

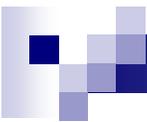
HB 29 & HB 30
Budget Conference
Highlights

March 14, 2010



Revenues and Resources

- Held fees to \$95.4 million
 - HB 30 as introduced included about \$145 million in fees
 - Senate budget included about \$330 million in fees
 - All fees included in the Conference report have nexus to service provided and include no general tax increases (no E-911 increase, no property/casualty insurance increase)
- Set aside \$50.0 million in a reserve for Rainy Day Fund deposits in the next biennium
- Did not assume additional GF revenues in FY 2010 in light of economic uncertainty
- Retained 40% of Dealer Discount for smaller retailers
 - Cost \$11.9 million per year to retain this compensation for smaller retailers



Tax Policy Resource Issues

- Tax Conformity – moved fixed date conformity to January 22, 2010 (to account for Haiti contributions) with certain exceptions –
 - Motor vehicle sales tax exemption and EITC available for TY 2009 only
 - §108 cancellation of debt income deferral available for TY 2009, deferral can be taken over a 3-year period
- Provided funding for a phase-out of the exemption for § 199 domestic production exemptions to correspond with benefits accruing to manufacturers from phase-in of the single sales factor
 - 6% exemption in FY 2011
 - 3% exemption in FY 2012
- Eliminated language regarding Intangible Holding Companies proposed in introduced budget – “add back” provision on royalties

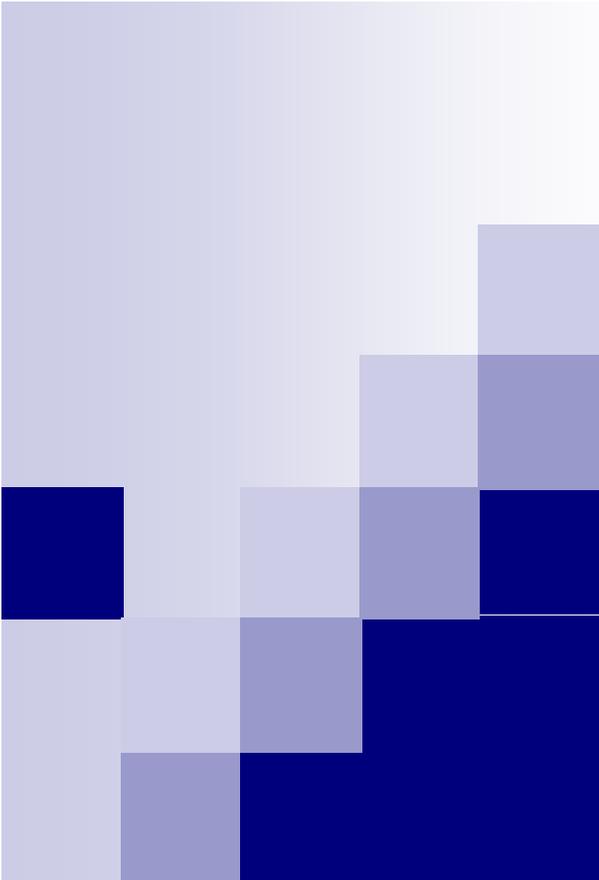
Major Fee and Resource Issues in Budget

Resource and Fee Issues Agreed to in Conference	FY 2011	FY 2012	Biennial
Deed Recordation Fee Increase of \$10	9,100,000	9,100,000	18,200,000
VDACS Food Inspection Fee Increase	540,000	540,000	1,080,000
Coal and Mineral Mine Fees	428,620	428,620	857,240
Apprenticeship Registration Fee	253,550	253,550	507,100
Environmental Health Services Permit Fee Increase	3,780,481	3,780,481	7,560,962
Driver License Reinstatement Fee - Trauma Fund + GF	9,000,000	9,000,000	18,000,000
\$4 for Life Fee Increase (from \$4.25 to \$6.25)	12,600,000	12,600,000	25,200,000
Court Fees	9,505,817	9,505,817	19,011,634
DEQ Environmental Fees	2,500,000	2,500,000	5,000,000
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Total Fees	47,708,468	47,708,468	95,416,936
Dealer Discount - Retain 40% for Small Bus.	(11,770,739)	(11,770,739)	(23,541,478)
§ 199 Deduction	(20,000,000)	(10,000,000)	(30,000,000)
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Grand Total	15,937,729	25,937,729	41,875,458



Other Revenue Adjustments

- Governor's Mid-Session revenue reforecast provided an additional \$63.9 million in FY 2011 and \$54.1 million in FY 2012
- Senate assumed increases in both interest earnings and from decreased use of the Land Preservation Tax Credit
- Conference amendments include forecast adjustments relating to interest rate assumption changes totaling \$36.1 million over the biennium and an adjustment to the refund base of \$42.2 million each year
- Also left an unappropriated balance at close of biennium of \$6.8 million

