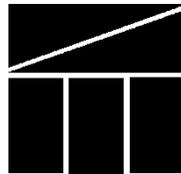


Governor Kaine's Proposed Amendments to the 2008-2010 Biennial Budget

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

December 17, 2008



Daniel Timberlake

Director

Virginia Department of Planning and Budget

Overview of Shortfall

Total projected general fund revenues are expected to fall by \$2.9 billion for the biennium . . .

	<u>FY 2009</u>	<u>FY 2010</u>	<u>Total</u>
October Revenue Forecast	(\$956.4)	(\$1,515.0)	(\$2,471.4)
November Revenue Forecast	(\$138.6)	(\$229.6)	(\$368.2)
Technical Changes	\$3.0	\$8.1	\$11.1
Transfers			
ABC Profits	\$1.4	\$1.9	\$3.3
Sales Tax 1/4 cent	(\$21.8)	(\$29.2)	(\$51.0)
Other	(\$25.5)	\$0.3	(\$25.2)
Subtotal	(\$45.9)	(\$27.0)	(\$72.9)
Total Shortfall	(\$1,137.9)	(\$1,763.5)	(\$2,901.4)

*Amounts shown in millions

Transfers and proposed revenue enhancement actions reduce the net shortfall to \$2.1 billion for the biennium . . .

	<u>FY 2009</u>	<u>FY 2010</u>	<u>Total</u>
Budget Reduction Plan/Balancing Actions			
Federal (Title IV E Refund)	\$16.8	-	\$16.8
Enhanced Compliance Effort	\$1.2	\$21.7	\$22.9
Other Revenue/Balances	\$8.3	\$3.8	\$12.1
Transfers	\$63.2	\$67.9	\$131.1
Subtotal	\$89.5	\$93.4	\$182.9
Policy Changes:			
2/3 of Excess Fees	-	\$6.0	\$6.0
Dealer Discounts on Sales Tax	-	\$64.3	\$64.3
Captive REIT Legislation	-	\$10.0	\$10.0
Advance Fixed Date Conformity	(\$2.8)	\$10.5	\$7.7
Adjust Land Preservation Tax Credit	-	\$50.0	\$50.0
Sales Tax on Cigarettes	-	\$2.0	\$2.0
Energy Tax Credit	-	(\$2.0)	(\$2.0)
Energy Sales Tax Exemption	-	(\$0.2)	(\$0.2)
Subtotal	(\$2.8)	\$140.6	\$137.8
Revenue Stabilization Fund Withdrawal	\$490.0	\$0.0	\$490.0
Net Shortfall	(\$561.2)	(\$1,529.5)	(\$2,090.7)

*Amounts shown in millions

Summary of Proposed Changes in Spending

New spending requirements increase the total general fund need by \$310.5 million . . .

	FY 2009	FY 2010	Total
Net Shortfall	(\$561.2)	(\$1,529.5)	(\$2,090.7)
Add Spending Requirements	(\$115.8)	(\$194.7)	(\$310.5)
Total Need	(\$677.0)	(\$1,724.2)	(\$2,401.2)

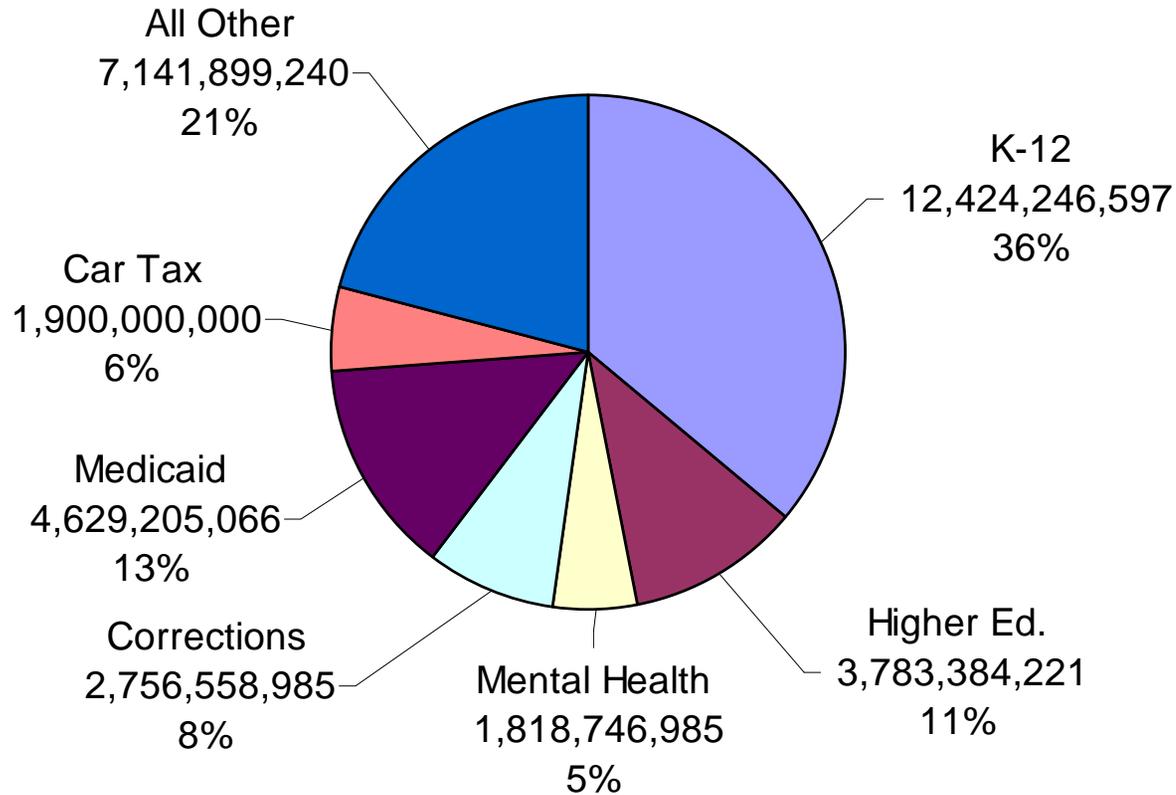
*Amounts shown in millions

The introduced budget contains an \$11 million balance after all spending and corrective actions are taken . . .

