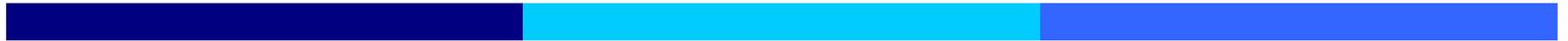


Comparison of House and Senate Budget Amendments House Bills and Senate Bills 29 and 30



House Appropriations Committee Staff

February 27, 2008

Comparison of House and Senate General Fund Resources – HB/SB 29

	House	Senate
Unappropriated Balance	28,972,746	28,972,746
Additions to Balance		
Reversion of 2007 Pledge Balances	39,660,097	
Legislative Branch Balances	2,758,883	
House Clerk's Balances	1,000,000	
Dept. Health HPV Vaccine Balances	600,000	
DSS Auxiliary Grant Program Balances	1,000,000	
Criminal Fund Waiver Balances	6,250,000	
Supplant GF Capital Projects w/ Bonds	225,000,000	
Cash Flow Capital Projects	177,900,000	
Freeze Pre-Bid Capital Projects	141,200,000	
Capture Unobligated Capital Balances	448,219	448,219
Technology Research Fund Balances	1,154,000	
DOC – Craigsville Wastewater Balances	1,000,000	
Additional Revenues		
Federal Conformity	(1,240,000)	(1,240,000)
Rainy Day Fund Withdrawal (from HB 29)	18,856,922	161,750,000
Mid-Session Revenue Reduction	(339,300,000)	(339,300,000)

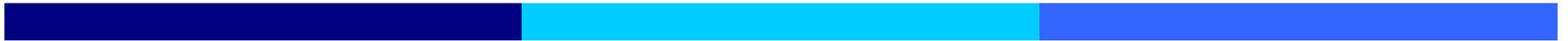
Comparison of House and Senate General Fund Resources – HB/SB 29

	House	Senate
Additional Revenues (continued)		
Sale of Land to Norfolk	2,460,000	2,460,000
DOC – SCAAP Payments	633,223	633,223
Retain NGF Interest Earnings	5,000,000	
Columbia Gas Overcharge Refund		1,236,881
Transfers		
Lottery Forecast Adjustment	9,000,000	
DMV System Redesign Balances	2,500,000	2,500,000
DOC Drug Assessment Balances	2,000,000	2,000,000
Capture NGF Interest		5,000,000
TOTAL COMMITTEE ACTIONS	326,854,090	(164,511,677)

Comparison of House and Senate General Fund Resources – HB/SB 30

	House	Senate
Additions to Balance		
DGS - Trevillian Station Funding	1,903,532	
DOE Balance Unallotment	162,000	
Legislative Balances	1,000,000	2,100,000
Additional Revenues		
DGS - Sale of Surplus Property	1,750,000	1,750,000
Excess Circuit Court Fees	20,000,000	
Federal Conformity	(7,580,000)	(7,580,000)
Mid-Session Forecast Revision	(970,000,000)	(1,052,300,000)
REIT Legislation	(12,600,000)	
Retain NGF Interest Earnings	16,000,000	16,000,000
Legislation		
Economic Development Incentives (HB 1388/SB 668)	(2,462,400)	(2,462,400)
ABC Sunday Sales (HB 908)	1,200,000	
Additional Court Fees (HB 1442)	1,980,000	
Sales Tax Exemption - Textbooks (SB 392)		(418,000)
EarthCraft House Tax Credit (SB 317)		(75,000)
Transfers		
Lottery Reforecast	44,000,000	44,000,000
SCC Unobligated Balances	3,000,000	3,000,000
VDH Allocation to Trauma Centers	8,400,000	4,400,000
5% Reduction to ABC Administration		2,970,770
Subtotal Resource Actions	(893,246,868)	(988,614,630)

Capital Outlay



Use of Debt for Capital Projects

□ House:

- Provides \$1,638.2 million for capital projects
 - \$1,235.9 million for projects in HB 1547 primarily for higher education includes \$550.0 million blanket authorization for FY09 preplanning projects
 - \$130.2 million for projects in HB 30 primarily for public safety, mental health and state parks
 - \$225.0 million to supplant general fund for previously approved projects
 - \$47.1 million for cost overrun pool

□ Senate:

- Provides \$2,803.7 million for capital projects
 - \$2,057.3 for projects in SB 795
 - \$403.6 million for projects in SB 30
 - \$300.0 million to supplant general fund for previously approved projects
 - \$42.8 million for cost overrun pool

Major Project Differences

□ House:

- No new state office buildings
- Eastern Virginia medical School requires SCHEV review and conversion to state agency
- No use of debt for easements

□ Senate:

- New state office building - \$194.1 million
- New Dept of Taxation bldg - \$85.0 million
- Eastern Virginia Medical School - \$59.0 million
- Land Acquisition and Easements - \$50.0 million
- Combined Sewer Overflow - \$40.0 million
- Virginia School for the Deaf and Blind - \$71.1 million