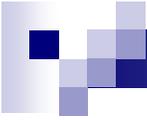


Public Education



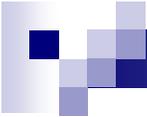
K-12 Saving Strategy Amendments

- Total targeted K-12 reductions achieved by implementing structural changes and providing additional local flexibility generate approximately \$250 million in net savings over the biennium
- Provides \$29.5 million to unfreeze the LCI update in FY 2011
- Provides \$174.1 million over the biennium for hold harmless allocations to those school divisions whose LCI is increasing based on the re-benchmarking cycle
 - \$116.5 million in FY 2011 - 100% hold harmless grant
 - \$57.6 million in FY 2012 - 50% hold harmless grant



Structural Changes: Adjustments to SOQ Funding Model

- Funds the normal VRS rate for teacher retirement, retiree health care credit and group life and reflects adjustments made by HB 1189: saves \$189 million in FY 2011 and \$156.8 million in FY 2012
 - School divisions will also realize significant saves based on these lower rates
- Includes 'zero' as an allowable reported expense from school divisions in the linear weighted average for non-personal support and transportation cost calculations: saves \$39.2 million in FY 2011 and \$39.5 million in FY 2012
- Extends the school bus replacement schedule to 15 years – which is the current prevailing practice - saves \$9.7 million each year
- Eliminates certain expenditures from the non-personnel support services cost calculations:
 - Staff travel - saves \$15.6 million in FY 2011 & \$15.7 million in FY 2012
 - Lease and Rental – saves \$14.4 million in FY 2011 & \$14.5 million in FY 2012
 - Facility – saves \$4.7 million in FY 2011 & \$4.6 million in FY 2012
- Updates the federal deduct to reflect changes in allocations of federal revenues: saves \$17.0 million each year



VPSA, CCCA, Literary, Lottery

- Restores \$115.6 million to school divisions for new VPSA Technology Grants over the biennium
 - \$57.8 million each year
- Restores \$4.0 million funding to the Commonwealth Center for Children and Adolescents in Staunton for educational services over the biennium
 - Total allocation includes \$1.3 million for children who may transfer from the Southwestern Virginia Mental Health Institute's Adolescent Unit in Marion
- Provides \$13 million in GF savings in the first year by utilizing additional Literary Fund revenues to pay a portion of VRS payments
- Transfers Remedial Summer School, English as a Second Language and a portion of Textbooks into the Lottery account: saves \$87.3 million in FY 2011 and \$77.5 million in FY 2012
- Reflects \$5.0 million increase each year in the Lottery revenue forecast due to Commonwealth joining Powerball
 - Increases total Lottery revenue to \$435.2 million each year



Technical Updates to SOQ Model

- Provides additional \$8.0 million over the biennium to correct an overstated savings in HB 30 associated with how certain facility positions were classified in the non-personal support cost category
- Captures savings from subtracting expenditures related to regional programs' costs that were inadvertently included in several funding categories
 - Caused the statewide reimbursement prevailing averages to be higher than they should have been
 - FY 2011: \$8.7 million and FY 2012: \$8.8 million
- Corrects a calculation error that had used the combined ADM totals of both the fiscal agent and the contractual school divisions for the localities that report expenditures together
 - FY 2011: \$24.5 million and FY 2012: \$24.7 million



Other K-12 Changes

- Provides \$486,700 funding over the biennium for the new Governor's School at Innovation Park
- Reduces funding by 15% for public broadcasting grants: saves \$730,100 each year
- Consolidates Project Graduation from Central Office to Direct Aid: saves \$188,200 each year
- Reduces funding by 10% for Project Discovery: saves \$76,500 each year

Additional Flexibility

- Provide flexibility to school divisions to increase class sizes by one student as outlined below. This does NOT result in any reduction in state funding.

Level/Position	SOQ Minimal Staffing Requirements	Change Allowed
<u>Kindergarten</u> (students to classroom teacher)	Avg. 24 to one	Avg. 25 to one
	No Class > 29	No change
	Aide if > 24	No change
<u>Grades 1,2,3</u> (students to classroom teacher)	Avg. 24 to one	Avg. 25 to one
	No Class > 30	No change
<u>Grades 4,5,6,7</u> (students to classroom teacher)	Avg. 25 to one	Avg. 26 to one
	No Class > 35	No change
<u>English Classes Grades 6 - 12</u> (students to classroom teacher)	Avg. 24 to one	Avg. 25 to one