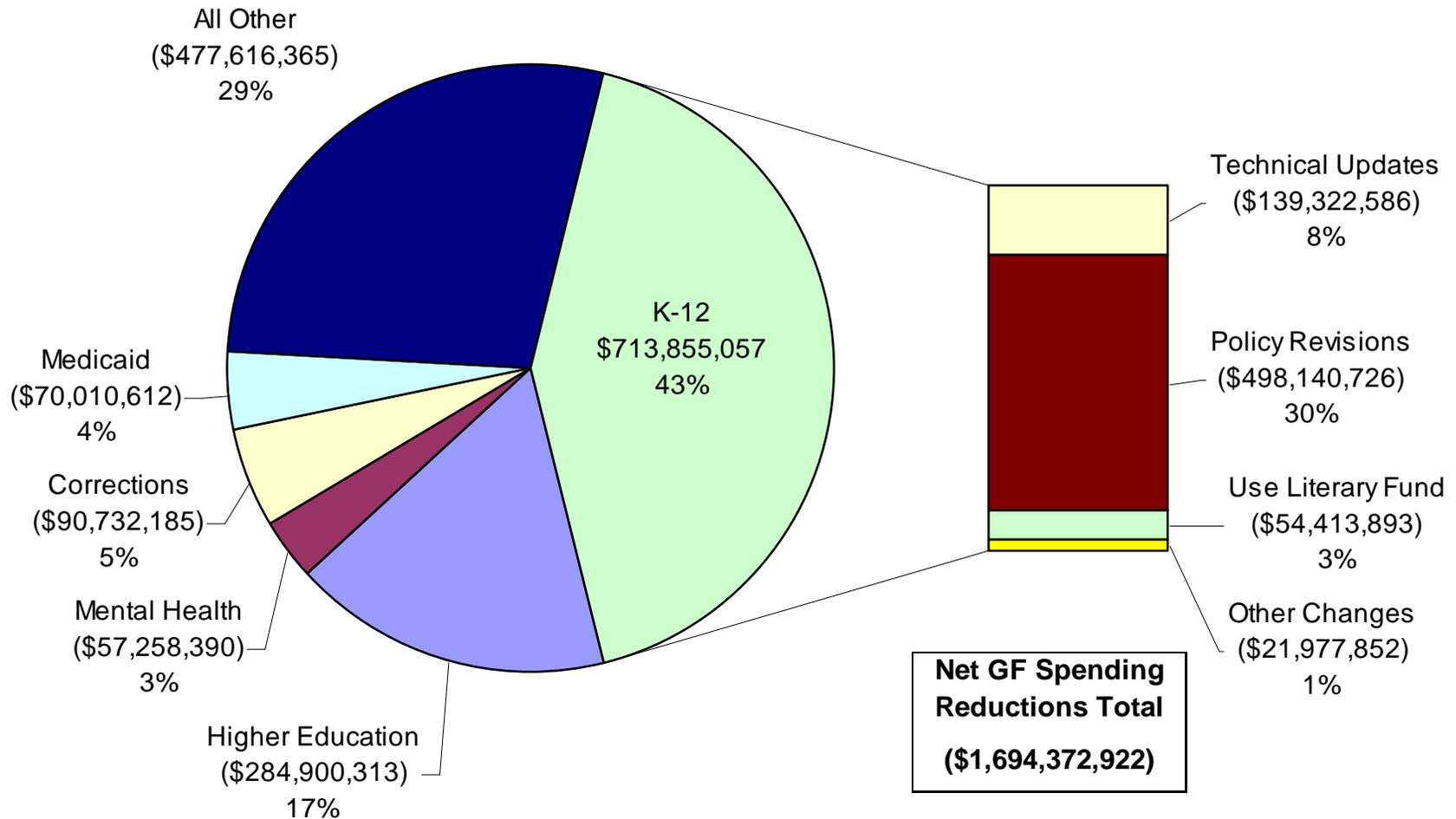
	<u>FY 2009</u>	<u>FY 2010</u>	<u>Total</u>
Total Need	(\$677.0)	(\$1,724.2)	(\$2,401.2)
Balance Adjustments			
FY 2008 Balance (August)	\$37.9	(\$13.5)	\$24.4
Revert FY 2008 Operating Balance (Oct. Plan)	\$40.7	-	\$40.7
Subtotal	\$78.6	(\$13.5)	\$65.1
Revenue Sharing Items			
K-12 Sales Tax Adjustment (Oct. Plan)	\$20.7	\$35.0	\$55.7
HB 599 Adjustment (Oct. & Dec. Plans)	\$7.7	\$14.4	\$22.1
Subtotal	\$28.4	\$49.4	\$77.8
Appropriation Adjustment Actions			
Eliminate 2% Pay Increase (Oct. & Dec. Plans)	\$44.5	\$197.8	\$242.3
Budget Reductions (Oct. Plan)	\$228.3	\$364.0	\$592.3
Health Care Fund - Cigarette Tax (Dec. Plan)	-	\$154.9	\$154.9
Targeted Reductions (Dec. Plan)	\$179.1	\$699.4	\$878.5
Use Literary Fund for K-12 (Oct. Plan)	\$51.3	-	\$51.3
Bond Capital Outlay (Oct. Plan)	\$250.0	\$100.0	\$350.0
Subtotal	\$753.2	\$1,516.1	\$2,269.3
Total Actions	\$860.2	\$1,552.0	\$2,412.2
Balance/Difference	\$183.2	(\$172.2)	\$11.0