Project Planning

□ House:

- Provides \$10.0 million GF to preplan projects in order to get better cost estimates
 - Projects in FY 2009 have a blanket debt authorization included in HB 1547
 - Projects in FY 2010 have an estimated construction value of \$600.0 million

□ Senate:

- Authorizes \$99.8 million in Treasury loans to complete planning up to working drawings
- Projects have an estimated construction value of \$1.3 billion
 - This is in addition to the \$2.8 billion in SB 30 and SB 795
- No commitment to fund projects being fully planned
 - If projects do not secure permanent funding within three years, language in the Appropriations Act requires the Governor to recommend an appropriation to repay the loan
- Projects in the planning queue include
 - \$200 million for new General Assembly Building
 - \$125 million for Supreme Court Building Renovations
 - \$119 million for a second SVP Facility
 - \$50 million for the Belmont Bay Science Center

Maintenance and Equipment

□ Capital Maintenance

■ House:

- Leverages \$16.7 million to provide a \$150.0 million capital maintenance revolving fund

■ Senate:

- Provides \$72.0 million GF in FY 2010 for capital maintenance

□ Equipment for New Facilities

■ House:

- Provides \$26.3 million to equip new facilities

■ Senate:

- Provides \$62.5 million to equip new facilities

Project Balances

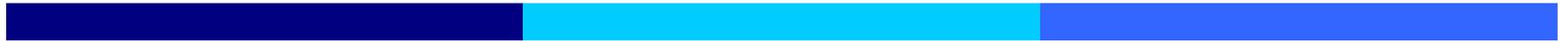
□ House:

- Takes three actions in HB 29 to help balance the revenue shortfall
 - Cash flow 34 projects - \$177.9 million
 - Freeze 13 projects - \$141.2 million
 - Supplant \$225.0 million with bonds

□ Senate:

- Supplants total of \$300.0 million with bonds in the two budget bills
- Reverts \$4 million for mental health project planning

Higher Education



Higher Education

- Enrollment Growth and Base Operating Support
 - House: \$85.0 million
 - \$40.7 million Funding tied to tuition moderation
 - Senate: \$22.7 million
 - \$21.5 million less than the introduced budget

- Financial aid
 - House:
 - \$18.2 million for undergraduates at public institutions
 - \$2.8 million for TAG
 - Meets current enrollment and brings award to \$3,300 in FY 2010
 - \$1.8 million for transfer grants in FY 2010 when first awards are expected according to the original enabling legislation
 - Senate:
 - \$18.2 million for undergraduates at public institutions
 - \$1.1 million for TAG to meet current enrollment
 - \$3.6 million for transfer grants based on expanded eligibility in SB 148 which did not pass the House

Higher Education Institutions

Inst	Introduced Budget	HOUSE BUDGET ACTIONS		SENATE BUDGET ACTIONS AGAINST INTROD. BUDGET		House > Senate
		House TMIF	House Total	SFC Amendments	Senate Total	Difference
CNU	689,694	1,340,000	2,029,694	(344,846)	344,848	1,684,846
CWM	1,118,104	1,430,000	2,548,104	(559,052)	559,052	1,989,052
GMU	3,659,490	3,800,000	7,459,490	(1,829,744)	1,829,746	5,629,744
JMU	1,957,124	2,360,000	4,317,124	(978,562)	978,562	3,338,562
LU	760,228	1,230,000	1,990,228	(380,114)	380,114	1,610,114
UMW	599,428	880,000	1,479,428	(299,714)	299,714	1,179,714
NSU	629,990	490,000	1,119,990	(314,996)	314,994	804,996
ODU	3,126,406	2,560,000	5,686,406	(1,563,204)	1,563,202	4,123,204
RU	1,256,112	1,160,000	2,416,112	(628,056)	628,056	1,788,056
UVA	3,811,322	3,710,000	7,521,322	(1,605,660)	2,205,662	5,315,660
UVAW	263,870	240,000	503,870	(131,936)	131,934	371,936
VCU	9,696,668	3,120,000	12,816,668	(4,848,334)	4,848,334	7,968,334
VMI	171,342	260,000	431,342	(85,670)	85,672	345,670
VSU	506,178	620,000	1,126,178	(253,090)	253,088	873,090
VT	7,117,332	5,890,000	13,007,332	(3,558,666)	3,558,666	9,448,666
RBC	107,126	90,000	197,126	(53,564)	53,562	143,564
VCCS	8,812,298	11,520,000	20,332,298	(4,106,148)	4,706,150	15,626,148
All Inst.	44,282,712	40,700,000	84,982,712	(21,541,356)	22,741,356	62,241,356