Additional Flexibility

- **Waive ratio requirements:**

- Prevention, Intervention, & Remediation programs

- Limited English Proficiency

- Elementary Resource

- Gifted and Talented

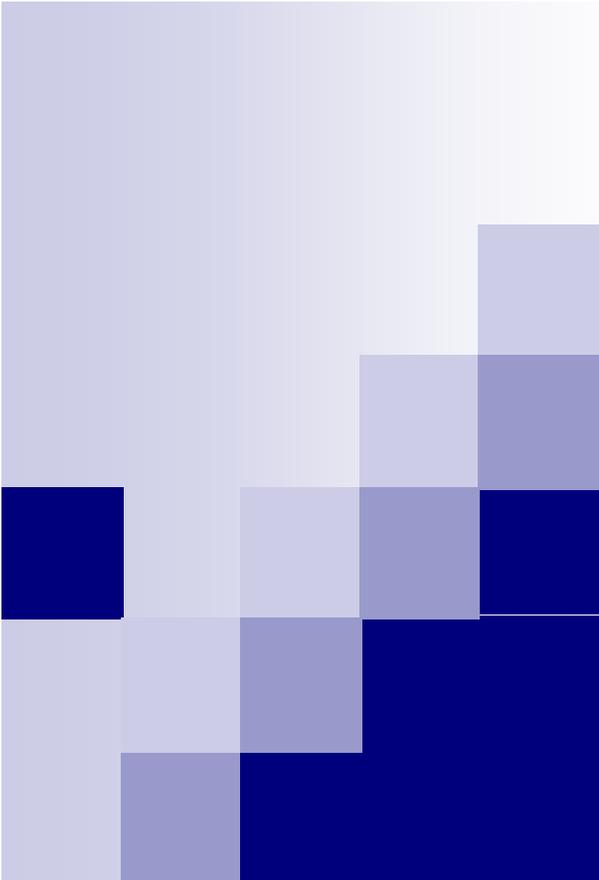
- Career and Technical

- **Waive ratio requirements for filling vacancies:**

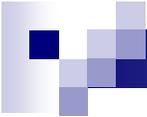
- Instructional & Support Technology

- Librarians

- Guidance Counselors

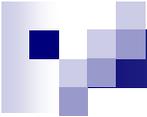


Health and Human Resources



Health and Human Resources

- Reductions of \$360.2 million GF over the biennium, largely mitigated by the receipt of \$370.4 million in enhanced Federal Medical Assistance Percentage (FMAP)
- Mitigated impact to the safety net by:
 - Restoring funding to free clinics and community health centers
 - Adding 250 intellectually disabled waiver slots beginning in FY 2011 using enhanced FMAP
 - Allocating FMAP to lift the freeze on Medicaid home- and community-based waiver slots (impacts about 3,360 low-income elderly and disabled individuals)
 - Maintaining current eligibility in the FAMIS program in FY 2011 and in FY 2012 contingent upon enhanced FMAP
 - Restoring Medicaid eligibility reductions for individuals in long-term care waivers and low-income aged, blind and disabled individuals
 - Continuing to provide acute inpatient services for seriously emotionally disturbed children and adolescents at the Commonwealth Center for Children and Adolescents in Staunton
- Mitigated impact to critical Medicaid providers:
 - Reductions to hospitals, nursing homes, physicians, and other critical health care providers are restored using FMAP contingent language
 - Partially restored funding to pharmacy providers who provide medications to Medicaid recipients in largely rural areas



Medicaid & FAMIS Funding Changes

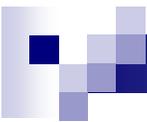
- Recognizes \$85.7 million GF savings in FY 2011 from receipt of enhanced federal Medicaid funds for Part D prescription drug expenses
- Medicaid & FAMIS savings of \$247.1 million GF over the biennium, mostly restored with FMAP
 - \$146.9 million GF in provider payment reductions, 3% in FY 11, 4% in FY 12
 - Hospitals, nursing homes, physicians, dentists, other providers
 - \$93.1 million GF in savings from eligibility changes
 - \$0.9 million GF in savings from service changes

Medicaid Provider Payment Changes Most Restored with FMAP	General Fund	
	FY 2011	FY 2012
Hospital Inpatient Payments	(\$14,609,580)	(\$24,164,264)
Hospital Capital Payments	(\$1,609,968)	(\$2,649,535)
Hospital Outpatient Payments	(\$6,928,731)	(\$10,802,339)
Indigent Care Payments to Teaching Hospitals	(\$7,100,000)	(\$7,100,000)
Modify IME Payments to Out of State Hospitals	(\$1,695,182)	(\$1,917,627)
Reciprocal Payments to Out of State Hospitals	(\$2,253,621)	(\$2,965,290)
Nursing Home Payments	(\$11,940,294)	(\$13,819,962)
Nursing Home Capital Payments	(\$995,659)	(\$2,514,099)
Physician & Other Practitioner Services	(\$8,777,395)	(\$14,714,275)
Dental Services	(\$1,473,404)	(\$2,333,840)
Therapeutic Day Treatment Services	(\$1,494,140)	(\$2,253,605)
Psychiatric Residential Treatment Facilities	(\$1,321,092)	(\$1,985,800)
Pharmacy Dispensing Fee from \$3.75 to \$3.50	0	(\$,523,579)
Auxiliary Grant Payment for Assisted Lvg. Fac.	0	(\$2,413,152)