*Amounts shown in millions

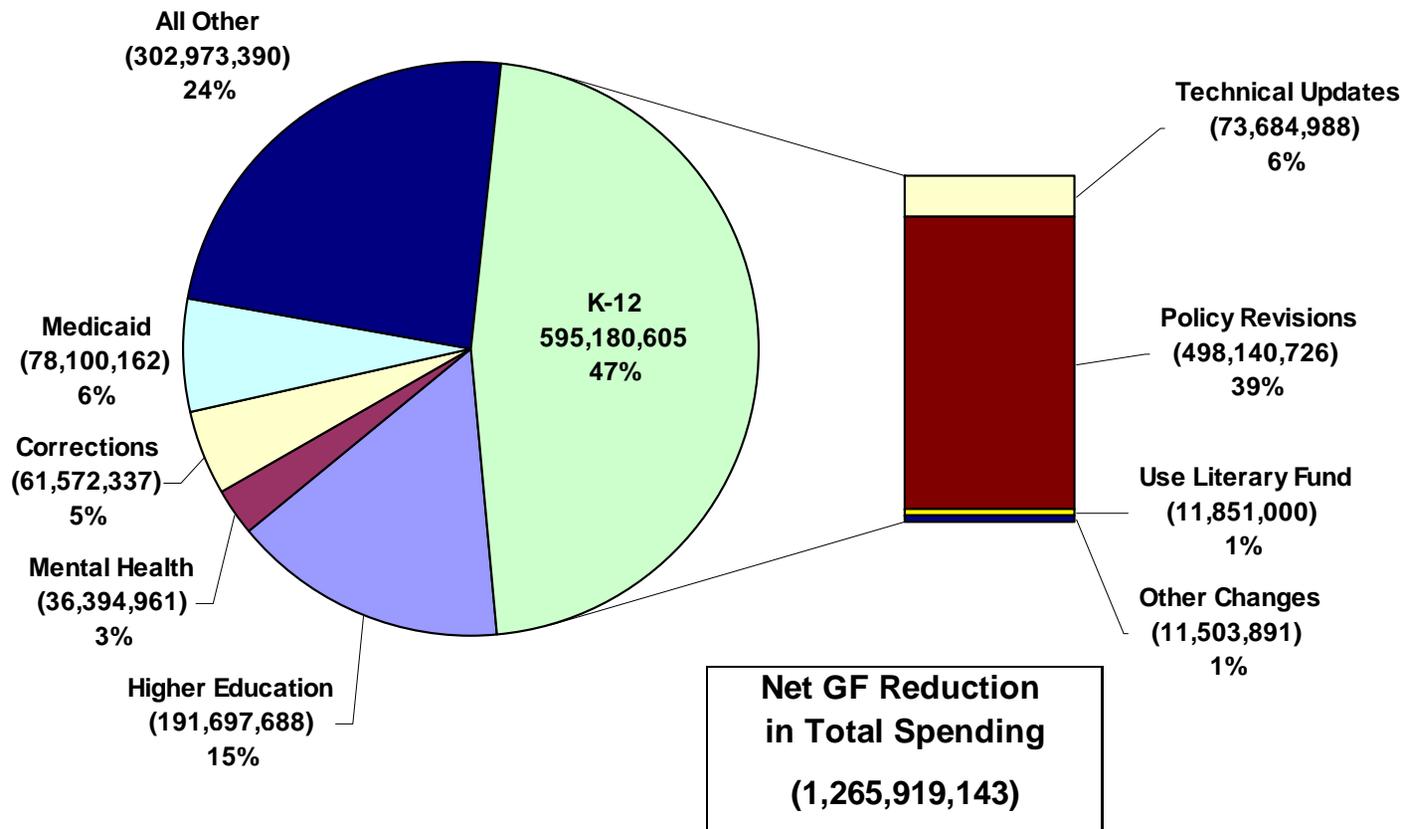
The six budget drivers make up 79 percent of the general fund biennial budget in Chapter 879. . .



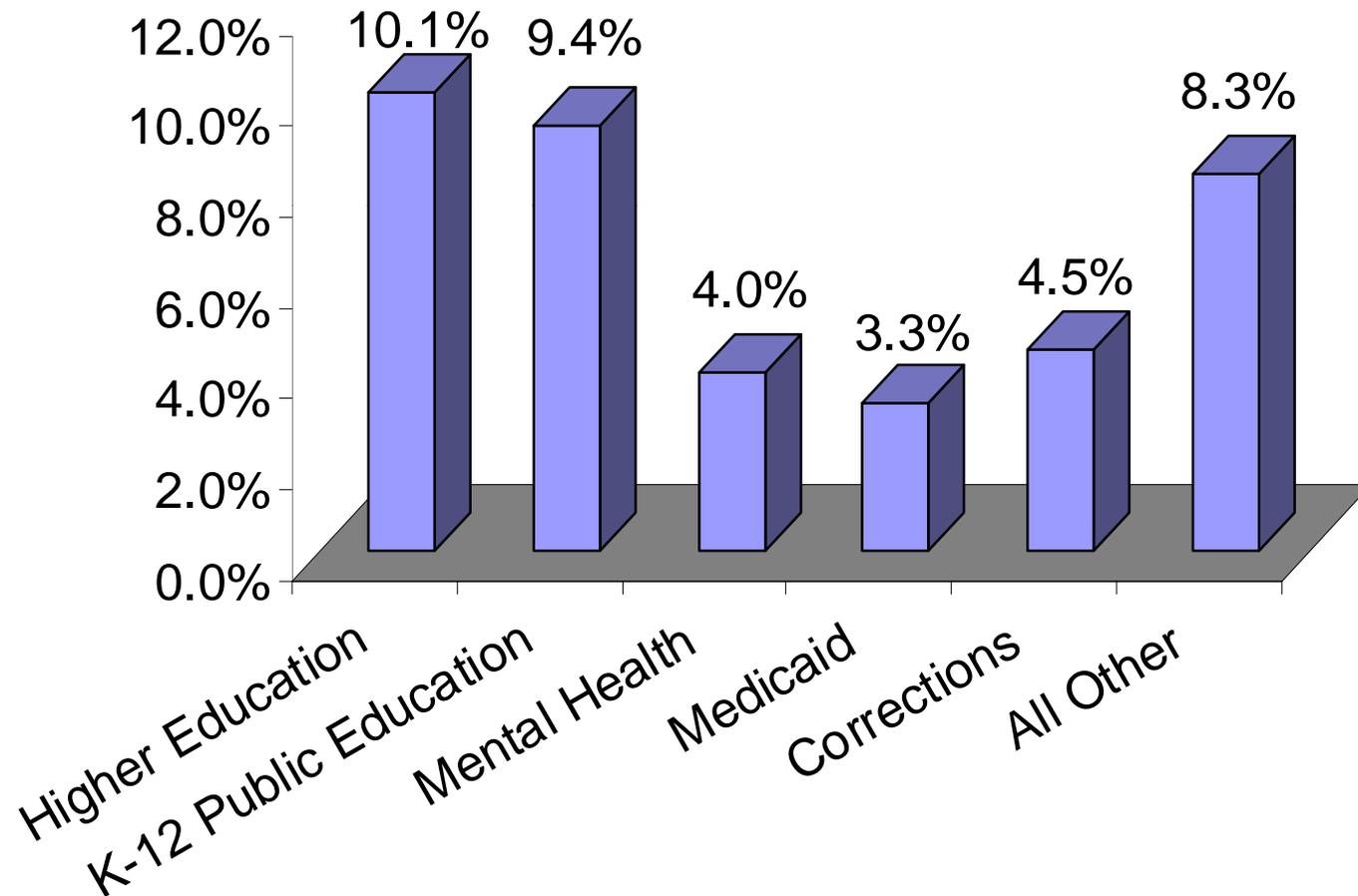
Reductions are proposed in the biennial general fund spending for five of the six budget drivers



