program (about 65 percent).
- ***Reduce Funding to Reflect Impact of Medicare Part D Prescription Drug Program.*** Beginning January 1, 2006, Medicare beneficiaries will be able to receive outpatient prescription drugs under the Medicare program, for the first time. Prior to the inclusion of a drug benefit under Medicare, most low-income elderly and disabled individuals who were eligible for Medicare and Medicaid (commonly referred to as "dual eligibles"), received their prescription drugs through Medicaid.

To avoid giving states a budget windfall and to reduce the cost of the new benefit to the federal government, Congress will begin requiring states to submit an unprecedented monthly payment to defray the cost of this program. The payment, known as the "clawback", is based on calendar year 2003 Medicaid pharmacy spending trended forward for inflation, and the estimated number of "dual-eligibles" expected to enroll in the program. The annual payment is calculated from an inflated base, prior to the state's aggressive and successful efforts to control pharmacy spending. Medicaid pharmacy spending in Virginia has increased at one-half the national rate the federal government will use to inflate pharmacy spending from CY 2003 to CY 2006. In effect, Virginia is being penalized for its recent efforts to control pharmacy spending.

The impact of the Medicare Part D program is a slight savings to the general fund of \$9.8 million in FY 2006 and a significant savings for the federal government of \$74.3 million in matching Medicaid funds. The state will realize \$82.4 million GF in savings to the

Medicaid pharmacy program in FY 2006 but will have to repay the federal government \$72.0 million resulting in a total general fund savings of \$10.3 million. The savings accrues only because the federal government is requiring five months of clawback payments instead of six during the last half of FY 2006, and the Medicaid program will continue to receive pharmacy rebates under existing contracts for drugs provided to this population through March 2006. The savings is slightly offset by a projected increase in Medicaid enrollment totaling \$472,262 GF, because publicity and outreach for the Medicare Part D program is expected to result in additional Medicaid enrollment.

- ***Reduce Funding to Reflect Added Pharmacy Rebates.*** The adopted budget reduces general funds by \$4.5 million and increases spending by \$4.5 million NGF in FY 2006 to reflect an increase in pharmacy rebates to be deposited in the Virginia Health Care Fund. Because revenues in the fund are allocated to the Medicaid program, the additional revenue offsets general fund dollars necessary to fund the Medicaid program. Budget language is modified to reflect the correct appropriation amount for the Virginia Health Care Fund in the second year
- ***Reduce Funding for Involuntary Mental Commitments.*** Reduces spending by \$1.7 million GF in FY 2006 to lower spending in the Involuntary Mental Commitment Fund. Utilization is projected to be slightly less in FY 2006 so funding is reduced from \$11.2 million to \$9.5 million.
- ***Prior Authorization Contract Savings.*** Reduces spending by \$1.2 million GF and increases \$1.2 million NGF in FY 2006 to reflect an adjustment to the federal Medicaid matching rate from 50 to 75 percent for prior authorization services. Increasing the federal matching rate results in the general fund savings of \$1.2 million.
- **Department of Mental Health, Mental Retardation and Substance Abuse Services**
 - ***Fund Shortfall in Facility Medications.*** Provides \$3.6 million GF in FY 2006 to address a shortfall in funding the increasing costs of providing atypical and other antipsychotic medications, as well as other prescription drugs provided through state facilities to individuals with mental illness and mental retardation. The rising cost of pharmaceuticals in state facilities is attributable to the escalating cost of medications and the increasing medication needs of consumers with chronic medical conditions.

- *Fund Shortfall in Community Aftercare Pharmacy.* Adds \$1.7 million GF in FY 2006 to address a shortfall in funding of prescription drugs provided to individuals with mental illness served by Community Services Boards (CSBs) through the Aftercare Pharmacy program. A portion of the increased costs is due to the higher costs of newer medications. Newer medications have fewer and less severe side effects for many individuals, thereby improving drug regimen compliance and decreasing inpatient hospital costs.
 - *Medicare Part D Implementation Costs.* The adopted budget provides \$410,000 GF in FY 2006 to cover costs associated with the implementation of the federal Medicare Part D prescription drug benefit. Funding will be used to implement a contract to handle billing for prescriptions purchased by state mental health and mental retardation facilities through a Medicare Part D approved prescription drug plan.
 - *CVTC Ambulance Purchase.* Adds \$85,000 GF in FY 2006 to reimburse Central Virginia Training Center for the cost of purchasing a specially-equipped ambulance
- **Department of Social Services**
 - *Mandatory Adoption Subsidy Program.* The adopted budget adds \$5.8 million GF in FY 2006 for mandatory expenditure increases in the adoption subsidy program and \$2.0 million GF to discontinue the practice of transferring TANF dollars to the adoption subsidy program. Expenditures for the program have grown significantly in recent years, largely due to a rapidly growing number of special needs adoptions and uncontrolled costs associated with these adoptions. Funding will be used to meet ongoing contractual obligations with adoptive parents for services to children with special needs.
 - *Reduce Funding for Foster Care Program.* Reduces spending by \$3.7 million GF and \$3.7 million NGF in federal matching Title IV-E foster care payments in FY 2006 due to an unanticipated surplus in the program. The majority of these general fund dollars are used to offset expenditure needs in the adoption subsidy program due to rising costs (\$1.4 million) and to discontinue the practice of transferring \$2.0 million in TANF funds for adoption subsidies. A small portion of the general fund dollars (\$301,774) is used to offset costs in the Temporary Assistance to Needy Families (TANF).