Higher Education – Other Base Operating Support

□ Faculty Salaries

- House: Average 2.0 percent increase effective November 2008
 - Additional 1.14 percent tied to revenue reserve in FY 2010
- Senate: Average 2.5 percent increase effective November 2009 O & M for New Facilities

□ Other Operating Support and Program Enhancements

- House: \$6.2 million which includes VIMS, higher education centers, and UVA/VCCS engineering partnership
- Senate: \$4.6 million for career coaches at the VCCS, VIMS and higher education centers

Higher Education Research

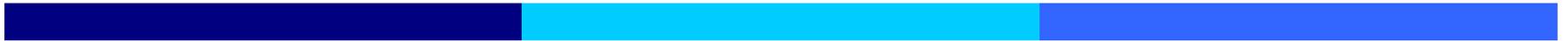
□ Research

- House: Allocates \$31.6 million for targeted research opportunities at colleges and universities
 - Continue 2006 legislative research initiative - \$27.1 million
 - UVA and VCU cancer research - \$2.0 million
 - Coastal Energy consortium - \$1.5 million
- Senate: \$27.8 million for research
 - Reduces the 2006 legislative research initiative by \$5.3 million – leaves \$21.8 million in the institutions
 - Leaves \$4.0 million in the Commonwealth Technology Research Fund
 - Coastal Energy consortium - \$1.5 million

□ Jefferson Labs

- House: \$6.5 million for lab upgrades
- Senate: \$3.8 million for lab upgrades

Public Education



Public Education

Total Funding for K-12:

- House budget provides \$12,985.5 million
 - Additional \$193.5 million more than the revised introduced budget of \$12,792.0 million

- Senate budget provides \$12,917.1 million
 - Additional \$125.1 million more than the revised introduced budget of \$12,792.0 million

Global View on Key Differences Between the Budgets

	<u>HOUSE</u> (\$ in millions)	<u>SENATE</u> (\$ in millions)
House: 1 st year 2% pay raise	\$122.8	no adjustment
House: 2 nd yr 1.14% pay raise / Senate: 2.5%	26.2	57.0
School Construction	72.4	(27.5)
Interest Rate Subsidy Grant	5.0	no adjustment
Prevailing Salary Language	(78.7)	no adjustment
Inflation	(20.8)	no adjustment
Federal Revenue	(22.3)	no adjustment
Senate: Divert Lottery – Freeze at FY08	<u>no adjustment</u>	<u>(52.0)</u>
	\$104.6	(\$22.5)

Public Education

Teacher Pay Raises:

- House: 2% pay increase in the first year for all funded SOQ positions: \$122.8 million over the biennium
 - effective December 1, 2008
- House: 1.14% pay increase in the second year for all funded SOQ positions: \$26.2 million in a Reserve Fund
 - effective December 1, 2009
- Senate: 2.5% pay increase in the second year for all funded SOQ positions: \$57.0 million
 - effective December 1, 2009

Public Education

School Construction:

- ❑ House: Allocated \$72.4 million in the biennium for supplemental school construction grants
- ❑ House: Retained the \$55.0 million of existing school construction grant funds
- ❑ House: Retained the \$165 million of lottery proceeds used for school construction
- ❑ House: Added \$5 million for Literary Fund Interest Rate Subsidy grants
 - Current market leverages construction loans at an 8:1 ratio
- ❑ Senate: Reduced school construction by 50% or (\$27.5) million
- ❑ Senate: Diverted \$52.0 million of lottery
 - Provided funding at FY 2008 level

Public Education

Prevailing Salary Language:

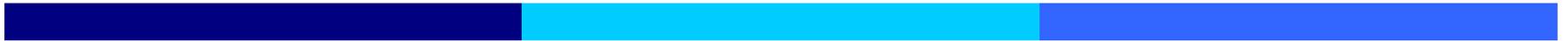
- House budget adopts language that clarifies that the prevailing salary used in calculating SOQ costs in the future will reflect the salary increases approved by the General Assembly in the biennial budget preceding the re-benchmarking process
- This methodology would ensure that the state's share of salary increases that are provided in a biennial budget are recognized in the future
 - For example, the House budget provides a 2 percent increase in fiscal year 2009, which is funded in the budget. In the 2010-2012 budget, this 2 percent increase would be factored into the prevailing salary

Public Education

Virginia Preschool Initiative (VPI):

- House: Restored the current program's eligibility and funding methodology: (\$17.3) million GF and (\$14.8) million NGF savings
 - 100% free lunch students
 - 22,200 children eligible each year
 - \$5,700 per pupil amount (PPA)
- Senate: Expanded current program's eligibility and funding methodology: (\$13.1) million GF savings
 - 100% free lunch students
 - 10% reduced lunch students in FY 2009 & 20% in FY 2010
 - \$6,000 PPA in FY 2009 and \$6,790 PPA in FY 2010

Health and Human Resources



Health & Human Resources

(GF \$ in millions)