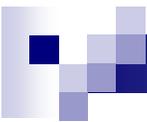
Medicaid Waiver Changes

- Provides 250 additional Intellectually Disabled Waiver slots beginning July 1, 2011 with FMAP
- Lifts freeze on all community based waiver slots over the biennium with FMAP
- Restores \$36.1 million GF in waiver provider rates over the biennium that were reduced in the introduced budget with FMAP
- Restores respite care hours for waiver recipients that were reduced in the introduced budget with FMAP (\$11.8 million GF)



Medicaid & FAMIS Eligibility & Service Changes

- **FAMIS Eligibility Changes**
 - Maintains FAMIS and FAMIS Moms eligibility at 200 percent of federal poverty level in FY 2011 and reduces eligibility to 175 percent of the federal poverty level in FY 2012
 - Contingent language restores funding with additional FMAP in FY 2011
- **Medicaid Eligibility Changes**
 - Introduced budget contained savings of \$53.3 million GF over the biennium by reducing the Medicaid eligibility income limit for individuals applying for long-term care services from 300% to 275% of the federal Supplemental Security Income (SSI) payment level
 - Amendments would save an additional \$36.4 million by further reducing eligibility to 250% of the SSI payment level in FY 2012
 - Contingent language restores eligibility to current level with additional FMAP
 - Amendments also save \$36.2 million by reducing eligibility for the aged, blind and disabled from 80 percent to 75 percent of the federal poverty level in FY 2012
 - Receipt of FMAP would restore eligibility to current level
- **Service Changes**
 - Restores funding for optometry and podiatry services contingent on FMAP



Services & Other Reductions Mitigated by Use of FMAP

- \$1.6 million GF in FY 2011 and \$4.6 million in FY 2012 each year in local DSS funding
- \$3.0 million GF in FY 2011 for child welfare services
 - Mitigated by use of FMAP targeted specifically for child welfare maintenance payments
- \$2.4 million GF each year in funding for General Relief payments to local social services departments
- \$1.0 million GF in the first year each year in funding for chore and companion services for low-income elderly
 - FY 2012 reduction of \$1.0 million GF will be implemented
- \$1.3 million in FY 2011 in funding for Healthy Families
 - FY 2012 reduction of \$2.0 million GF will be implemented
- \$1.0 million GF in FY 2011 in funding for other discretionary services purchased by local social services departments
 - FY 2012 reduction of \$1.0 million GF will be implemented
- \$469,454 GF in FY 2011 in funding for the Centers for Independent Living
 - FY 2012 reduction of \$234,727 will be implemented



Behavioral Health Services

- Restores funding to continue operating the Commonwealth Center for Children and Adolescents (CCCA)
 - Restores a total of \$13.3 million in operating funds
- Reduces \$2.1 million GF which was earmarked in the introduced budget for community treatment of uninsured children served by the CCCA
 - Mitigates this reduction using FMAP



Department of Health

- Restored funds for health safety net
 - \$408,057 GF each year for the Virginia Health Care Foundation
 - \$319,640 GF each year for the Free Clinics
 - \$240,875 GF each year for the Community Health Centers
- Eliminated proposed fees for Vital Records, health care providers, and certain environmental health services and restored funding
 - \$2.5 million GF the first year for the Office of the Chief Medical Examiner
 - \$400,000 GF the first year for licensure of health care providers
 - \$214,400 for shellfish sanitation and marina programs
- Targeted reductions
 - \$2.6 million GF each year by reducing funding for the Safe Drinking Water Revolving Loan Fund not required to match federal grant
 - \$0.8 million GF in FY 2012 for the Comprehensive Health Investment Program of Virginia
 - \$0.3 million GF over the biennium for the Patient Advocate Foundation

