

Proposed Amendments for the 2004-06 Budget

The proposed amendments to the 2004-06 budget (HB/SB 29) include \$1,699.4 million in general fund resources above those assumed in Chapter 951, as adopted by the 2005 General Assembly. These resources include: (1) a \$1,214.3 million revision to the general fund revenue forecast, (2) an FY 2005 unreserved balance of \$570.0 million, and (3) reductions in balances and transfers totaling \$84.9 million. These changes, combined with the \$4.3 million unappropriated balance contained in Chapter 951, provide total resources of \$1,703.7 million.

Amendments to HB/SB 29 also include net increased spending of \$461.3 million, leaving a total of \$1,242.4 million to be carried forward into the next biennium as a beginning balance in HB/SB 30.

Additional General Fund Resources Available for Appropriation FY 2006 (\$ millions)			
	<u>Original Amount</u>	<u>Revised Amount</u>	<u>Difference</u>
June 30, 2005 Balance	\$ 0.0	\$ 570.0	\$ 570.0
Adjustments to the Balance	41.4	(33.2)	(74.6)
Official Revenue Estimates	13,313.5	14,527.8	1,214.3
Transfers	<u>837.4</u>	<u>827.1</u>	<u>(10.3)</u>
Additional GF Resources Available for Appropriation	\$14,192.3	\$15,891.7	\$1,699.4
Plus: Unobligated Balance (Ch. 951)			4.3
Less: HB 29 New Spending			<u>(461.3)</u>
HB/SB 29 Carry Forward Balance			\$1,242.4

Changes in the Balance

The introduced HB/SB 29 assumes a total of \$74.6 million in adjustments to the \$570.0 million unreserved balance available at the close of FY 2005.

Adjustments to this balance include the proposed 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 in operating balances are recommended for reversion). The balance adjustments also reflect repayment of deficit loan authorizations of \$7.3 million for BRAC-related land purchases in Virginia Beach, \$17.0 million for emergency fuel assistance, \$27.6 million for natural disaster obligations, and a \$26.2 million transfer to the Transportation Trust Fund for its share of accelerated sales tax revenues.

Technical balance adjustments also include recasting a \$3.3 million Special Education Recovery Fund as a balance change rather than a transfer, accounting for \$9.0 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 was authorized by the 2005 General Assembly.

Changes in Revenue

Fiscal Year 2005 ended with a revenue surplus of \$544.6 million due to strong non-withholding collections (business owners, persons self-employed, contract employees, and retired taxpayers), corporate profits, and deed recordation taxes. The introduced budget assumes continued healthy growth in these sources for FY 2006, resulting in a revenue adjustment of \$1,214.3 million.

- **Increased Revenue.** Roughly 90 percent of the FY 2006 revenue adjustment is expected to occur in the three volatile sources that produced last fiscal year's surplus: non-withholding (\$582 million); corporate (\$214 million); and deed recording (\$288 million).

Income tax withholding is estimated to grow at a slightly higher rate than the official forecast adopted last year, resulting in an additional \$99 million.

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

- **Decreased Revenue.** The revised forecast assumes a negative adjustment of \$2.2 million from advancing the date of federal tax conformity to December 31, 2005 (separate legislation will be introduced), and a negative adjustment of \$15.0 million from interest on delinquent taxes due to the improved collection of receivables.

The overall general fund revenue growth rate projected for FY 2006 is 6.1 percent (7.6 percent growth, if the June reduction of \$200.1 million from modifying the accelerated sales tax is excluded).

Estimate of General Fund Taxes by Source FY 2006
(\$ in millions)

	Estimated FY 06	Estimated % Growth	Through November % Growth	Change from FY 06 Official
Net Individual	\$9,074.6	8.6%	9.7%	\$739.9
Corporate	722.4	17.1%	111.3%*	214.2
Sales	2,811.8	(4.6%)**	6.8%	(16.6)
Insurance	392.5	5.1%	(12.3%)	(21.2)
Recordation	772.0	29.5%	48.1%	288.2
All Other	<u>754.5</u>	<u>(6.0%)</u>	<u>(14.8%)</u>	<u>9.8</u>
Total Revenues	\$14,527.8	6.1%**	11.5%	\$1,214.3

*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.

**The economics-based sales tax growth rate is 5.8 percent, if the \$200.1 million reduction in accelerated sales tax collections and \$104.4 million loss in food tax revenues resulting from tax policy changes are not counted, making the overall general fund economics-based growth rate 8.4 percent.

Changes in Transfers

The proposed changes in HB/SB 29 assume a lottery profit reduction of \$8.3 million due to the establishment of a lottery in North Carolina, and a reduction in VITA-related savings of \$4.0 million, \$1.6 million of which would be delayed until FY 2007.