- ***Add GF to Provide Day Care Assistance to VIEW Participants and Address TANF Shortfall.*** The adopted budget adds \$1.6 million GF and \$3.5 million NGF in FY 2006 to provide child day care for TANF participants in the Virginia Initiative for Employment Not Welfare (VIEW) program and address a shortfall in TANF spending. A portion of the general fund spending comes from a small surplus in the foster care and auxiliary grant programs. The additional nongeneral funds represent funding received from a federal TANF bonus award for high performing programs.
- ***New Parent Kit.*** Adds \$300,000 GF in FY 2006 to pay for the cost of producing and printing a new parent kit. The kit provides new mothers and fathers with information on a wide range of parenting issues, including health care, infant safety, and a guide to additional parenting resources. The kit was originally developed in FY 2005 through a public-private funding partnership as part of the Governor's Education for a Lifetime Initiative.
- ***Task Force on Adoption and Foster Care Policies.*** Adds \$50,000 GF in FY 2006 for a task force on adoption and foster care policies. Language requires the Commission of Social Services to convene the task force which is to be co-chaired by a national expert to study current policies and make recommendation to expedite the adoption of children in Virginia. Funding is provided for the costs to assemble the task force, solicit national advice on best practices and provide recommendations to the General Assembly.
- ***Increase Assisted Living Facility Payments and Personal Care Allowance.*** Adds language to increase the payment rate for licensed assisted living facilities and adult foster care homes by \$38 from \$944 to \$982 per month. The new rate includes a \$24 per month federal cost of living adjustment to the monthly Supplemental Security Income payment, effective January 1, 2006, and an increase in the state Auxiliary Grant payment of \$14 per month. Together, these income sources pay for room and board of low-income aged, blind and disabled persons in these facilities. Language also increases the personal care allowance from \$62 to \$70 per month. No additional dollars are added due to a decline in the caseload which has resulted in surplus funds in the auxiliary grant program.

Natural Resources

- **Department of Conservation and Recreation**
 - *Water Quality Improvement Fund – Nonpoint Sources.* Adds \$39.6 million GF in FY 2006 for deposit to the WQIF. Of this amount, no more than 60 percent can be allocated for programs within the Chesapeake Bay Watershed, and \$5.7 million of the deposit must be held in a special reserve fund. The basis of the appropriation is excess general fund revenue collections in FY 2005. The department will use the funds to control nutrient pollution resulting from agricultural activities and land development.
 - *Chesapeake Bay Restoration Fund.* Provides \$352,021 from special funds in the second year to support the funding recommendations of the Chesapeake Bay Restoration Fund Advisory Committee. This committee develops a spending plan based on the proceeds from the sale of "Friend of the Chesapeake" license plates. The committee awards grants to nonprofit organizations, political subdivisions, and educational institutions.
- **Department of Environmental Quality**
 - *Water Quality Improvement Fund – Point Source.* Adds \$17.0 million GF in FY 2006 to be deposited to the WQIF. Of this amount, \$2.5 million must be deposited to the Virginia Water Quality Improvement Fund Reserve. The basis of the appropriation is excess general fund revenue collections in FY 2005. The department will use the funds to assist in the upgrade of publicly-owned wastewater treatment plants to more advanced nutrient removal technology.
 - *Shenandoah River Fish Kill Study.* Adds \$30,000 GF in FY 2006 to investigate the potential factors causing fish lesions and mortality in more than one hundred miles of the Shenandoah River's South Fork.
- **Department of Game and Inland Fisheries**
 - *Decrease Transfer to the Game Protection Fund.* Language in Part 3 of the budget decreases by \$300,000 the general fund transfers to the Game Protection Fund. This results in a revised transfer of \$14.5 million from the general fund to the department.

Public Safety

- **Department of Correctional Education**
 - *Teaching Materials and Equipment.* Includes \$250,000 GF for FY 2006 for teaching materials, equipment, and textbooks for adult and juvenile correctional center schools.
- **Department of Corrections**
 - *Personal Services Adjustment.* Includes \$1.1 million for FY 2006 to supplement personal services funding to more accurately reflect the cost of retirement benefits.
 - *Lawrenceville Correctional Center.* Provides \$1.0 million GF for FY 2006 for the increased contract cost for the operation of Lawrenceville Correctional Center (Virginia's only privately-owned prison). A companion amendment to the 2006-08 appropriation act (HB 5002) adds funding for the contract in FY 2007 and 2008.
- **Department of Emergency Management**
 - *VITA Charges.* Includes \$276,250 GF for FY 2006 for additional VITA charges related to the new Emergency Operations Center located in the new addition at State Police Headquarters in Chesterfield County.
 - *Office of Commonwealth Preparedness.* Provides \$246,954 GF for FY 2006 to replace federal Byrne grant funding, which will expire as of December 20, 2005.
- **Department of Juvenile Justice**
 - *Storm Damage Repair.* Includes \$505,000 GF for FY 2006 for Hanover Juvenile Correctional Center, for a series of projects needed to address erosion and related damage caused by Tropical Storm Gaston in August 2004.
- **Department of Military Affairs**
 - *Retention Incentives.* Includes \$1.3 million GF for FY 2006 for one-time bonuses of \$2,000 for members of the Virginia National Guard who reenlist between April 1 and September 1, 2006.