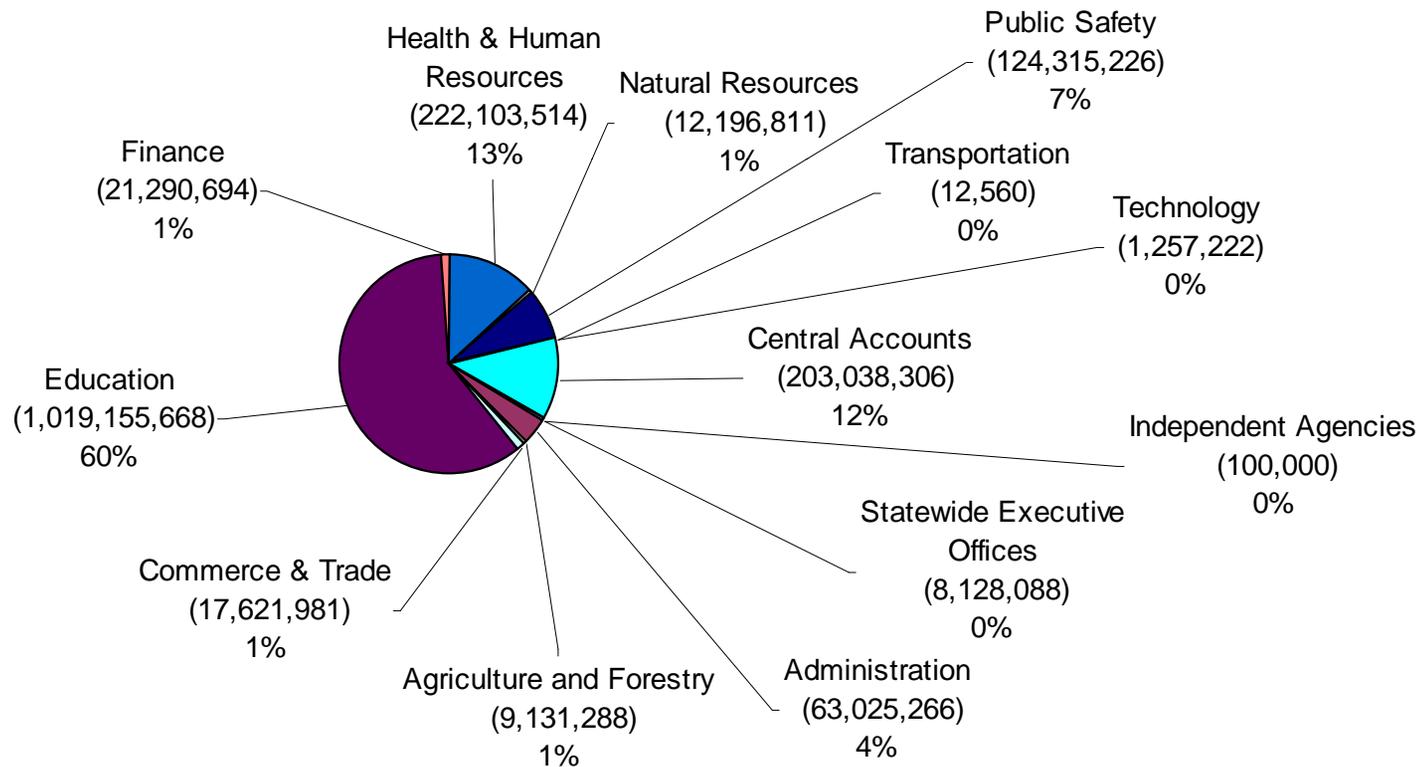
More importantly, the budget drivers make up nearly 76 percent of the total net reduction in proposed spending in fiscal year 2010 . . .



Net general fund spending reductions in budget drivers range from 3.3 percent to 10.1 percent in fiscal year 2010. . . .



Education, health and human resources, and public safety lead the net general fund spending reductions by secretarial area . . .



Over 1,500 positions will be eliminated by the end of the biennium . . .

