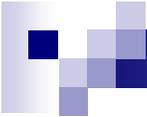




House Appropriations Committee

**Funding Recommendations Proposed by the
Subcommittees for the
2006-2008 Budget (House Bill 29, as introduced)
and
for the 2008-10 Budget
(House Bill 30, as introduced)**



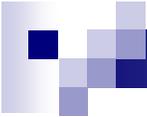
Revenue Outlook Changed

- Since the revenue forecast was developed in November, the national economy has continued to slow
 - Recent data on unemployment claims and exports have been positive
 - Retail sales indicate weakness in consumer spending
- Aggressive actions by the Federal Reserve and Congress are designed to steer the nation from a recession
 - 125 basis point reduction in January (total of 225 basis points since September) -- markets and economists are pricing in additional interest rate reductions in March
 - Seen as a stimulus to consumers (home equity loans) and resetting of ARM's
 - President signed into law a \$168 billion fiscal stimulus package
 - Rebates to consumers and tax breaks for business on purchase of capital equipment
 - Increase up to \$746,000 the amount of mortgage loan the federal government will guarantee
 - Six largest mortgage banks (50% of total mortgage loans) have suspended foreclosure process for 30 days in an effort to work with homeowners to avert foreclosure
- Our revenue outlook assumes a revenue forecast consistent with the GABE and GACRE forecast
 - The Committee amendments also establish a Revenue Reserve Fund that if not needed to offset further revenue declines, will be used for a variety of second year spending

Revised Forecast

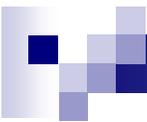
(\$ in millions)

Source	FY 2008	FY 2009	FY 2010
W/holding	(31.4)	(95.3)	(72.4)
Nonw/holding	(188.6)	(194.1)	(176.1)
Refunds	(28.6)	12.0	9.8
Net Individual	(248.6)	(277.4)	(238.7)
Sales	(39.6)	(73.7)	(96.6)
Corporate	(48.8)	(40.2)	(58.2)
Recordation	(24.8)	(68.6)	(74.7)
Insurance	15.0	10.6	11.4
All Other	7.5	(42.6)	(21.3)
Total	(339.3)	(491.9)	(478.1)
Growth Rate	1.2%	2.3%	6.7%



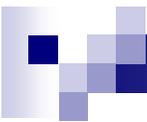
Objectives in Building the Committee Budget

- Meet the FY 2008 budget shortfall and adjust spending in HB 30 to reflect the mid-session revenue revision
- Hold transportation harmless by authorizing \$180 million in bonds to replace GF captured in FY 2009 by the Governor
- Include less total debt than proposed by the Governor
 - Committee package contains approximately \$570 million less in debt
- Use substantially less from Rainy Day Fund than proposed by Governor
 - Governor proposes maximum permitted withdrawal - \$423 million
 - House budget assumes net withdrawal of \$225 million
- Implement structural reforms to reduce out-year costs in programs that have driven growth in budget



Objectives in Building the House Budget

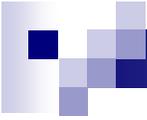
- Constrain the enactment of Governor's new initiatives and program expansions
 - Mental Health reform initiative is recommended by the Committee, totaling \$42.0 million over the biennium
- Increase funding for Mental Retardation waivers to reduce critical waiting list
 - Would phase in 650 additional waiver slots (total of 800 additional slots including the 150 proposed by Governor) over the biennium
 - There are 3,800 on the waiting list, growing by about 400 each year
- Create Tuition Moderation Incentive Fund for Higher Education
 - No reductions to colleges and universities
 - Additional funding will be tied to tuition increases



Objectives in Building the House Budget

- Finance two percent pay raises for state employees, college faculty, state supported local employees and teachers in the first year
 - Accomplished by reprogramming K-12 funding
 - Capturing excess health insurance fund balances to fund state employees

- Create a contingent reserve of \$85.0 million in FY 2010. Funds will be designated for:
 - Second year pay raise for all employee groups
 - Nonpoint pollution
 - Research and higher education