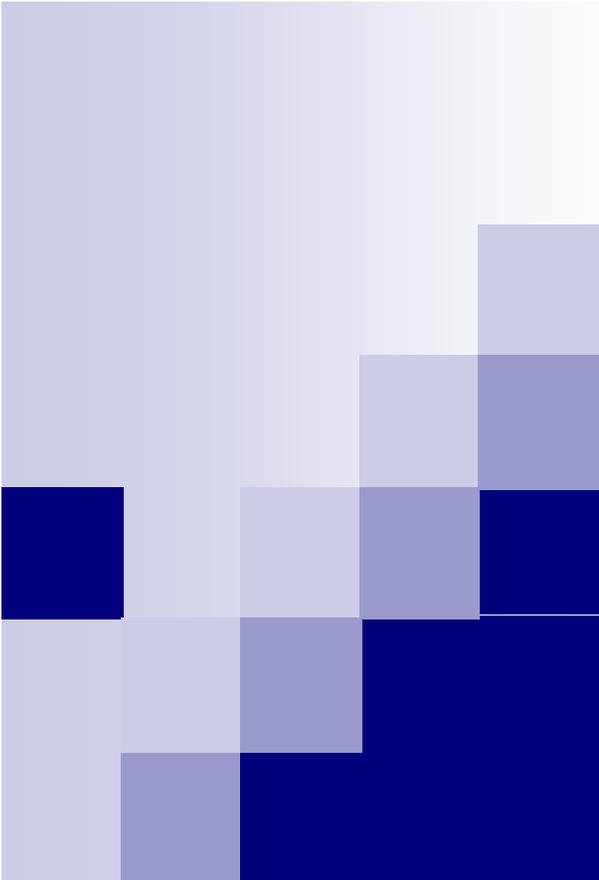


Other HHR Reductions

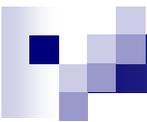
- Administrative savings in agencies
 - Saves \$1.6 million GF each year in DMAS
 - Saves \$1.4 million GF each year in DRS
 - Saves \$600,000 GF each year in DSS
 - Saves \$454,850 GF each year in DBVI

- Comprehensive Services Act
 - \$6.0 million GF in savings from revised utilization of services & increase Medicaid residential match rate in FY 2012

- Aging
 - \$0.2 million GF each year by reducing funding for care coordination services



Compensation and Retirement, General Government



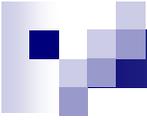
Compensation and Benefits

- Restores funding for deferred compensation cash match program
 - HB 29 - \$3.9 million
 - HB 30 - \$28.5 million
 - Partial restoration in FY 2011 of \$10 per pay period
 - Full restoration in FY 2012 to \$20 per pay period
- Eliminates proposal to require current state employees to contribute towards the cost of their retirement
 - HB 30 - \$114.7 million
- Savings from requiring new employees to pay 5% employee contribution and lowering the ORP for new hires
 - 5% - Savings of \$27 million
 - ORP – Savings of \$2.3 million

VRS Savings

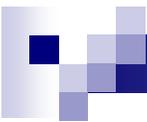
- Budget assumes substantial savings from reduction in payments into VRS programs
 - State employee retirement – “normal rate” both years
 - Teacher retirement – normal rate in FY 2011 and normal rate plus 20% of unfunded liability in 2nd year
 - No contributions into the VSDP program during the biennium
 - Group Life –Pay the “employee” share
 - Retiree Health Credit – 0.1% for state employees and 0.6% for teachers

Benefit Program	FY 2011	FY 2012
State Employee Retirement	\$164.4	\$175.0
State Employee OPEBs	\$81.3	\$83.3
Teacher Retirement & OPEBs	<u>\$189.0</u>	<u>\$156.8</u>
Total	\$434.7	\$415.1



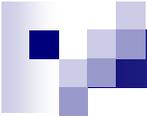
Other Adjustments

- Significantly changes the funding mechanism for the Line of Duty Act
 - Introduced budget proposed funding from 18 cent surcharge on E-911 fee
- Conference Report proposes an insurance premium model
 - FY 2011 expenditures would be supported with funds from the VRS group life program
 - Beginning in FY 2012 state agencies and localities to be charged a premium based on the number of employees eligible for the benefit
 - Localities have the option to opt-out of program and provide benefits on their own
 - Intended to reduce unfunded liability and maintain structural integrity



State Employees Health Insurance

- Reduces the assumed premium increases for the state employee health insurance program
 - Cost savings for both the state and for the employees
 - Introduced budget assumed 5% increase in FY 2011 and 10% increase in FY 2012
 - Proposed amendments assume 3% increase in FY 2011 and none in FY 2012
 - Net savings of \$56 million GF compared to introduced budget
- Rejects benefit changes proposed in introduced budget
 - Will not develop special network for maintenance drugs
 - Will continue to cover non-sedating antihistamines and ED drugs



Other Actions

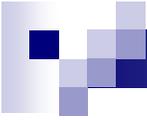
- Furloughs
 - Adopts proposal for one furlough day in FY 2010
 - Many agencies and institutions have already begun implementing the furlough
 - Includes no furloughs in FY 2011 or 2012
- Includes language for a 3% bonus for state employees in FY 2011 if FY 2010 revenues exceed the revenue assumptions by \$82.2 million
 - If revenue assumptions exceed forecast but by an amount less than \$82.2 million, the bonus will be pro-rated
- Includes language giving school boards and localities the option of requiring current employees to pay a portion of the 5% employee retirement contribution
 - Would allow them to elect any whole % up to 5%

Constitutional Officers

- Conference Committee report recommends keeping Compensation Board under the Secretary of Administration

<u>Constitutional Officer</u>	<u>Biennial Restorations</u>	<u>Funding % of 2010</u>
Commonwealth's Attorneys	\$16,664,938	96.1%
Commissioners of Revenue	\$16,000,000	85.2%
Treasurers	\$15,800,000	81.3%
Directors of Finance	\$9,200,000	76.4%
Circuit Court Clerks	<u>\$18,000,000</u>	99.0%
Total	\$75,664,938	