Secretarial Area	FY 2009		FY 2010	
	Positions Eliminated	Estimated Layoffs	Positions	Estimated Layoffs
Administration	(2.00)	2.00	(1.00)	0.00
Agriculture and Forestry	(5.00)	3.00	(7.00)	2.00
Commerce and Trade	(14.00)	16.00	(15.00)	0.00
Education	(21.20)	23.00	(30.70)	6.00
Executive Offices	(9.50)	4.00	(9.50)	0.00
Finance	(5.00)	2.00	(5.00)	0.00
Health & Human Resources	(87.00)	57.00	(615.00)	530.00
Natural Resources	(64.00)	43.00	(66.00)	1.00
Public Safety	(771.00)	381.00	(777.00)	6.00
Grand Total	(978.70)	531.00	(1,526.20)	545.00

Highlights of Detailed Spending Changes

Education

Chapter 879 -

- Total general fund biennial appropriation - \$15,776,813,853
- 45.8 percent of general fund operating appropriation

HB 1600/SB 850 -

- Total general fund biennial recommendation - \$14,757,658,185
- Total biennial reduction - \$1,019,155,668
- 6.5 percent reduction
- 45.0 percent of general fund operating recommendation

Education

Institutions of higher education (con't)

- Higher education interest earnings and credit card rebates \$13.3
 - *Supports the higher education restructuring funding incentives*
- Student Financial Aid \$25.9
 - *Provides additional funding for undergraduate financial aid in the second year*
- Old Dominion University \$2.1
 - *Provides funding to support the continued operation of modeling and simulation programs*

Education

Institutions of higher education

- Virginia State University \$1.5
 - *Provides funding to support the university's manufacturing engineering and logistics technology programs*

- University of Virginia \$1.1
 - *Provides the state share of the increases in employer premiums for employees participating in the university's self-insured health plan*

Education

Institutions of higher education (con't)

- Four-year institution reductions (\$235.7)
 - *Applies a five or seven percent reduction in FY 2009 and a 15 percent reduction in FY 2010*
- Two-year institution reductions (\$60.5)
 - *Applies a five percent reduction in FY 2009 and a 10 percent reduction in FY 2010*
- Eliminate the Tuition Moderation Incentive Fund in the second year (\$12.6)
- Eliminate the planned two percent salary increase for faculty (\$37.0)

Education

State Council of Higher Education for Virginia

- Eliminate the Eminent Scholars program in the second year (\$6.0)
- Reduce Tuition Assistance Grant (TAG) program for graduate students (\$2.1)
 - *Begins phasing out graduate support for the TAG program*

Other education agencies (\$12.6)

- Other higher education related budget reductions
 - *Applies reductions in FY 2009 and FY 2010 ranging from five to 15 percent to other higher education related institutions*

Education

Other non-higher education budget

- Virginia Museum of Fine Arts \$2.0
 - *Provides funding to support expanded space and operations due to completion of the new building*

- Museums/cultural and education related agencies (\$11.4)

- *Applies a reduction in FY 2009 and FY 2010 ranging from approximately five to 15 percent*

Department of Education (Central Office) (\$3.8)

- Eliminate vacant positions and layoffs
 - *Eliminate 12 vacant positions and layoff 11 employees throughout the department*

Education

K-12 Public Education

- Technical and mandated adjustments (\$252.4)
 - *Correct Special Education Child Count: \$6.8 million*
 - *Update for 2008 Census Count: \$4.6 million*
 - *Standards of Quality Account Updates: (\$79.5 million)*
 - *Adjust for sales tax revenue: (\$64.9 million)*
 - *Adjust for Lottery revenue: (\$61.3 million)*
 - *Adjust for Literary Fund Revenue: (\$54.4 million)*
 - *Updates to categorical and incentive programs: (\$3.7 million)*

Education

K-12 Public Education (con't)

- Implement a funding cap for support positions (\$340.9)
 - *Establishes a funding cap based on a ratio of one support position to 4.03 instructional positions*
- Remove support for school construction grants (\$27.5)

Education

K-12 Public Education (con't)

- Eliminate use of Lottery funds for (\$55.8)
school construction grants and reassign general funded programs to the Lottery service area
 - *Reassign to Lottery: Alternative Education, Individual Student Alternative Education Plan (ISAEP), Project Graduation, Education for a Lifetime/No Child Left Behind, Special Education Regional Tuition and Vocational Education*
 - *Transfer from Lottery: Remedial Summer School and Enrollment Loss*

Education

K-12 Public Education (con't)

- Eliminate FY 2010 planned salary increase (\$71.6)
 - *Eliminates the planned two percent salary increase for SOQ funded instructional and support staff*
- Capture savings from planned state operated facility closures (\$1.9)
 - *Savings are estimated from planned facility closures of Southwestern Mental Health Institute and the Commonwealth Center of Children and Adolescents*
- Other targeted reductions (\$0.4)
 - *Across the board reductions are applied to several supplemental assistance programs*

Health and Human Resources

Chapter 879 -

- Total general fund biennial appropriation - \$8,595,722,205
- 24.9 percent of general fund operating appropriation

HB 1600/SB 850 -

- Total general fund biennial recommendation – \$8,373,618,691
- Total biennial reduction - \$222,103,514
- 2.6 percent reduction
- 25.6 percent of general fund operating recommendation

Health and Human Resources

Department of Medical Assistance Services (DMAS)

- Fund Medicaid Utilization \$268.4
 - *Growth attributed to:*
 - Increased enrollment (5.1 percent in FY 2009 and 4.6 percent in FY 2010)
 - Carryover \$36.9 million from FY 2008 expenditures
 - \$17.5 million in Federal Medicare “Clawback” payment to federal government
 - *Medicaid expenditures are projected to increase by 12 percent in FY 2009 and seven percent in FY 2010*
- Fund FAMIS/SCHIP/Temporary \$8.3
 - Detention Order Utilization

Health and Human Resources

DMAS (con't)

- Implement budget reduction strategies (\$418.0)
 - *Offset the Medicaid costs of tobacco related illnesses (\$154.9 million)*
 - *Reduce provider reimbursement rates, including eliminating inflation / rate changes: (\$82.1 million)*
 - *Limit services and implement cost containment strategies: (\$36.6 million)*
 - *Modify provider payment schedules: (\$126.5 million)*

Health and Human Resources

Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS)

- Implement budget reduction strategies (\$43.7)
 - *Reduce central office administrative costs: (\$7.8 million)*
 - *Reduce administrative costs of Community Services Boards: (\$24.8 million)*
 - *Implement efficiencies and utilize nongeneral fund resources: (\$9.5 million)*

Health and Human Resources

DMHMRSAS (con't)

Close DMHMRSAS facilities (\$7.6)