Strategies to Generate Savings

- Review all proposed program expansions and Governor's new initiatives
- Reduce existing funding not dedicated to core governmental activities
- Reviewed proposed inflation factors – e.g., public education, Medicaid
- Examined funding methodologies – e.g. VRS rates
- Consolidated agencies
- Reviewed programs for alternative funding sources - i.e., federal funds, fees, Literary Funds
- Analyze capital projects for potential cash flow, freezing or opportunities to supplant cash with bonds



Governor's Proposals Submitted to the Committee that Will Not be Adopted

- No reductions to higher education
- No reduction in school construction grants or use of local share of lottery proceeds
- No across-the-board reductions in aid to localities
 - Select targeted adjustments are recommended
- No across-the-board reductions to state agencies
 - Select targeted adjustments are recommended
- Retain commitment to cash match for employee deferred compensation program

Overview of Actions to Balance the Budget

(\$ millions)

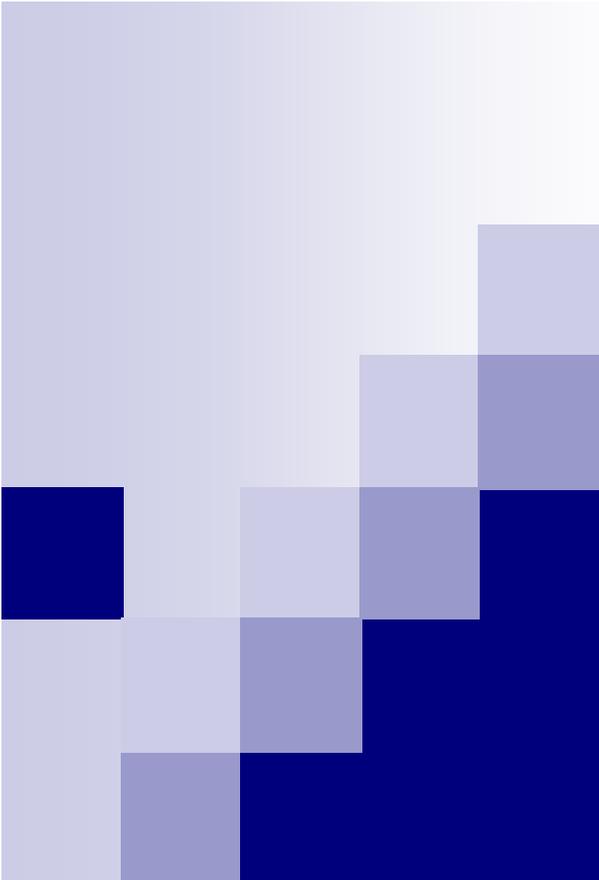
Bond capital projects/establish a revolving fund for maintenance reserve	\$456.5
Net Withdraw from Revenue Stabilization Fund	225.0
Second Year Pay Raise (establish reserve fund)	254.6
Freeze capital projects/contingent on revenue increase	141.2
VRS amortization change to 30 years (state employees, teachers, and Comp. Board)	65.8
Capture Balances from executive branch, judicial & independent agencies	59.7
Medicaid Reforecast/Merck Settlement/Direct Strategic Contribution Payments to VHCF	47.3
Use Literary Fund for Teacher Retirement	50.0
Capture Unspent FY 2008 Maintenance Reserve Funds	35.9
Technical Adjustment for Sales Tax in Basic Aid	31.2
Retain interest from NGF agencies (excludes higher ed. & transportation)	21.0
Capture Excess Circuit Court Fees	20.0
Net savings on Debt Service	19.7
FY 2008 Lottery Forecast Adjustment (based on YTD growth)	9.0
Supplant TANF balances in HHR	6.9
Capture balances from House Clerk and legislative agencies	4.8
Total savings actions	\$1,448.6



Programmatic Spending and Savings

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>3 Year Total</u>
Spending	2,500,000	149,623,459	243,074,827	395,198,286
Savings	(77,142,651)	(222,842,016)	(238,505,342)	(538,490,008)
Total	(74,642,651)	(73,218,557)	4,569,485	(143,291,722)