Major Spending Differences

House

Senate

Mental Retardation Waiver Pkg.	\$51.3	\$7.2
Child Welfare Initiatives	\$20.2	\$21.7
Health Care Initiatives	\$9.6	\$9.3
Early Childhood Education Initiatives	\$0	\$6.0

Major Savings Differences

Medicaid Savings	(\$42.6)	(\$5.0)
Provider Reimbursement Changes	(\$48.4)	(\$41.2)

Health & Human Resources Services for Mentally Retarded

- Mental Retardation (MR) Waiver slots
 - House provides 800 slots - \$38.1 million GF
 - Senate provides 150 slots - \$7.2 million GF
- House provides start-up funding for new slots - \$3.2 million GF
- House provides a 3.6 percent increase for congregate living services - \$10.0 million GF

Health & Human Resources

Child Welfare Services

Major Differences	House	Senate
Foster Care Rates (House: 15% in FY 09 & 10% in FY 10 / Senate: 10% each year)	\$12.2	\$8.8
CSA Match Rate Changes House: smaller reduction in local match for community services in yr. 1, smaller increase in local match for residential in yr. 2 Senate: larger reduction in local match for community services in yr. 1, larger increase in local match for residential in yr. 2	\$6.0	\$8.1
Child Welfare Recruitment and Retention Activities	\$0	\$3.5
Foster Care Visitations	\$2.0	\$0
Child Welfare Worker	\$0	\$1.6
Total	\$20.2	\$21.7

Health & Human Resources Health Care Safety Net

Major Differences	House	Senate
Community Health Clinics and Free Clinics	\$7.1	\$3.5
VirginiaShare Health Insurance Initiative	\$0	\$2.0
FAMIS Moms Expansion in FY 2010 and FAMIS for Non-eligible infants	\$0	\$1.7
Continue Exemption for Antidepressants and Antianxiety Medications in Medicaid Preferred Drug List	\$2.0	\$1.9
Patient Advocate Foundation	\$0.5	\$0
Va. Dental Foundation and Uninsured Medical Catastrophe Fund	\$0	\$0.2
Total	\$9.6	\$9.3

Health & Human Resources

Early Childhood Education Programs

Major Differences	House	Senate
Quality Rating System	\$0	\$3.0
Child Care Workforce Scholarships	\$0	\$2.0
Virginia Early Childhood Foundation	\$0	\$1.0
Total	\$0	\$6.0

- ❑ Senate provides \$14.9 million in federal TANF funding for its Pre-K initiative
- ❑ House uses TANF to replace GF in community programs, leaving about \$8.0 million as a balance each year in case TANF caseloads increase

Health & Human Resources

Medicaid Related Savings

Major Differences	House	Senate
Medicaid, FAMIS, SCHIP, Involuntary Commitment Fund Forecast Revisions (FY 08, 2008-10 biennium)	(\$29.3)	(\$5.0)
Recognize Tobacco Strategic Contribution Fund as Offset for Medicaid (FY 08, 2008- 10 biennium)	(\$11.3)	\$0
Improved Use of Medicaid in CSA	(\$2.0)	\$0
	Subtotal	(\$5.0)

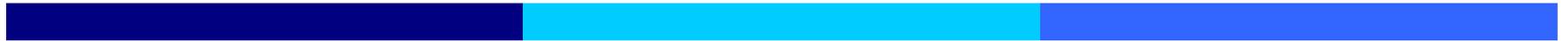
Provider Reimbursement Changes

Reimbursement Changes	House	Senate
Reduce Hospital Inflation Adjustment	(\$37.7)	(\$29.6)
<p>House: No inflation adjustment for most hospitals except state teaching hospitals and psychiatric inpatient services</p> <p>Senate: Provides about a 2.0% inflation adjustment for all hospitals</p>		
Eliminate Nursing Home Rebasing	(\$10.7)	\$0
Reduce Nursing Home Inflation	\$0	(\$11.6)
Total	(\$48.4)	(\$41.2)

Health & Human Resources Other Savings

Major Differences	House	Senate
Eliminate Pilot Reentry Programs	(\$1.1)	\$0
Consolidate Small DSS Offices	(\$1.0)	\$0
Eliminate Funds to Renovate or Relocate Local Health & DSS Offices w/Critical Health/Safety Needs	\$0	(\$1.3)
Offset GF with Fee Revenue in Health Dept. Environmental Services Programs	\$0	(\$1.2)
Staff for Office of Safe Drinking Water	\$0	(\$0.5)
Breast & Cervical Cancer Screenings	\$0	(\$0.3)
Office of Chief Medical Examiner – Senate redirects \$758k and 7.0 positions for regional offices	\$0	(\$0.3)
Brain Injury Case Management Services	\$0	(\$0.2)
Autism Services Coordinator	\$0	(\$0.2)
DMHMRSAS Licensing Staff	\$0	(\$0.1)
Total	(\$2.1)	(\$4.1)