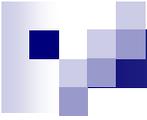
* Represents % of annual funding compared to FY 2010 prior to the September 2009 budget reduction plan



Legislative Branch

■ Savings Actions

- Actions within the Legislative Department result in savings of \$7.3 million
- House of Delegates – Revert \$1.0 million in balances
- Senate – Revert \$552,000 in balances
- Legislative Agencies – Revert \$4.0 million in balances
- Reduced Payments for Dues – Savings of \$116,314
- Reduced Funding for Sesquicentennial of the Civil War Commission – Savings of \$339,482
- VASAP – Transfers \$1.0 million in NGF balances to the GF
- DLAS – Transfers \$250,000 in NGF balances to the GF



Judicial Branch

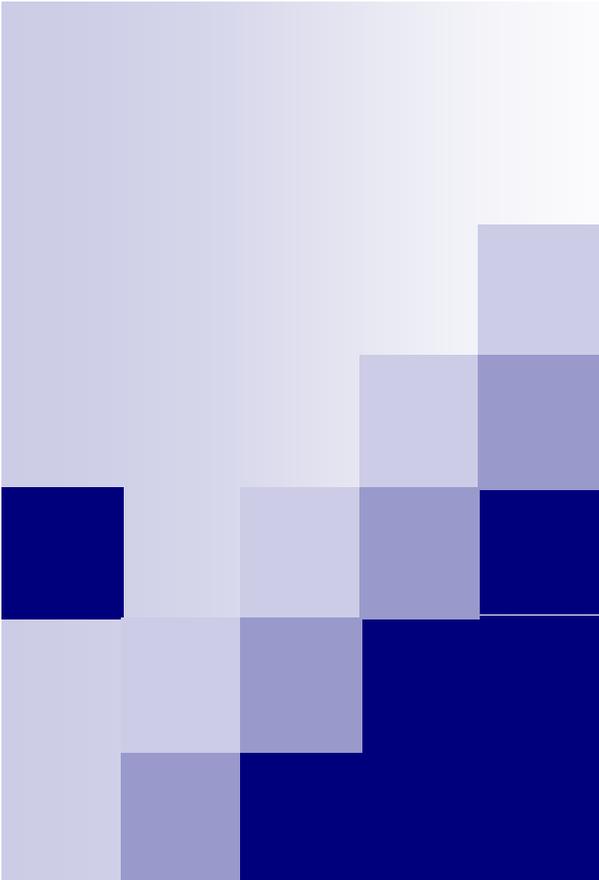
- Amendments eliminate the establishment of new public defender offices in Prince William, Chesterfield and Henrico counties

- Savings Actions
 - Actions within the Judicial Department result in savings of \$22.6 million in the 2010-12 biennium
 - Savings of \$11.3 million from deferring the filling of vacant judgeships through June 2012
 - \$750,000 in savings in FY 2010
 - \$10.5 million in savings during the 2010-2012 biennium
 - Savings of \$7.0 million from reducing expenditures for court appointed counsel for misdemeanor cases
 - Savings of \$4.6 million from reverting judicial balances
 - Removes \$60,480 in funding included in introduced budget for court appointed counsel for individuals in juvenile facilities



Other General Government Issues

- Other amendments include:
 - \$120.0 million in across the board reductions in aid to localities
 - \$60 million each year (current biennium includes \$50 million a year)
 - \$20.0 million transfer of NGF balances within the State Corporation Commission
 - Savings of \$5.2 million within the Tax Department's administrative budget



Agriculture & Forestry, Commerce & Trade, Transportation

Governor's Economic Development Promotion Package

	<u>FY 2011</u>	<u>FY 2012</u>	<u>Biennial</u>
<u>Ag and Forestry</u>			
Wine Promotion Fund (HB 588)	\$745,000	\$745,000	\$1,490,000
<u>Commerce and Trade</u>			
Motion Picture Opportunity Fund	\$1,000,000	\$1,000,000	\$2,000,000
Governor's Opportunity Fund	\$12,100,000		\$12,100,000
MEI Site Planning Fund (NGF)		\$5,000,000	\$5,000,000
VEDP Foreign Offices - China, India, U.K.	\$500,000	\$1,000,000	\$1,500,000
VEDP Marketing and Sales Promotion	\$2,250,000	\$2,250,000	\$4,500,000
Bioscience and "Wet Lab" Facilities	\$1,500,000	\$1,500,000	\$3,000,000
Tourism Marketing	\$3,600,000	\$3,600,000	\$7,200,000
CIT Gap Fund	\$500,000	\$1,000,000	\$1,500,000
Recapitalize DBA Loan Guarantee Program	\$1,000,000		\$1,000,000
DBA Business One Stop Program	\$500,000	\$500,000	\$1,000,000
Virginia Jobs Investment Program	\$3,500,000		\$3,500,000
Total	\$27,195,000	\$16,595,000	\$43,790,000