Note: FY 2010 spending does not reflect the \$85.0 million revenue reserve fund
Savings do not reflect actions displayed on previous slide



Report of the Capital Outlay Subcommittee



Criteria for the Subcommittee's Recommendations

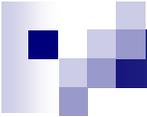
- Address the Revenue Shortfall
- Limit overall use of debt



Address the Revenue Shortfall

Capital Project Amendments

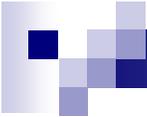
- Amendments to HB 29 cash flow \$177.9 million from 34 projects
 - Projects are not delayed and funds are restored in FY 2010
- Amendments to HB 29 freeze 13 projects which have not gone to the award phase freeing up \$141.2 million
 - Restoration is planned for FY 2010
- Amendments to HB 30 supplant general fund with VPBA bonds freeing up \$225.0 million
- For all amendments, flexibility is provided to the Department of Planning and Budget to ensure that the projects move forward and are not delayed



Address the Revenue Shortfall

Maintenance Reserve Amendments

- Eliminate the proposed \$50 million GF for maintenance reserve contingent on revenues in HB 29
- Freezing the remaining maintenance reserve program in FY 2008 saves \$33.4 million
- Implement a revolving maintenance reserve fund similar to the equipment trust fund (HEETF)
 - Provides \$75 million per year for maintenance reserve
 - Revolving five-year notes at a cost of \$16.7 million in FY 2010 funded from the proposed \$50 million for maintenance reserve in FY 2010
 - After five years the program is self-supporting like the HEETF



Address the Revenue Shortfall

Treasury Board Amendment

- Savings from lower interest rates and issuance schedules
 - \$2.2 million FY 2008
 - \$2.9 million in FY 2010
- Net savings of \$21.1 million through passage of HB 1547 instead of a GO bond
- Amortize equipment purchased under the equipment trust fund (HEETF) over its average useful life – saves \$10.3 million over the biennium
- Defer proposed HEETF expansion – saves \$3.4 million in FY 2010



HB 30 Bond Projects

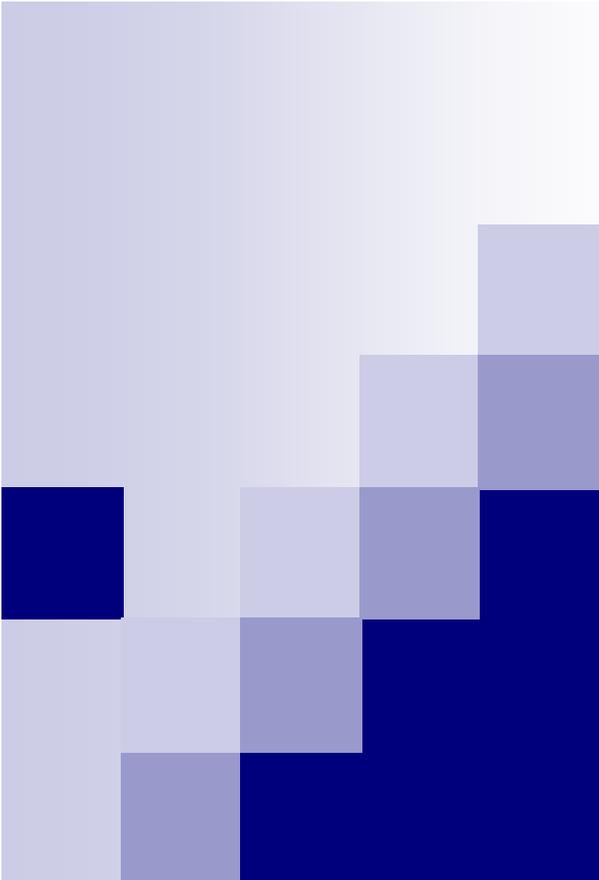
- New Construction, Renovations and Improvements - \$119.1 million
 - Public safety, state parks, mental health
- Complete the acquisition of Rockingham Hospital by JMU - \$8.6 million
- Equipment
 - \$26.3 million to equip projects scheduled to open in the upcoming biennium
- Address project cost overruns - \$47.1 million



