



COMMONWEALTH OF VIRGINIA  
HOUSE OF DELEGATES  
RICHMOND

APPROPRIATIONS COMMITTEE  
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LACEY E. PUTNEY, CHAIRMAN  
ROBERT P. VAUGHN, STAFF DIRECTOR

September 17, 2009

**MEMORANDUM**

TO: Member, House of Delegates

FROM: Robert P. Vaughn, Staff Director *RPV*

SUBJECT: Governor Kaine's Revenue Reforecast and Budget Reduction Plan

Attached is an analysis of the Governor's reductions strategies prepared by the staff of the Appropriations Committee.

The strategies announced by the Governor on September 8 are designed to specifically address a revenue shortfall of approximately \$1.5 billion. The shortfall is comprised of (1) the actual FY 2009 general fund shortfall of \$300.0 million; and (2) a downward revision to the FY 2010 general fund forecast of \$1,209.1 million. The impact of the revenue shortfall on the budget, when offset by the \$150.0 million set aside as an unappropriated balance by the General Assembly during the 2009 Session, results in a budgetary shortfall for the remainder of FY 2010 of \$1.3 billion.

In summary, the proposed reduction strategies total \$1,353.2 million. Approximately 66.4% of the total budget savings strategies (\$898.3 million) are achieved through the use of one-time or non-recurring actions. While the use of these one-time actions achieves the goal of balancing the FY 2010 budget, it also results in a structurally imbalanced budget that will need to be corrected with permanent budget reductions in FY 2011.

Many of the actions proposed by the Governor can be implemented within the legal authority granted under §4-1.02 of Chapter 781, 2009 Acts of Assembly; however, in some cases specific legislative approval will be required in order to achieve the specified savings. In all cases, however, the Governor's proposals will be reflected in his budget amendments to the "caboose" bill presented to the General Assembly in December for action in the 2010 Session.

A link to both the staff analysis and the Governor's proposed reduction strategies is on our website.

In closing, the Chairman has scheduled Secretary Brown and Budget Director Dan Timberlake to present details of the Governor's budget reduction strategies at the September 21, 2009 Appropriations Committee meeting. If you have any questions, please do not hesitate to call.

cc: The Honorable Lacey E. Putney, Chairman  
The Honorable William J. Howell, Speaker of the House

Attachment