- **Department of State Police**

- *Vacant Trooper Positions.* Includes \$5.4 million GF for FY 2006 to fill 70 existing trooper positions which have been held vacant due to lack of funds. This includes \$2.0 million in one-time funding for initial purchase of police cars and equipment. A companion amendment is included in the 2006-08 appropriation act (HB 5002).

Technology

- **Virginia Information Technologies Agency (VITA)**
 - *Postpone FY 2006 Technology Savings.* Includes \$1.6 million GF the second year to postpone savings originally scheduled for capture in FY 2006. These savings represent benefits from the consolidation of state agencies' information technology functions and will be captured through an amendment included in HB 5002.

Transportation

No actions in HB 5012.

Central Appropriations

- **Personal Property Tax Relief**
 - *Adjust Appropriation for Revised Forecast.* Includes a reduction of \$36.2 million GF in FY 2006 to reflect the most recent forecast of the average value and number of vehicles that qualify for car tax relief and to take into account the balance of \$12.5 million that was carried forward from FY 2005 to offset program expenditures. The revised appropriation contains \$24 million that was added in the 2005 session to offset delinquent bills that are submitted by localities for tax years 2005 and earlier, as specified in Appropriation Act language.
 - *Additional Funding for Car Tax Reimbursements.* Provides \$31.0 million GF the second year to ensure that localities receive the full reimbursement for any delinquent bills they submit for tax years 2006 and earlier. Localities aggressively pursued delinquent car tax bills during the period leading up to July 1, 2006, because FY 2007 will be the first year in which car tax reimbursements are limited to no more than \$950 million per year.
- **Compensation Supplements**
 - *Technology Cost Increases.* Includes \$0.5 million GF in FY 2006 to fully cover the cost of the November 25, 2005 salary increase for Virginia Information Technologies Agency (VITA) employees assigned to agencies other than VITA.
- **Economic Contingency**
 - *School Breakfast Initiative.* Capturs savings of \$0.6 million GF in FY 2006 to capture savings from this program due to lower than projected participation levels.
 - *Rent Increases at Seat of Government.* Includes \$0.1 million GF in FY 2006 to cover the additional costs of rent due to changes in the utilization of office space at the seat of government.
 - *Utility Cost Increases for Agencies at the Seat of Government.* Includes \$0.4 million GF in FY 2006 for increased costs associated with the building operations at the seat of government. Additional funding is requested due in part to the occupancy of the Patrick

Henry and Oliver W. Hill Buildings and higher operating costs in other buildings.

- ***Increased Agency Energy Costs.*** Recommends \$7.8 million GF in FY 2006 to reimburse state agencies for a portion of the increased cost of gasoline, fuel oil, and natural gas. It is projected that on average this amount will fund at least 90 percent of the estimated additional costs of these commodities for affected agencies.

Independent Agencies

- **Virginia Office for Protection and Advocacy**
 - *Executive Director Salary.* Includes \$7,046 NGF for FY 2006 to provide an increase in salary for the agency's executive director as approved by the agency's governing board.

Nonstate Agencies

No actions in HB 5012.

Capital Outlay

The adopted amendments to the FY 2006 capital outlay budget include:

- **Department of General Services**
 - *Demolition of 8th Street Office Building.* Provides \$4.5 million GF to demolish the 8th Street Office Building in preparation for future development of the site for a state office building. The Governor vetoed this amendment on June 9, 2006.
 - *State Capitol Renovation.* Provides a \$1.0 million GF supplement to the project in order to accommodate wireless and other communications needs in the building extension.
- **Department of Veterans Affairs**
 - *Expanded Scope: Sitter-Barefoot Veterans' Care Center.* Provides a language amendment that would authorize expansion of the Sitter-Barefoot Veterans' Care Center in Richmond by 80 beds and authorizes an increase of \$2.8 million in the temporary treasury loan for the project. The revised capacity of 240 beds reflects the original proposed capacity.
- **Virginia Military Institute**
 - *Kilbourne Hall Supplement.* Provides \$1.9 million GF to supplement the renovation of Kilbourne Hall which houses the ROTC programs at the Institute.
- **Woodrow Wilson Rehabilitation Center**
 - *Water and Sewer System Upgrades.* Provides \$750,000 GF and \$750,000 in nongeneral funds to modernize and upgrade the water and sewer system for the Woodrow Wilson Rehabilitation Center and adjacent Augusta County Schools. The appropriation is contingent upon the availability of \$750,000 in matching funds provided by Augusta County.