Compensation & Retirement



State Employee Compensation

- House budget provides a 2% salary adjustment in the first year for state employees, college faculty, and state-supported local employees
- House provides a revenue reserve fund that earmarks for an additional 1.14% salary adjustment in the second year if revenues are met
 - House budget includes state share of 2% salary adjustment for public school teachers in the first year and funding in revenue reserve for 1.14% adjustment in second year
- Senate Budget does not include a salary adjustment in the first year. It does provide a 2.5% salary adjustment in the second year
 - Senate budget includes state share of 2.5% salary adjustment for public school teachers in the second year

Savings from Health Insurance Fund

- ❑ Both budgets assume savings from excess balances in the State Employee Health Insurance Fund (HIF)
- ❑ House budget assumes \$63.0 million in general fund savings from the health care program
 - House budget uses savings from the HIF to fund state employee and college faculty pay raises
 - Reduces balances in the HIF to amount recommended by actuaries including contingency reserve
- ❑ Senate budget assumes \$82.7 million in general fund savings from the health care program
 - Senate budget uses half of the savings from the HIF for a second year salary adjustment for state employees and college faculty and the remaining savings to balance the budget
 - Reduces balances in the HIF to the estimated claims “incurred but not paid” amount, no contingency reserve
 - Includes language increasing the emergency line of credit for the HIF from \$25.0 to \$50.0 million

Summary of Salary and HIF Proposals

(in millions)

State Employees (Including College Faculty)

	House	Senate
1 st Year Salary Adjustment	\$95.0	\$0
2nd Year Salary Adjustment	\$19.4	\$42.5
Health Care Savings	(\$63.0)	(\$82.7)
Net Cost (Savings)	\$51.5	(\$40.2)

Salary Funding for State Supported Local Employees

(in millions)

	House	Senate
1 st Year Salary Adjustment	\$31.3	\$0
2nd Year Salary Adjustment	\$6.7	\$13.6
Total	\$38.0	\$13.6

VRS Contribution Rates

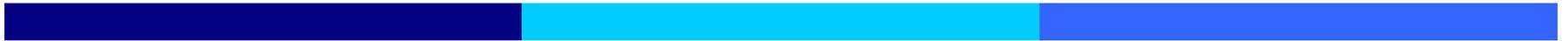
- Both budgets fund the contribution rates for the retirement programs administered by the Virginia Retirement System (VRS) based on:
 - ▣ Assumed 8% annual rate of return
 - ▣ 3% annual inflation rate
 - ▣ 30 year amortization of the current unfunded liability
- House budget uses same policy assumption for other VRS programs; Senate budget uses policy assumptions of 7.5%, 2.5% and 29 years
- Savings from VRS rate changes:
 - ▣ House budget: Savings of \$66.0 million over the biennium
 - ▣ Senate budget: Savings of \$55.2 million over the biennium

Other Benefit Issues

- Funding Stream for Line of Duty Act:
 - House budget assumes GF savings of \$8.4 million over the biennium by redirecting “HB 599” funds to support Line of Duty Expenditures.
 - Senate budget assumes GF savings of \$22.3 million and replaces the funding with two new proposed fees:
 - \$1.50 per month fee on residential and commercial alarm systems
 - \$5.00 fee to be collected on all processes and services in civil proceedings

- Supplemental Payments to Localities for LEOS Benefits:
 - House budget: Eliminates the \$6.0 million in new funding included in the introduced budget for supplemental payments to localities for LEOS
 - Senate budget: Accepts the new spending

Public Safety



Public Safety

St. Brides Correctional Center:

- ❑ Senate captures \$10.8 million by delaying opening of St. Brides Correctional Center until July 1, 2009
 - Actually represents 16-month delay due to the need to hire and train staff
 - Impairs DOC's ability to absorb Governor's budget reductions
 - ❑ DOC required to house 1,000 out-of-state inmates to produce \$19.2 million per year
 - ❑ Currently, DOC does not have any contracts for out-of-state inmates
 - Without out-of-state revenue, DOC must find other cuts – delaying the opening of St. Brides was agency's first option
 - Reductions will now be required at prisons and facilities now housing inmates

Wounded Warrior Program:

- ❑ House provides \$2.9 million to monitor and coordinate mental health and rehabilitative services for Virginia's veterans
 - Stress disorders and traumatic brain injuries are the “signature” wounds of combat in Afghanistan and Iraq
 - U.S. Veterans Administration only provides medical services to 20 percent of veterans – it does not provide any services to family members
- ❑ Senate includes \$750,000 in FY 2009 and \$250,000 in FY 2010

Public Safety

Funding for HB 599 Program:

- House uses \$7.8 million in HB 599 funds in FY 2009 and \$7.0 million in FY 2010 to preserve funding for various other local public safety programs
 - School resource officers, regional criminal justice training academies, health benefits for Line of Duty Act, and the prevention of Internet Crimes Against Children
 - House action reduces 599 funding by less than 3.9 percent each year
- Senate increases HB 599 funding by \$2.5 million each year:
 - Funding reflects FY 2009 revenue growth, but not FY 2010 revenue growth
 - Additional funding needed to recognize FY 2010 revenue growth is \$12.3 million
 - Senate action increases funding by 1.2 percent

Funding for Sheriffs:

- House provides funding to ensure that all sheriffs have at least two deputies
 - Affects four localities – Buena Vista, Emporia, Falls Church, and Norton
- Senate provides funding for 16 court services deputies
 - Funding appears to be associated with creation of 16 judgeships
 - Funding insufficient to cover costs of creating these deputies

Public Safety

Jails Per Diems:

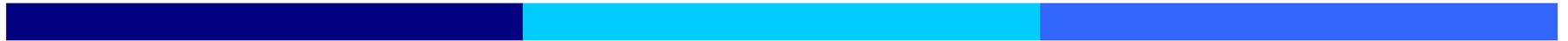
- House captures \$1.9 million in jail per diem balances in FY 2008
- Senate captures these balances and reduces jail per diems by \$1.9 million in FY 2009 and FY 2010
 - Compensation Board projects need for between \$3.0 million and \$6.0 million in additional jail per diem funding in next year's amended budget
 - Jail inmates projected to grow from 20,703 prisoners to 27,394 by FY 2013
- Senate budget restores federal jail cost recovery exemptions for four regional jails
 - Exemption originally provided for Alexandria Jail
 - Other three jails used this language to generate profits
 - Member jurisdictions pay less than 1 percent of these regional jails' costs
 - Even without exemptions, all four regional jails would retain 80 percent of federal per diem payments
- House budget provides \$2.6 million for operations of the Rappahannock Regional Jail and Western Virginia Regional Jail
 - Governor's introduced budget assumed 3 month delay in all jail construction and expansion projects
 - Both facilities are expected to begin accepting prisoners in FY 2009
- Senate budget includes no funding for these regional jails' operations

Public Safety

Funding for Re-entry Initiatives:

- House captures \$1.6 million in FY 2009 and \$2.1 million in FY 2010 for re-entry services
 - Funding represented new initiatives
 - Impact of existing re-entry initiatives not known
 - General Assembly provided \$100,000 in FY 2008 to begin evaluation of existing re-entry initiatives
 - Governor's introduced budget eliminated this funding
 - Much easier for DOC to handle loss of funding for new initiatives than loss of funding for facilities and services now in budget
- Senate captures \$113,097 in FY 2009 and \$150,000 in FY 2010

Agriculture and Forestry, Commerce and Trade



Natural Resources

Water Quality Actions:

- ❑ House captures \$15 million of a \$20 million deposit to the WQIF in HB 29 as proposed by the Governor
- ❑ House budget provides \$15.0 million each year for deposit into the Virginia Natural Resources Commitment Fund for agricultural best management practices
 - The first year's funding includes \$9.0 million from the Water Quality Improvement Fund reserve fund
 - In the second year \$15.0 million is included pursuant to the conditions established in the reserve fund – this money will be deposited to the new fund if revenue growth meets the adjusted forecast
- ❑ Senate budget includes \$20 million NGF the first year for agricultural best management practices
 - These funds include \$5.0 million from the WQIF reserve fund and \$15 million in interest from appropriations for upgrading wastewater treatment plants
 - This use of interest for wastewater treatment plant upgrades includes all of the interest expected to be earned on these balances in FY 2008 and half of interest in FY 2009

Dam Safety:

- ❑ House budget provides \$500,000 in additional funding for dam safety each year
 - Funding is used to issue grants and loans to dams owned by localities and private entities
 - SB 1166 (2001) increased dams subject to regulation by 850
 - Many agricultural and other small dams became regulated for the first time
- ❑ Senate budget eliminates all additional funding for dam safety

Natural Resources

Combined Sewer Overflow:

- Both the House and Senate budgets eliminate \$6.0 million in biennial funding for combined sewer overflow projects
 - Senate budget, however, provides authorization for up to \$10.0 million per year in VPBA bonds for combined sewer overflow projects – up to \$40.0 million over four years
 - Tax-supported debt has never been used for these local projects before

Virginia Outdoors Foundation:

- House budget eliminates \$950,000 in additional funding per year for Virginia Outdoors Foundation (VOF)
 - In 2004, VOF reported \$500,000 in state support and a need for \$550,000 more
 - HB 549 (2004) provided for a \$1.00 fee on all deeds recorded in all localities in which VOF held easements – additional revenue for VOF estimated to be \$1.3 million annually
- Senate budget reduces additional funding by \$500,000 per year
 - In 2007, Governor proposed \$950,000 in one-time funding for VOF to assist with technology upgrades and other costs – House and Senate concurred with one-time funding