Other Agriculture and Commerce Actions

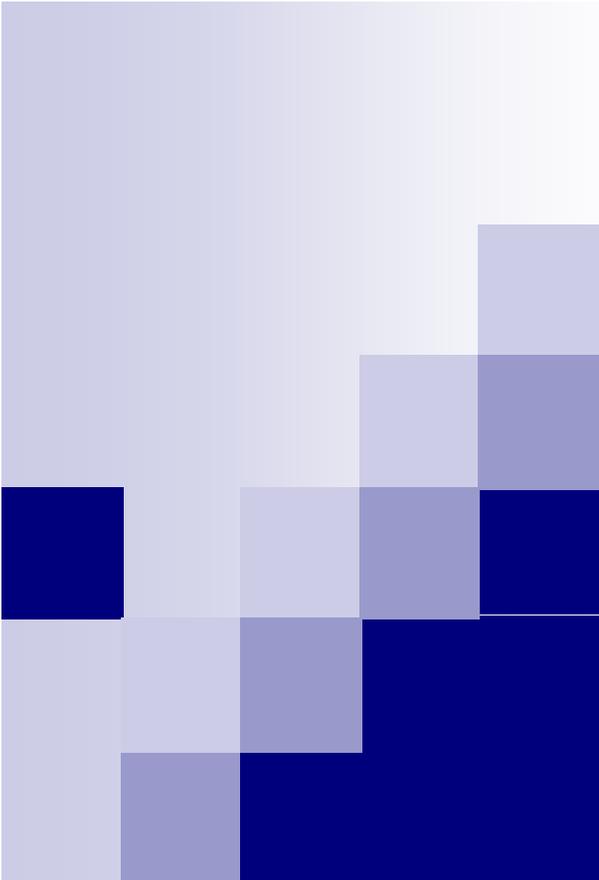
- Conference amendments reflect a net reduction of \$450,942 in Agriculture and Forestry
 - Restored funding to retain state control of the Talmage-Aikens Meat Inspection Program
 - Provided \$80,000 each year to reinstate the cooperative coyote control program
 - Restored 50% of funding for the Reforestation of Timberlands Program

- Net Spending in Commerce and Trade is \$12.7 million above HB 30 as introduced
 - In addition to spending actions outlining on previous table, conference amendments: Eliminated reductions to homeless programs and took targeted agency administrative cuts to DMME, DOLI, DBA and VEDP to equalize reductions



Transportation

- Provided \$80.0 million over the biennium in GF support for Route 58 debt service
- Provided flexibility within funds available to individual transit properties to transfer funds from capital to operating
- Adopted language to expedite work on the rail improvements in the Petersburg to Norfolk corridor
- Adopted language encouraging the sale of unused VDOT property, consolidation of research activities and reevaluation of vegetation management policies to help control costs and free up funds for core agency activities

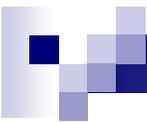


Public Safety and Natural Resources



Sheriffs and Regional Jails

- The introduced budget contained reductions to funding for sheriffs and regional jails totaling \$47.1 million (11.8 percent) in FY 2011 and \$59.8 million (15.0 percent) in FY 2012
- The Conference Committee report provides \$49.2 million in FY 2011 and \$49.4 million in FY 2012 to restore these reductions
 - Restores all of the reductions in FY 2011 and reduces the reduction in FY 2012 to only 2.6 percent
- These restorations include:
 - Restoring the 1:1,500 law enforcement ratio
 - Restoring across-the-board reductions for sheriffs and regional jails
 - Restoring funding for the career development program for sheriffs and regional jail staff
- Jail Per Diems:
 - Eliminates Jail Contract Bed program used by the Department of Corrections
 - Includes a reduction of \$2.0 million in per diems



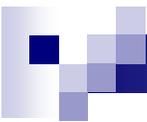
Criminal Justice and State Police

Criminal Justice Services

- HB 599 Payments
 - Provides \$22.3 million in additional funding for police departments in FY 2011 and \$10.3 million in FY 2012
- Internet Crimes Against Children
 - Provides \$1.2 million each year to support the Internet Crimes Against Children Task Forces
 - Includes \$500,000 each year for grants to law enforcement agencies involved in apprehending internet predators
 - Includes \$100,000 each year to support Social Services for abused children

State Police

- Includes \$6.8 million each year to restore funding for counter-terrorism efforts and criminal investigations
- Provides \$4.0 million in FY 2011 to provide maintenance for the STARS radio system
- Provides \$3.4 million in FY 2012 to begin a Basic Trooper School to offset vacancies



Corrections and Juvenile Justice

Department of Corrections

- Includes savings of \$1.3 million in FY 2011 and \$10.9 million from the closure of a field unit and larger correctional facility
- Saves \$4.7 million from eliminating funding for inmate medical funding in FY 2012
 - Language directs the agency to work with DPB to reduce its costs