- *Commonwealth Center for Children and Adolescents: (\$8.3 million) with \$2.1 million being used for children's services at private facilities*
- *Adolescent unit at Southwestern Mental Health Institute: (\$1.4 million)*
- *Southeastern Virginia Training Center: (\$11.5 million) with a \$3.2 million offset associated with MR waiver costs (savings included in DMAS)*
- *\$42.3 million reinvested in construction of community housing from funds originally appropriated for facility replacement*

Health and Human Resources

Other Health and Human Resources Agencies

- Virginia Department of Health (\$19.7)
 - *Savings through service reductions, supplanting general fund dollars and the use of cash balances*
 - *Little impact on health safety net*
 - *Preserve medical examiner accreditation*

- Department of Social Services (\$44.1)
 - *Reduce central office administrative costs (\$3.0 million)*
 - *Savings through the use of nongeneral fund resources (Temporary Assistance for Needy Families) and cash balances*
 - *Limit the increase in foster care rates*
 - *No impact on local department services*

Health and Human Resources

- Comprehensive Services Act (\$13.0)
 - *Budget cuts were limited due to the significant reforms included in Chapter 879*

- Remaining Health and Human Resource Agencies (\$8.6)
 - *Includes aging and rehabilitation agencies*

Public Safety

Chapter 879 -

- Total general fund biennial appropriation - \$3,660,296,582
- 10.6 percent of general fund operating appropriation

HB 1600/SB 850 –

- Total general fund biennial recommendation - \$3,535,981,356
- Total biennial reduction - \$124,315,226
- 3.4 percent reduction
- 10.8 percent of general fund operating recommendation

Public Safety

Department of Corrections

- Increase funding for inmate medical costs \$3.1
- Close correctional facilities (\$35.5)
 - *Southampton, Pulaski, Tazewell, and Dinwiddie correctional centers; Chatham Diversion Center and White Post Detention Center*
- Discontinue therapeutic transitional programs (\$4.1)
 - *Gemeinschaft and other privately-operated facilities*
- Defer replacement of equipment (\$3.6)
- Reduce counselors and psychologists (\$2.3)
- Hold positions vacant longer (\$2.2)
- Eliminate positions in central office (\$1.8)

Public Safety

Department of State Police

- Delay opening of trooper school by several months in each fiscal year (\$3.0)
- Hold civilian positions vacant (\$3.3)
 - *Hold vacant approximately 27 non-law enforcement positions*

Public Safety

Department of Juvenile Justice

- Close juvenile correctional programs (\$2.7)
 - *Closes Camp New Hope and the Virginia Wilderness Institute*
- Reduce positions and funding for court service units (\$4.4)
 - *Reduces 45 positions across the state*
- Reduce correctional and administrative positions (\$4.6)
 - *Reduces 49 positions throughout the agency*
- Reduce funding for community programs (\$5.2)

Public Safety

Department of Criminal Justice Services

- Additional funding for existing pretrial services programs \$3.0
 - *Expand pretrial services to localities with existing programs to reduce jail crowding*
- Reductions to HB599 funding (\$22.0)
 - *Reduce funding available to localities with police departments*
- Reductions to agency operations and non-state agency payments (\$2.2)
 - *Reduce funding for court appointed special advocates, school resource officers, regional training academies, public inebriate centers, Chesterfield Day Reporting center and Fairfax Partnership on Youth*
 - *Reduce funding for training offerings and full time and part time personnel*

Public Safety

Other Public Safety

- Targeted reductions and other amendments (\$12.9)
 - *Includes Commonwealth Attorneys' Services Council, Departments of Alcoholic Beverage Control, Correctional Education, Emergency Management, Fire Programs, Forensic Science, Military Affairs, Veterans Services, and the Virginia Parole Board*

Commerce and Trade

Chapter 879 -

- Total general fund biennial appropriation - \$261,077,929
- 0.8 percent of general fund operating appropriation

HB 1600/SB 850 –

- Total general fund biennial appropriation - \$243,455,948
- Total biennial reduction - \$17,621,981
- 6.7 percent reduction
- 0.7 percent of general fund operating recommendation

Commerce and Trade

- Increase funding for the Governor's Development Opportunity Fund (GOF) \$5.0
 - *Provides additional funding to continue grants or loans to localities to assist in the creation of new jobs and investment*
- Adjust funding for Virginia Investment Partnership grants (\$1.5)
 - *Adjusts funding to reflect the most recent schedule of awards payable during the biennium and balances in the fund*

Commerce and Trade

- Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Fund II (\$8.8)
 - *Remove second year funding*
 - *Qimonda confirmed the company will not meet the employment requirements to qualify for the FY 2010 performance grant payment*

Commerce and Trade

Department of Housing and Community Development (DHCD)

- Provide funding in FY 2010 for the Fort Monroe Federal Area Development Authority \$1.6
 - *Provides approximately 50 percent of the estimated operating expenses of the authority*
 - *Includes language clarifying that, beginning in FY 2010 the authority will assume responsibility for its business related activities, including but not limited to personnel, procurement, human resources, and fiscal services*

Commerce and Trade

DHCD (con't)

- Provide funding to continue mortgage foreclosure counseling \$0.3
 - *Provides funds for training and assistance to counselors specializing in foreclosure prevention, and grants to nonprofit organizations for foreclosure prevention counseling services*

- Reduce funding for water and sewer projects (\$0.5)
 - *Reduces funding for planning and construction grants for southwest Virginia water projects, and the Southeast Rural Community Assistance Project*

Commerce and Trade

DHCD (con't)

- Reduce funding for the Indoor Plumbing Rehabilitation Program (\$3.2)
 - *Reduces general fund support for the rehabilitation of homes lacking indoor plumbing*
 - *Leaves a balance of \$2.9 million in general fund dollars and \$4.5 million in federal funds in each year to continue to provide services*
- Reduce funding for the Enterprise Zone Grant Program (\$3.4)
- Reduce funding for homeless assistance (\$0.4)
 - *Reduces funding for nonprofit homeless organizations to assist in the development of single resident occupancy housing, and for capital improvements to homeless shelters*

Natural Resources

Chapter 879 -

- Total general fund biennial appropriation - \$231,814,392
- 0.7 percent of general fund operating appropriation