Land Conservation:

- House budget reduces funding for Virginia Land Conservation Foundation (VLCF) by \$1.0 million each year
 - HB 1547 includes \$20 million in land acquisition
- Senate budget does not reduce funding for VLCF

Agriculture and Forestry

- ❑ **House:** Reduced funding by \$6.9 million GF over the biennium
- ❑ **Senate:** Reduced funding by \$4.2 million GF over the biennium

ACTION	HOUSE		SENATE	
Matching Grants – Local PDR Programs	(2,500,000)	(2,500,000)	(2,500,000)	(1,500,000)
Office Farmland Preservation	(500,000)	(500,000)	0	0
Weights and Measures Program	0	0	(123,784)	(56,440)
High Value Crops	(194,095)	(194,095)	0	0
Reforestation Funding	(500,000)	(500,000)	0	0
Hydrilla Funding	75,000	75,000	0	0
Animal Protection/Fighting Legislation	135,562	131,542	0	0

Commerce and Trade

- Program accelerations funded in Senate budget but not in House budget include:
 - Acceleration of semiconductor manufacturing grants to Qimonda
 - House budget includes the \$20.5 million in semiconductor manufacturing incentive grants required pursuant to Code provisions.
 - Not adopted was the proposal to pre-pay \$5.375 million in the first year and \$8.375 million in the second year that are not due to Qimonda until FY 2011 and FY 2012 respectively
 - Senate adopted the Governor's proposal in full
 - SRI Incentive Package (in Central Appropriations)
 - House removed proposed acceleration of the \$7.0 million in remaining payments due to SRI through FY 2013
 - Senate reduced the first year appropriation for SRI by \$3.0 million, leaving \$2.0 million each year

Commerce and Trade

□ Governor's Opportunity Fund

- Senate reduced the Governor's proposed caboose appropriation for the GOF by \$750,000 and also reduced the FY 2009 appropriation by \$5.9 million
- House retained caboose bill request and did not reduce the appropriation in the upcoming biennium. However, for cash flow purposes the House moved \$7.5 million of the appropriation from FY 2009 to FY 2010
 - In addition, House funded the Governor's proposal to provide \$200,000 each year to the Motion Picture Opportunity Fund from the GOF

□ Virginia Investment Partnership (VIP) Grant Program

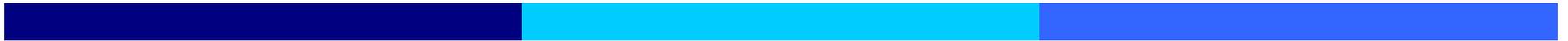
- Senate reduced the proposed FY 2009 appropriation by \$800,000
- House funded Commonwealth's full commitment of \$2.3 million in FY 2009 and \$3.2 million in FY 2010 under this program
 - Code sets out payments made to companies pursuant to the achievement of job and capital investment agreements

Commerce and Trade

Central Appropriations Items

- ❑ Energy Savings Reversion Account
 - Senate established a reversion clearing account in Central Appropriation to capture \$15 million in FY 2009 and \$20 million in FY 2010 from agency energy savings
 - ❑ No amounts are specified by agency and no calculations are available as to where these savings would come from
 - ❑ In essence, this amounts to unspecified across the board reductions the Governor could implement as he saw fit
- ❑ BRAC-Related Funding (in Central Appropriations)
 - House reduced the BRAC funding by \$6.0 million in the second year
 - ❑ Amounts remaining include: \$7.5 million each year for retention of Oceana, and \$2.0 million each in the second year for Fort Lee expansion-related improvements and the retention of DARPA
 - ❑ Senate made no changes to the Governor's proposal

Transportation



Transportation

- Restoration of Funding Provided in Chapter 847
 - The House replaced the Governor's proposal to revert \$180 million from transportation in FY 2009. Instead, House authorizes \$180.0 million in Commonwealth Transportation Board bonds to ensure that the projects committed to last Session move forward as planned.
 - The funding dedicated to transportation last year was earmarked for particular projects, many of which have already moved forward and are under contract.
 - Without any repayment, not only will some of these projects not move forward, VDOT will have to reprogram funds to backfill revenue gaps resulting from the fact the commitments have already been made and work is underway for much of the funding
 - Senate reverts the \$180 million as proposed by the Governor, but provides no replacement for it in either year