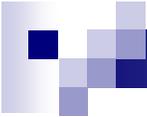
Use of Debt

	Introduced Capital Plan	Subcommittee's Recommendations	Difference
HB 29	\$300.0 million	\$225.0 million	(\$75.0) million
HB 30	\$709.3 million	\$352.6 million	(\$356.7) million
GO/HB1547	\$1,525.5 million	\$1,235.9 million	(\$289.6) million
Total	\$2,534.8 million	\$1,813.5 million	(\$721.3) million

- Subcommittee recommendations reduce the amount of tax-supported debt by \$721.3 million
- This includes the creation of the 21st Century Capital Improvement Program and the Maintenance Reserve Revolving Fund



Report of the Compensation and Retirement Subcommittee



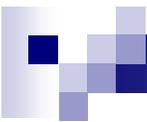
Compensation & Retirement Savings

- The Subcommittee identified \$143.4 million in savings from introduced budget for the biennium:
 - \$65.8 million in savings - 30 year amortization period for VRS contribution rates (teachers, state employees and state-supported locals)
 - \$63.0 million in health care savings
 - Excess balances in employee health insurance fund reflect lower health care inflation in recent years
 - \$6.0 million in savings from eliminating proposed reimbursement initiative for LEOS
 - \$8.4 million in savings from requiring localities (through “599” funds) to contribute to the cost of the Line of Duty Act



Employee Compensation Increase

- First year state employee, college faculty and state-supported local employee salary increase: \$126.3 million GF
 - State employees (2%): 11/25/2008
 - State-supported local employees (2%): 12/1/2008
- Included in the revenue reserve fund in FY 2010 is \$53.0 million for a second year pay raise for all employee groups



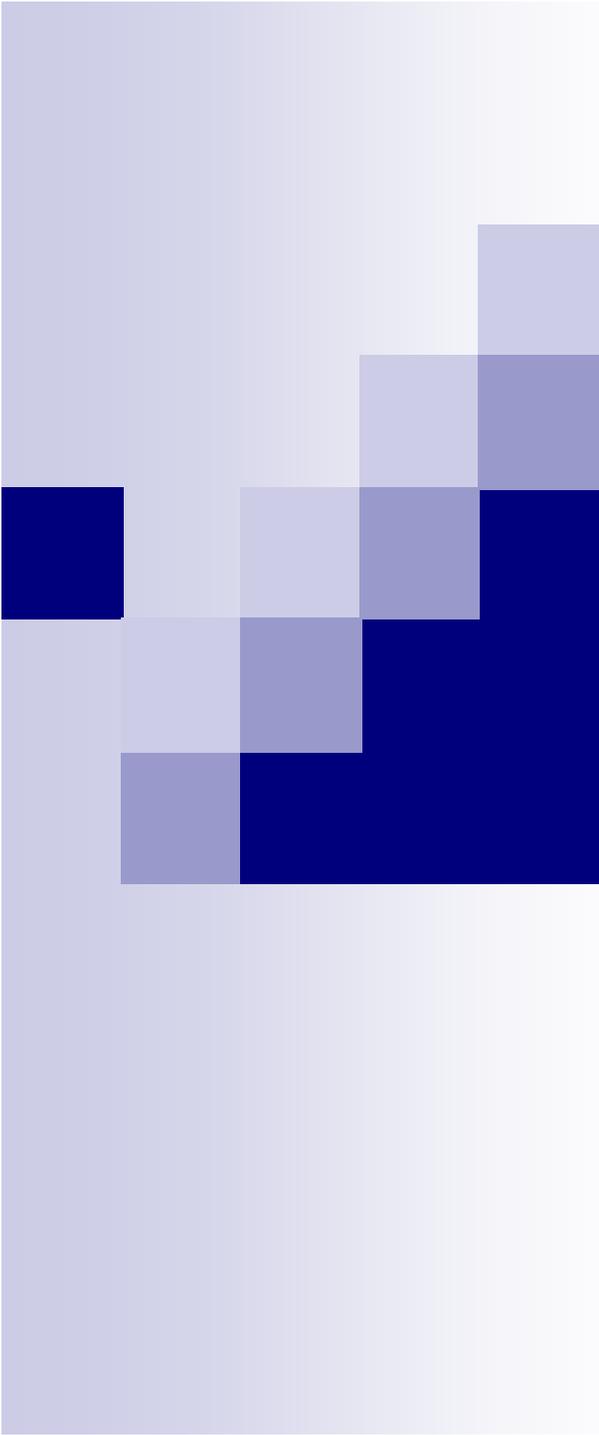
State Employee Health Insurance Premiums