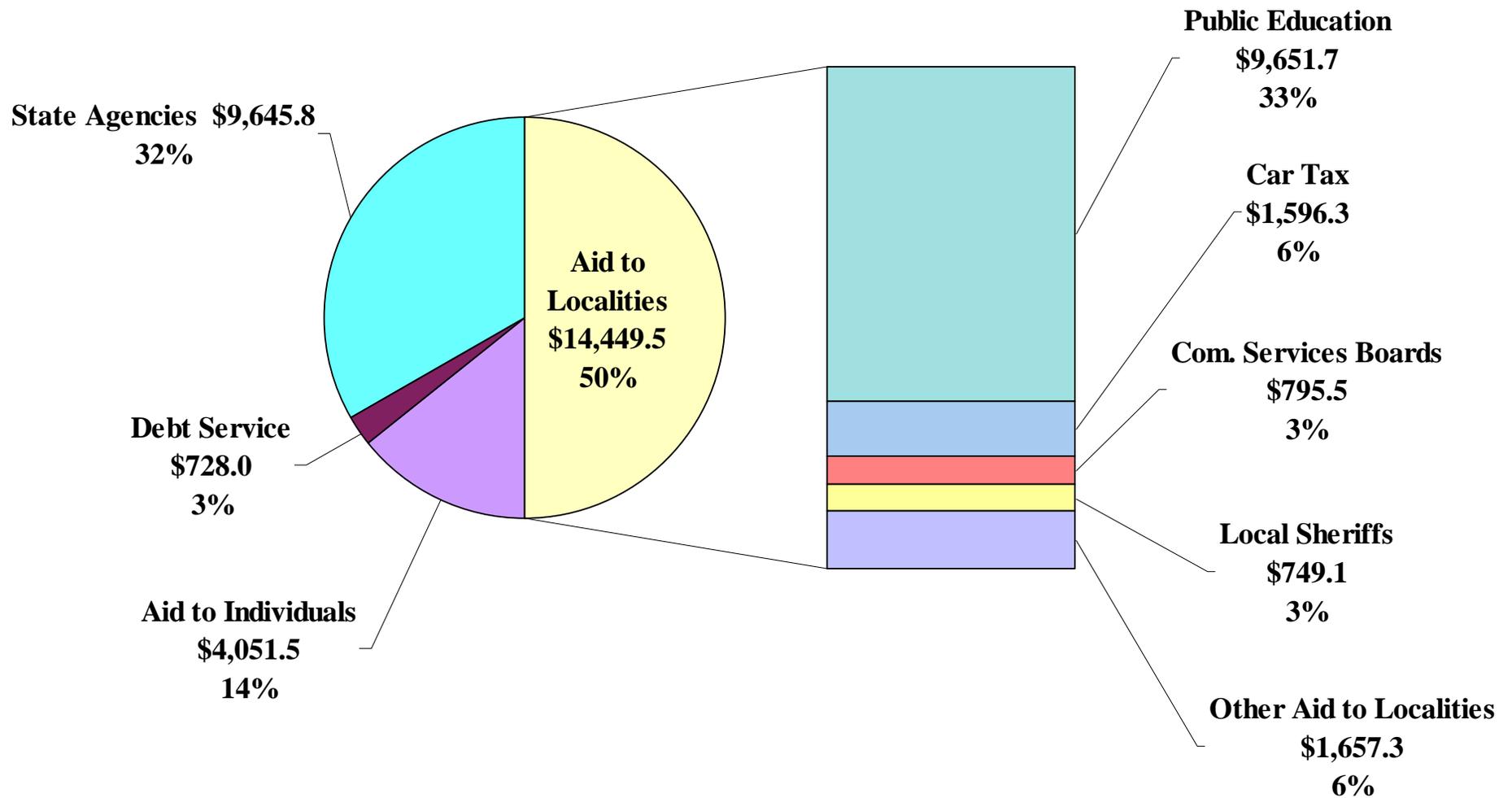
Technical adjustments include: (1) an \$18.8 million reduction in the Local Real Estate/SOQ Fund transfer to correct a calculation error and reflect the adjusted sales tax forecast, and (2) a refund of \$16.3 million from the Revenue Stabilization Fund. Following the June deposit, it is expected that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

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

<u><i>Balance Adjustments:</i></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>2.7</u>
Total Additional Balances	495.4
<u><i>Revenue Amendments:</i></u>	
December Tax Re-forecast	\$ 1,215.1
Federal Tax Conformity (Advance date to December 2005)	(2.2)
Norfolk health department land sale (VPBA)	<u>1.4</u>
Total Revenue Adjustments	1,214.3
<u><i>Transfers:</i></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
Other Adjustments	<u>1.5</u>
Total Transfer Amendments	(10.3)
Total Additional GF Resources Available for Appropriation	\$1,699.4

2004-2006 GF Operating Budget

\$28,875.1 million



Legislative

No actions in HB/SB 29.

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

No actions in HB/SB 29.

Administration

- **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 and Forestry

No actions in HB/SB 29.