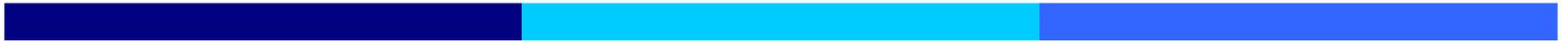
Transportation - DMV

- House eliminated 3 fees embedded in the Introduced Budget as follows:
 - \$10.00 increase in the driver's license fee
 - Proposed extension of the "Jamestown" \$1.00 additional vehicle registration fee
 - Authorization for DMV to retain ½ percent of the titling tax revenues
 - In total, these proposals were expected to generate about \$20.8 million each year
- Senate eliminated the proposed driver's license fee increase but approved the extension of the \$1.00 Jamestown 2007 fee
 - Agreement when fee was adopted in 2002 was that it would expire after the commemoration
 - Senate spends \$2.5 million/year for new Tourism Enhancement Fund and \$3.5 million/year for DMV
- Senate budget reflects the adoption of SB 116, which extends the validity period for driver's licenses from 5 to 8 years, provides a \$5.00 surcharge for in-person vehicle registration renewals, and authorizes a discount for multi-year vehicle registration renewals
- House budget includes language authorizing the extension of the validity of driver's licenses to 8 years and encouraging DMV to expand its use of alternative service delivery methods
 - This committee has adopted SB 116 with a line amendment extending the discount to include not just multi-year registration renewals, but also renewals conducted via the internet

Additional Transportation Action

- Senate budget assumed a 1 cent per year increase in the gas tax for the next five years
 - Revenues reflect additional \$47 million from a 1 cent increase in FY 2009 and \$100 million in FY 2010 from an assumed 2 cent increase
- Senate includes a number of language earmarks requesting that the CTB “give priority consideration” to certain projects
 - This is contrary to standard policy of only earmarking transportation projects if we provide new and/or general funds to support them
 - No appropriations are included to fund these Items

General Government



Funding for Court Appointed Counsel Fee Waivers

	House	Senate
FY 2008	\$1,950,000	\$4,200,000
FY 2009	\$4,200,000	\$9,200,000
FY 2010	\$6,200,000	\$9,200,000

- ❑ Waiver funding started in FY 2008 with \$8.2 million
- ❑ Actual expenditures were less than \$400,000 in the first 7 months – indicates slower than anticipated phase-in of program

General Government – Savings

(in millions)

<u>Saving Actions</u>	<u>House</u>	<u>Senate</u>
Reversion of Legislative Balances *	(\$4.7)	(\$2.1)
Consolidate Crime Commission into DLS	(\$0.6)	\$0
Eliminate GF funds for Drug Courts	(\$6.0)	\$0
Foreign Language Interpreters	(\$0.9)	\$0
State Retain Greater Share of Excess Clerks Fees *	(\$20.0)	\$0
Treasurers -Actual Reimbursement of State Tax Services	(\$0.8)	\$0
Remove Advertising for GOB Referendum	(\$0.2)	\$0
Towns - Wine Tax & ABC Profit Transfer Payments	(\$1.1)	\$0
Eliminate New Finance Training Program	(\$0.7)	\$0
Administrative Savings Pursuant to HB 678	(\$0.3)	\$0
90 Day Vacancy -Extend to Sheriffs & Comm. Attny's	\$0	(\$2.8)
SCC Unobligated Balances *	(\$3.0)	(\$3.0)

* These actions increase revenues available for appropriation.

General Government - Spending

<u>Spending Actions</u>	<u>House</u>	<u>Senate</u>
New Judgeships	Leg. Failed	\$7,688,528
Relocate the Crime Commission	\$0	\$90,000
Create New Legislative Subcommittees/Commissions	\$17,820	\$28,000
20 FTEs in Clerks Offices – GD & JDR (6 months in the 1 st Year)	\$0	\$1,449,360
12 FTEs in Circuit Court Clerks Offices (6 months in the 1 st Year)	\$0	\$447,930
Buckingham County Comm. Attorney - Full Time	\$166,760	\$0
Restore Staff Positions at the Compensation Board	\$135,000	\$437,172
Use Actual Census Data for Const. Officer's Salaries	\$41,400	\$0
Public Service Announcements for Allegheny Mountain Radio	\$0	\$38,000

General Provisions

- ❑ House restores language altered or deleted in the Governor's introduced budget
- ❑ House includes two other significant language changes
 - Requires all settlements in favor of the Commonwealth, with certain exceptions, be deposited into the general fund for subsequent appropriation by the General Assembly
 - ❑ Prospectively addresses situations like OxyContin settlement
 - Requires submission of agency budget reductions concurrently with the Governor's presentation of a budget reduction plan
 - ❑ Governors have consistently vetoed language requiring the submission of these plans within five days of their submission by agencies
- ❑ Senate budget does not restore any altered or deleted language
- ❑ Senate includes two significant language changes
 - Requires purchase Energy Star-rated appliances
 - Allows the Governor or his designee to authorize state agencies to use the PPEA to purchase mediation and arbitration services rather than use litigation
 - ❑ The paragraph in which this language is inserted was deleted in the House budget because it was overly broad and contained exemptions from PPEA terms included in law