- Includes \$30.9 million GF for a 4.22% increase in the premiums for the state employee health insurance program effective July 1, 2008
 - Results in a modest increase for the employee share
 - Single person COVA Care increases from \$42 per month to \$44 per month
 - Family COVA Care increases from \$147 per month to \$153 per month



Deferred Compensation Cash Match

- Governor's budget reduction plan included suspending the cash match for the state employee deferred compensation program
 - Subcommittee strongly disagrees with this proposal
 - Would represent a benefit cut of up to \$480 per year for state employees participating in the plan
 - Estimated that over 40,000 employees currently participate in the plan
 - Legislation enacted during 2007 session changed program to an opt-out program to increase participation

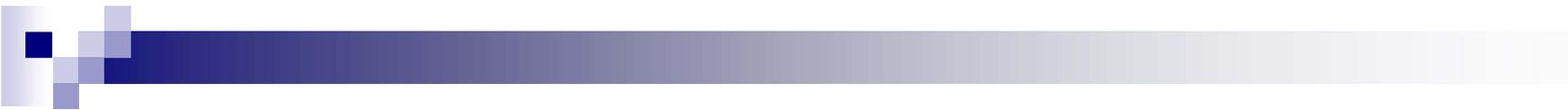


Report of the Higher Education Subcommittee



Criteria for Subcommittee's Recommendations

- Address affordability concerns
- No further reductions in higher education
- Increase financial aid for undergraduate Virginians
- Target allocations as an incentive for tuition moderation
- Increase Tuition Assistance Grant (TAG)



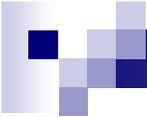
Higher Education Institutions

- Subcommittee recommendations reflect no further reductions in higher education which is worth \$62.7 million
- Provide \$44.3 million in base operating support
- Create a \$40.7 million Tuition Incentive Moderation Fund
- \$21.1 million for financial aid for undergraduates at public and private institutions
 - \$18.2 for undergraduate financial aid for students at public institutions an increase of almost 9 percent
 - \$2.8 million for TAG to increase the award for undergraduate students to \$3,300 in FY 2008 using the most current enrollment



Tuition Moderation Incentive Fund

- \$20.3 million allocated in each year of the biennium
- Institutions must not increase in-state undergraduate tuition and fees to be eligible to receive an allocation from the fund in a fiscal year
- Not Mandated
 - Boards of Visitors can choose to increase tuition and fees and not participate in the allocations
 - Unallocated amounts will be redistributed among eligible institutions



Biennial Allocations to Colleges and Universities - \$85.0 million

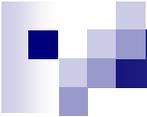
Base Adequacy and Tuition Moderation Fund

Institution	Amount	Institution	Amount
CNU	2,029,694	RU	2,416,112
CWM	2,548,104	UVA	7,521,322
GMU	7,459,490	UVA-W	503,870
JMU	4,317,124	VCU	12,816,668
LU	1,990,228	VMI	431,342
UMW	1,479,428	VT	13,007,332
NSU	1,119,990	VSU	1,126,178
ODU	5,686,406	RBC	197,126
		VCCS	20,332,298