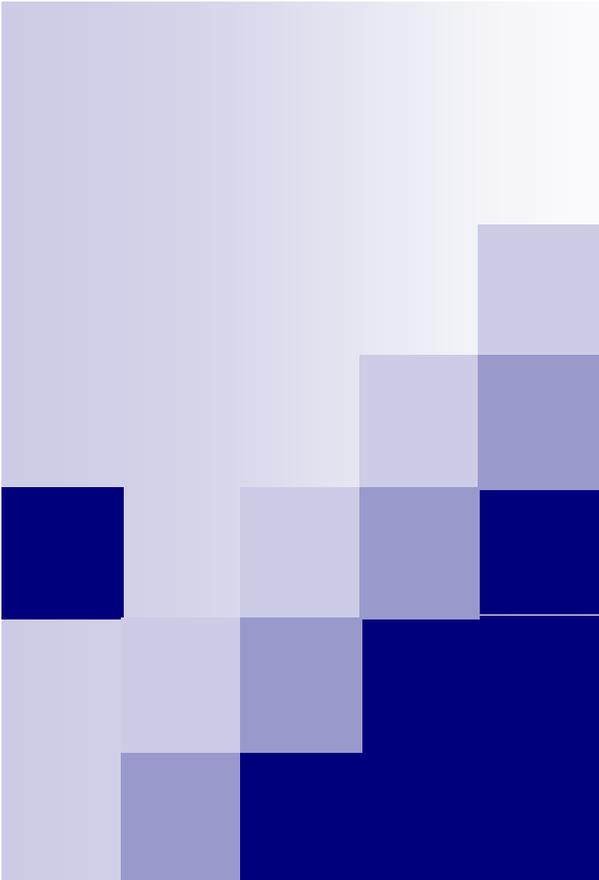
Department of Juvenile Justice

- Includes savings of \$2.5 million per year from reducing local juvenile community crime control grants
 - \$10.9 million each year remains for these grants



Natural Resources

- Provides \$9.1 million NGF each year for Agricultural Best Management Practices
 - Source of NGF is \$10 increase in deed recordation fee
- Offsets \$2.5 million in general fund reductions for environmental permitting with increases in fees for solid waste and water pollution permits
- Provides \$500,000 each year for land conservation efforts
- Provides \$500,000 each year for state parks
- Includes \$600,000 in FY 2011 for oyster replenishment
 - Produces about \$2.4 million in dockside sales and possibly 500 jobs



Higher Education and Capital Outlay



Higher Education

- Conference amendments reflect a net reduction of \$40.5 million general fund
 - There is \$42.0 million GF in savings offset by \$1.5 million GF for two spending items
 - Spending includes \$1 million in cancer research at the Massey Cancer Center as contained in the House budget
- Key higher education general fund amendments
 - \$10.0 million reduction in FY 2012 in a central reversion clearing account
 - Language requiring SCHEV to examine alternative financial aid methodologies will assist in determining the distribution of the savings
 - \$14.4 million of savings by imposing a \$5 per credit hour charge to out-of-state students to offset debt service requirements on academic buildings
 - \$10.0 million in savings to TAG grants
 - **No** means testing requirement is imposed



Higher Education

- \$1 million in cooperative extension savings including language directing Virginia Tech to:
 - Place priority on the historic agricultural mission of extension
 - Define programming, locations, and funding sources
 - Address potential duplication of effort with state and local agencies
 - Eliminate low-priority programs
 - Restructure and consolidate local offices in a manner that is financially and logistically beneficial while preserving delivery of critical programs in high priority areas
- \$3.4 million reduction to eminent scholars program
- \$3.6 million in savings related to two-year transfer grant utilization



Other Education

- \$1.7 million reduction to equalize reductions to local library aid with reductions imposed in other areas of government
- \$1.3 million reduction to arts grants



Capital Outlay

- Removes \$23.3 million GF for project planning
 - Funding is already contained within the project authorization in the capital bond program
- Removes \$15.0 million GF for maintenance reserve
 - Program has \$50 million bond authorization in FY 2011
 - Requires DPB working with money committee staff to make recommendation on distribution of FY 2012 amount
- Removes about \$8.3 million in debt service savings associated with HEETF



Utilize Chapter 1 Excess Bond Authority

- Amendments utilize about \$80 to \$100 million in unused project bond authority from Chapter 1 for the following projects:

Priority / Agency Name / Project Title

1. Christopher Newport University (242)

Construct Integrated Science Center (Phase II) (17690)

2. Longwood University (214)

Construct University Technology Center (17668)

3. Norfolk State University (213)

Renovate Wilder Center (17627)

4. College of William and Mary (204)

Renovate Tucker Hall (17652)

5. Old Dominion University (221)

Construct a Systems Research & Academic Building (17678)

6. George Mason University (247)

Renovate Fine Arts Building (17697)

7. Virginia Military Institute (211)

Renovate Science Building (17664)