HB 1600/SB 850 –

- Total general fund biennial recommendation - \$219,617,581
- Total biennial reduction - \$12,196,811
- 5.3 percent reduction
- 0.7 percent of general fund operating recommendation

Natural Resources

Department of Conservation and Recreation (DCR)

- Make mandatory Water Quality Improvement Fund (WQIF) deposit for nonpoint source pollution reduction \$1.1
 - *Provides for the mandatory deposit to the WQIF for nonpoint source pollution abatement projects to benefit the Chesapeake Bay*
- Provide funding to support agricultural best management practices \$10.0
 - *Provides funding for the Virginia Natural Resources Commitment Fund to improve water quality in the Chesapeake Bay and the Southern Rivers*

Natural Resources

Department of Environmental Quality

- Make mandatory Water Quality Improvement Fund (WQIF) deposit for point source pollution reduction \$0.5
 - *Provides for the mandatory deposit to the WQIF for point source pollution abatement projects to benefit the Chesapeake Bay*

Agriculture and Forestry

Chapter 879 -

- Total general fund biennial appropriation - \$103,021,892
- 0.3 percent of general fund operating appropriation

HB 1600/SB 850 –

- Total general fund biennial appropriation - \$93,890,604
- Total biennial reduction - \$9,131,288
- 8.9 percent reduction
- 0.3 percent of general fund operating recommendation

Agriculture and Forestry

Department of Agriculture and Consumer Services

- Reduce matching grants for the (\$0.5)
farmland preservation purchase of development
rights program
 - *Reduces funding for matching grants to localities for
purchase of development rights programs to preserve
agricultural land*

Technology

Chapter 879 -

- Total general fund biennial appropriation - \$17,353,470
- 0.1 percent of general fund operating appropriation

HB 1600/SB 850 –

- Total general fund biennial recommendation - \$16,096,248
- Total biennial reduction - \$1,257,222
- 7.2 percent reduction
- 0.0 percent of general fund operating recommendation

Technology

Innovative Technology Authority

- Revitalize and refocus the agency (\$0.5)
 - *Merges two technology research and development boards, with a charge to refocus on the stimulation of high-growth technology entrepreneurs and to seek new sources of self-sustaining revenue*

Finance

Chapter 879 -

- Total general fund biennial appropriation - \$1,364,786,954
- 4.0 percent of general fund operating appropriation

HB 1600/SB 850 –

- Total general fund biennial recommendation - \$1,343,496,260
- Total biennial reduction - \$21,290,694
- 1.6 percent reduction
- 4.1 percent of general fund operating recommendation

Finance

Department of Taxation

- Implement enhanced compliance initiative \$5.8
 - *Provides funds and 55 positions to initiate new and enhanced compliance programs to increase tax revenue collections*
 - *It is anticipated that these programs will generate \$1.2 million in FY 2009 and \$21.7 million in FY 2010*

Finance

Department of the Treasury

- Increase funding for banking services fees \$1.5
 - *Allows for the investment of \$102.9 million in balances currently on deposit with banks to be invested by Treasury.*
 - *It is anticipated that this will generate \$2.6 million in revenue.*

Finance

Treasury Board

- Adjust debt service funding (\$14.7)
 - *Postpones issuance of Virginia College Building Authority (VCBA) bonds for the 2009 equipment allocation*
 - *Defers the principle on VCBA variable rate demand bonds in each year*
 - *Provides additional debt service funding in FY 2010 for approximately \$250 million in capital supplants*
 - *Adjusts funding to reflect the impact of revised issuance and interest rate assumptions and delayed fall 2008 issuances*

Finance

Department of Accounts Transfer Payments (\$5.5)

- Change line of duty funding
 - *Adjusts the line of duty funding to a pay-as-you-go basis for the current biennium*

Department of Accounts

- Expand and convert the payroll service bureau into an internal service fund
 - *Expands the Bureau by including additional agencies and charges each agency the cost of the service*

Administration

Chapter 879 -

- Total general fund biennial Appropriation - \$1,425,700,441
- 4.1 percent of general fund operating appropriation

HB 1600/SB 850 -

- Total general fund biennial recommendation- \$1,362,675,175
- Total biennial reduction - \$63,025,266
- 4.4 percent reduction
- 4.2 percent of general fund operating recommendation

Administration

Compensation Board

- Provide funding for staffing new and expanded jails \$2.5
- Reduce funding for constitutional officers (\$43.5)
 - *Seven percent cuts for offices of sheriffs and Commonwealth's attorneys; 10 percent cuts for offices of commissioners of the revenue, treasurers, directors of finance, and circuit court clerks*
- Use E-911 funds to support sheriffs' dispatcher positions, supplanting GF (\$12.0)
 - *No operational impact*

Administration

- Reduce Virginia Public Broadcasting Board grants to community service and instructional television services (\$1.0)
- Freeze rent at the seat of government at FY 2008 levels (\$2.3)
- Suspend per diem payments to members of Executive Branch boards and commissions (\$0.1)
- Require municipalities to pay for the cost of May elections (\$0.1)

Administration

- Implement campaign finance filing fees for (\$0.1) candidate campaign committees, local candidates, political action committees and political party committees
- Merge the Human Rights Council into the Department of Labor and Industry to consolidate services related to labor law and advocacy
- Merge the Department of Employment Dispute Resolution into the Department of Human Resource Management to consolidate services for state employees

Central Accounts

Chapter 879 -

- Total general fund biennial appropriation - \$1,921,663,481
- 5.6 percent of general fund operating appropriation

HB 1600/SB 850 –

- Total general fund biennial recommendation - \$1,718,625,175
- Total biennial reduction - \$203,038,306
- 10.6 percent reduction
- 5.2 percent of general fund operating recommendation

Central Accounts

Employee Compensation and Benefits

- Eliminate salary increases for state (\$131.2) and state supported employees
 - *Eliminates planned two percent salary increases in FY 2009 and FY 2010 for state employees, and state supported local employees*
 - *Continues salaries of all officials listed in the budget, except for judges and justices, at the July 2008 level*
 - *Removes general fund dollars in agency base budgets for individual employee salary adjustments and bonuses. Agencies will fund with existing resources*
 - *Provides oversight of consulting services used for staff augmentation*