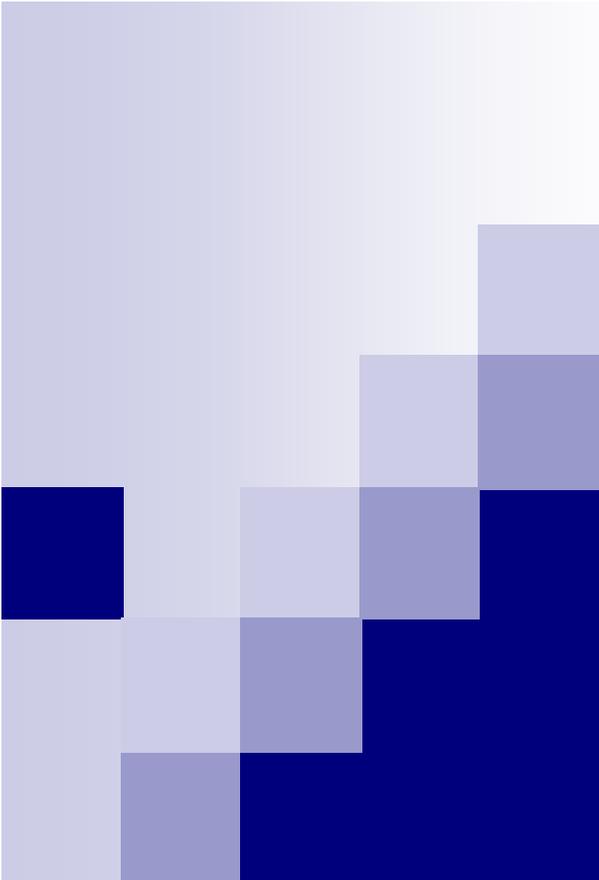
Higher Education Research

- \$25.1 million to continue legislative research initiative
 - Restores accountability and reporting language at each institution
- \$2.0 million to continue cancer research at UVA and VCU into FY 2010
- \$0.5 million for modeling and simulation research on medicine and transportation issues at ODU in FY 2010
- \$6.5 million at Jefferson Labs to leverage \$310.0 million in federal funds to upgrade the nuclear physics facility
- \$1.5 million to continue coastal research in renewable energy sources
- \$0.5 million to support acquisition of a proton beam therapy facility
- \$0.4 million on coastal resources research at VIMS

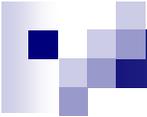


Other Higher Education

- \$27.3 million to provide a two percent average faculty salary increase in FY 2009 in central accounts
- \$1.3 million to begin development of an engineering degree partnership between UVA, the VCCS and private industry
- \$1.3 million for research efforts at the Institute for Advanced Learning and research in Danville
- \$1.2 million to support programs and enrollment growth at the Southern Virginia Higher Education Center
- \$350,000 at VIMS for operating support
- \$200,000 to support a Materials Science PhD program at Norfolk State
- \$250,000 at Virginia State for e-commerce programs and development
- \$125,000 for the VCU autism centers



**Report of the
Elementary and
Secondary Education
Subcommittee**



HB 29: Public Education

- Technical updates for FY 2008 result in net savings of \$67.7 million:
 - ADM reductions produce \$33.1 million savings
 - SOQ, Remedial Summer School, Governor's School, & Special Education Homebound
 - Net Sales Tax mid-year reforecast estimate adjustment: \$23.5 million decrease
 - Virginia Preschool Initiative (VPI) lower participation: \$5.3 million savings
 - Special Education Tuition Regional Centers lower participation: \$4.0 million savings
 - No Child Left Behind lower participation: \$1.8 million savings
 - Incentive & Categorical adjustments: \$2.0 million increase
- National Board Certification Teacher Bonus initiative increase of \$404,125 to supplement a shortfall in funding based on higher participation



HB 30: Public Education Major Biennial Spending

Direct Aid

GF \$ in millions

Re-benchmarking	\$779.5
Teacher Pay Raise, effective Dec 1, 2008	122.8
Supplemental School Construction Grants	72.4
Literary Fund Interest Rate Subsidy Grants	5.0
Incentive & Categorical	(10.0)
Supplemental Education Initiative Savings	(10.8)
Net Sales Tax Revenue (Midyear Reforecast)	(25.9)
Total*	\$933.0