Commerce and Trade

- **Department of Mines, Minerals and Energy**
 - *Energy Savings Performance Contracts.* Increases the GF appropriation for resource management and planning by \$29,598 in FY 2006 to enhance assistance to agencies to execute additional energy savings performance contracts.

Public Education

The Governor's proposed amendments increase Direct Aid to Public Education by a net \$4.7 million GF in FY 2006.

- **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 \$2.0 million GF

based on updating the 2005 triennial census of school-aged population data, 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 had been 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 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 general funds by \$7.7 million to reflect a revised enrollment projection of 1,186,289 students – 4,424 students lower than the number estimated in Chapter 951.
 - ***Remedial Summer School and ESL.*** Reduces funding by \$2.8 million GF and \$1.5 million GF, respectively, for lower than projected numbers of students in Remedial Summer School and English as a Second Language (ESL) programs.
 - ***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 updated estimates of Lottery proceeds, including the impact of North Carolina’s new lottery in the 4th quarter of FY 2006.
- ***Governor’s School Funding to Account for Alternative Course Schedules.*** Adds language stating that funding for the academic year for 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**
 - *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.

Higher Education

No actions in HB/SB 29.

Other Education

No actions in HB/SB 29.

Finance

- **Department of Accounts Transfer Payments**
 - *“Rainy Day Fund” Deposit.* Proposes \$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.* Recommends an additional \$1.4 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.
- **Department of the Treasury**
 - *Insurance Deductibles.* Recommends \$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.* Proposes 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 emotionally disturbed children and adolescents who are mandated to receive services through the CSA program.
- **Department of Medical Assistance Services (DMAS)**
 - *Medicaid Utilization and Inflation.* Provides \$7.0 million GF and \$8.7 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.
 - *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 expected 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 \$2.3 million in FY 2006 and a significant savings for the federal government of \$74.3 million in matching Medicaid funds. The state will realize \$74.8 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 \$2.7 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 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.
- **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 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 atypical and other antipsychotic medications and other prescription drugs, 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 for 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.
 - *Enhance Billing for Medicare Part D Program.* Proposes \$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.

- **Department of Social Services**
 - ***Mandatory Adoption Subsidy Program.*** The introduced budget for FY 2006 proposes adding \$5.8 million GF 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 proposed 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.
 - ***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 to be deposited 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.

- **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.

- **Department of Game and Inland Fisheries**
 - *Decrease Transfer to the Game Protection Fund.* Proposed language in Part 3 of the introduced amendments 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 of operating the Lawrenceville Correctional Center (Virginia's only privately-owned prison). A companion amendment in HB/SB 30 adds funding for the contract in each year of the 2006-08 biennium.

- **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.

 - *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 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 HB/SB 30.

Technology

- **Virginia Information Technologies Agency (VITA)**
 - *Postpone Technology Savings.* Proposes an increase of \$1.6 million NGF the second year to postpone savings required in FY 2006, but which are proposed in HB/SB 29 to be delayed until FY 2007. An amendment in HB/SB 30 captures these savings in FY 2007.

Transportation

No actions in HB/SB 29.

Central Appropriations

- **Personal Property Tax Relief**
 - *Adjust Appropriation for Revised Forecast.* Proposes 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.
- **PPEA Financial Accounting and Operations Upgrade**
 - *Enterprise Architecture Program.* Proposes \$3.3 million GF in FY 2006 to begin work to maximize revenues, enhance cost recoveries, and improve administrative applications in the financial accounting and operations area. Work activities with this program will be conducted by both the state and a private vendor, CGI-AMS.
- **Compensation Supplements**
 - *Technology Cost Increases.* Recommends \$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.* Proposes a reduction 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.* Recommends \$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.* Proposes \$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

No actions in HB/SB 29.

Nonstate Agencies

No actions in HB/SB 29.

Capital Outlay

The Governor's proposed capital outlay amendments to the FY 2006 budget include:

- **Department of Veterans Affairs**
 - *Planning: Sitter-Barfoot Veterans' Care Center.* Proposes the addition of \$316,000 GF for planning of the Sitter-Barfoot Veterans' Care Center in Richmond.
 - *Expanded Scope: Sitter-Barfoot Veterans' Care Center.* Proposes a language amendment that would authorize expansion of the Sitter-Barfoot Veterans' Care Center in Richmond by 80 beds and authorizes an increase of \$2.5 million in the temporary treasury loan for the project. The revised capacity of 240 beds reflects the original proposed capacity.
- **Department of Mental Health, Mental Retardation and Substance Abuse Services**
 - *Replacement of Western State Hospital.* Authorizes the replacement of Western State Hospital in Staunton at a cost not greater than \$81.0 million. Language authorizes funding through a capital lease, VPBA Bonds or other cost effective mechanism. The language further authorizes the redevelopment of the hospital site for commercial, industrial, or residential purposes. Proceeds from the sale of any surplus land are proposed to be deposited to the Mental Health, Mental Retardation and Substance Abuse Services Trust Fund.