Central Accounts

Employee Compensation and Benefits (con't)

- Adopts the contribution rate for the Virginia Sickness and Disability Program based on the June 30, 2008, actuarial valuation (\$28.4)
 - *This valuation included new methodologies which were also applicable to the prior year rate*
 - *Eliminates the state-funded long-term care insurance portion of the program effective July 1, 2009, due to the low number of employees participating*

Central Accounts

Employee Compensation and Benefits (con't)

- Reduce contribution rates for the state (\$4.7)
employee retiree health care credit and the group
life programs
 - *Changes the assumptions used to calculate the contribution rate as of June 30, 2008, to match assumptions used for non-retirement program rates included in Chapter 879*

Central Accounts

Employee Compensation and Benefits (con't)

- Absorb increase to the state employee health insurance premiums
 - *Holds FY 2010 employee and employer premiums at FY 2009 rates*
 - *Increased costs will be paid for from balances in the health insurance fund*
 - *Proposes several changes impacting co-payments, co-insurance, services covered, and out-of-pocket limits, which are consistent with JLARC's recommendations for compensation and benefits to moderate utilization*

Central Accounts

Employee Compensation and Benefits (con't)

- Amortize the cost of Workforce Transition (\$2.0)

Act retirement costs in future actuarial valuations

- *Saves \$2.4 million in costs that would ordinarily be paid to Virginia Retirement System (VRS) for enhanced retirement benefits for laid-off employees eligible for retirement*
- *Requires VRS to temporarily absorb these amounts and amortize the cost as part of future actuarial valuations*
- *Provides \$0.4 million as a prepayment for expected increases in contribution rates resulting from the additional cost to the retirement system*

Statewide Executive Offices

Chapter 879 -

- Total general fund biennial appropriation - \$64,546,109
- 0.2 percent of general fund operating appropriation

HB 1600/SB 850 –

- Total general fund biennial recommendation - \$56,418,021
- Total biennial reduction - \$8,128,088
- 12.6 percent reduction
- 0.2 percent of general fund operating recommendation

Executive Offices

Executive Offices

- Fund transition costs for newly elected Governor, Attorney General, and Lieutenant Governor \$0.4
- Fund inaugural expenses in January 2010 for the three statewide elected offices \$0.2

Executive Offices

Governor's Office and Combined Cabinet

- Implement targeted reductions (\$2.4)
 - *Captures turnover and vacancy savings and eliminates eight positions including deputy secretaries*
 - *Supplants general fund resources for the Office of Commonwealth Preparedness with nongeneral fund dollars*
 - *Reduces discretionary expenses such as travel and telecommunications*

Executive Offices

Attorney General and Department of Law

- Implement a hiring freeze (\$3.2)
 - *Captures savings from retirements and other staff departures*
 - *Only agency critical positions will be filled*
- Restructure procedures to achieve efficiencies (\$0.6)
 - *Recovers and utilizes indirect cost recoveries from grant programs*
 - *Maximizes the use of asset forfeiture funds for criminal law expenditures*
 - *Eliminates grant programs that are expiring and an associated position*

Lieutenant Governor's Office

- Reduce operating expenses (\$0.04)

Judicial Branch

Judicial Branch agencies

- Additional funding for Criminal Fund \$10.8
 - *Funding to pay increasing costs of criminal indigent defense*
- Additional funding for Involuntary Mental Commitment Fund \$1.2
 - *Funding to pay costs associated with conducting involuntary mental commitment hearings*
- Judicial System Budget Reductions (\$5.0)
 - *Elimination of three full-time equivalent positions*
 - *90 day hiring delay of vacant positions*
 - *Cancellation/reductions to judges conferences and Indigent Defense Commission annual training meeting*
 - *Elimination of annual/sick leave balance payments to retiring/resigning district court judges*

Transportation

Chapter 879 -

- Total general fund biennial appropriation - \$81,983,728
- 0.2 percent of general fund operating appropriation

HB 1600/SB 850 –

- Total general fund biennial recommendation - \$81,971,168
- Total biennial reduction - \$12,560
- 0.0 percent reduction
- 0.3 percent of general fund operating recommendation

Nongeneral Fund Revenue Reductions in the Transportation Secretariat

• Aviation	(6.20)
• Motor Vehicles	(\$10.5)
• Rail and Public Transportation	(\$40.8)
• Transportation	(\$574.2)
• Virginia Port Authority	(\$22.5)
Grand Total	(\$654.2)

*Amounts shown in millions

Independent Agencies

Chapter 879 -

- Total general fund biennial appropriation - \$650,928
- 0.0 percent of general fund operating appropriation

HB 1600/SB 850 –

- Total general fund biennial appropriation - \$550,928
- Total biennial reduction - \$100,000
- 15.4 percent reduction
- 0.0 percent of general fund operating recommendation

Capital Outlay

<ul style="list-style-type: none"> ● Supplant general fund dollars appropriated to various capital projects in the state supported institutions of higher education with bond proceeds 	(\$287.4) GF \$287.4 VCBA
<ul style="list-style-type: none"> ● Supplant general fund dollars appropriated to non-higher education projects with bond proceeds 	(\$62.6) GF \$62.6 VPBA
<ul style="list-style-type: none"> ● Supplant general fund capital amounts provided in Chapter 879 to restore funding reverted in Chapter 847 	(\$100.0) GF
<ul style="list-style-type: none"> ● Fund higher education equipment and furnishings for projects at various institutions of higher education being completed this biennium 	\$26.3 VCBA

Capital Outlay

<ul style="list-style-type: none">● Fund emergency capital projects; e.g., asbestos remediation, roof repair and replacement, erosion control, water damage	\$8.4 VPBA
<ul style="list-style-type: none">● Authorize next phase of the Virginia Commercial Space Flight Authority's improvements to its flight facilities at Wallops Island	\$10.0 VPBA
<ul style="list-style-type: none">● Redirect \$42.2 million of Virginia Public Building Authority funds that have been approved for Central Virginia and Southeastern Virginia Training Centers to construct community-based housing	