*Excludes benefit rate adjustments and
does not reflect teacher share of second year pay raise in reserve fund



Salary Adjustments

- Recommends \$122.8 million over the biennium for a first year 2.0% pay increase for all SOQ positions
 - Effective December 1, 2008
 - Represents the state's share of the 2 percent



Virginia Preschool Initiative (VPI)

- Recommends restoring the current program policies and funding methodology
- This action would provide full restoration of funding for 100% of free lunch students
 - 22,300 children in FY 2009
 - 22,670 children in FY 2010
- Provides \$12.2 million in FY 2009 and \$13.1 million in FY 2010 in additional funding above the amounts provided in HB 29



Budget Adjustments

- Recommends correcting first year data submission error for special education students used for rebenchmarking: \$3.8 million in FY 2009
- National Board Certification Teacher Bonus: fully fund based on increased estimates for teacher eligibility and participation: \$2.0 million in biennium
- Special Education (IDEA): recognizes an increase of \$100.0 million NGF each year for special education programs from federal awards



Budget Savings

- Technical update for net sales tax revenues from impact of mid-year reforecast: \$11.1 million in FY 2009 and \$14.8 million in FY 2010 savings
- Technical update for Special Education Regional tuition – lower student participation: \$2.8 million biennial savings
- Captures \$3.4 million in one-time funding each year:
 - Virginia Preschool Initiative (VPI) pilots: \$2.6 million
 - Hard-to-Staff Initiative pilots: \$644,375
 - Planning money for the Middle Peninsula Regional Career and Technical Center: \$200,000



Budget Savings

- Recommends reducing supplemental education initiatives by \$4.5 million in biennium:
 - Career and Technical Education equipment: \$1.0 million
 - Leadership Development Grants: \$400,000
 - Transportation reimbursement of foster children: \$300,000
 - Virginia Teaching Scholarship Program: \$300,000
 - Jobs for Virginia Graduates Program: \$200,000
 - Project Discovery: \$1.8 million
 - Partnership for Successful Schools: \$549,146



Consistent Policy Methodology

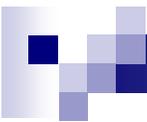
- Subcommittee recommends using the same methodology for the At-Risk Add-on initiative that is used for the K-3 Class Size Reduction program: \$2.6 million savings each year
 - Schools must have at least 16% of students participating in free lunch to be eligible for funding
- Update School Breakfast reimbursement base year to be consistent with other rebenchmarking data: \$1.0 million savings each year



Consistent Policy Methodology

- Subcommittee recommends a change in inflation methodology:
 - Methodology used by VRS for providing cost of living adjustments to retirees
 - 100% of the cost for the first 3% of inflation
 - 50% for each additional 1% of inflation up to 5%
 - Savings of \$10.1 million each year

- Recommends removing the per pupil cap on federal revenue deduction: \$11.0 million savings each year



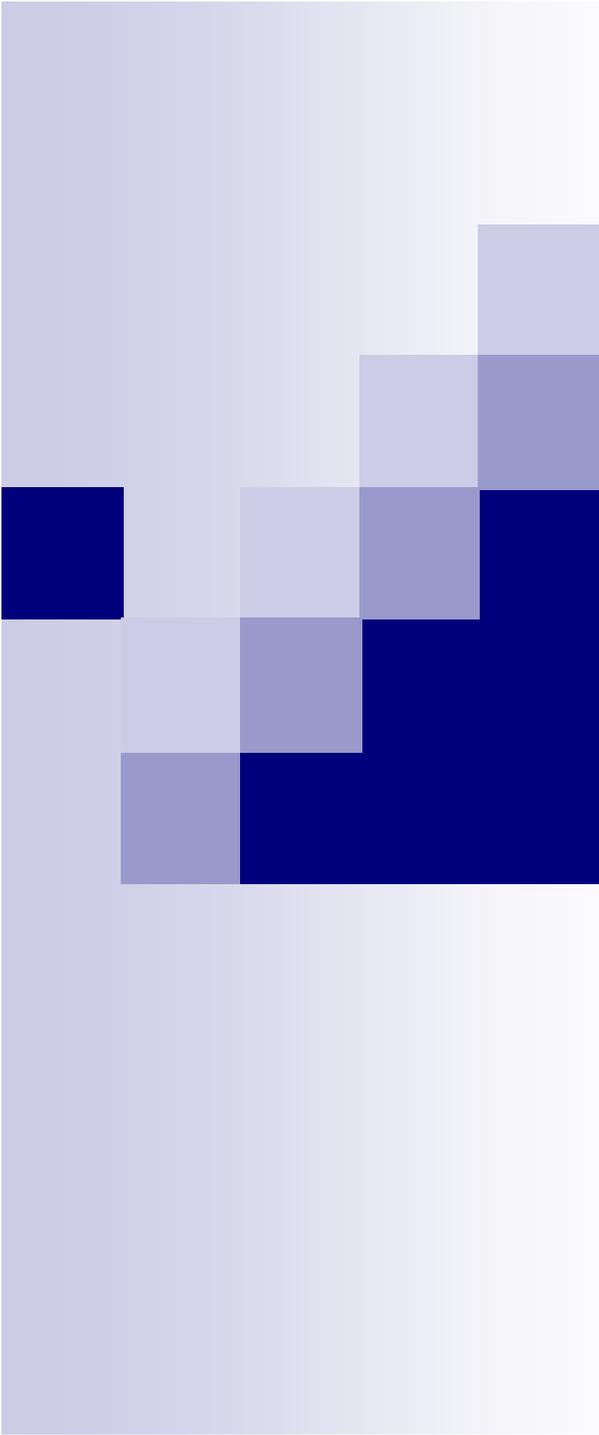
Consistent Methodology

- Subcommittee recommends revising methodology used for calculating prevailing base salaries for instructional and support positions'
- Methodology would use current prevailing salaries adjusted for pay raises authorized by the General Assembly
 - The pay raises that are authorized represent the state's share of the SOQ positions
- This methodology is consistent with funding for basic aid which excludes local prevailing practices
 - State only pays its share of SOQ related expenses based on standards adopted by the General Assembly
- This is consistent with the methodology adopted in 2004 to deduct certain federal revenues that flow to local school divisions that had previously been reimbursed through the rebenchmarking process
- This does not restrict the school divisions' ability to spend dollars in excess of the adopted standards or in excess of pay raises authorized by the General Assembly



VSDBM Consolidation

- Recommends the continuation of the consolidation of the two schools for deaf, blind and multi-disabled
 - Reflects a combined net decrease of \$2.0 million GF and 81 positions by the second year
 - Consolidates the residential program at Staunton
 - Establishes a regional day program in Hampton Roads area
- Proposed changes for the two schools include:
 - Hampton:
 - FY 2009: Reduces funding by a net \$3.1 million GF & \$0.5 million NGF & transfers 47 positions to Staunton and eliminates 81 positions
 - Retains \$3.6 million GF for transitional costs
 - FY 2010: Eliminates remaining budget
 - Staunton:
 - FY 2009: Increases funding by \$3.9 million GF & \$0.3 million NGF & transfers in 47 positions from Hampton
 - FY 2010: Increases funding by \$3.8 million GF & \$0.3 million NGF
 - Consolidated operating budget of \$11.0 million and 190 positions



**Report of the
Health and Human
Resources Subcommittee**



HB 29: Health & Human Resources

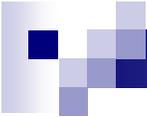
- \$65.7 million GF in increased spending
 - Comprehensive Services Act: \$54.3 million
 - Provide \$5.3 million to Central Virginia Training Center because resident discharges to community placements have not occurred
 - Offset loss in federal revenue from revised federal cost allocation for social services: \$3.9 million
 - FAMIS (children's health insurance program) enrollment growth: \$0.8 million

- \$64.3 million GF in savings
 - Medicaid and SCHIP utilization and inflation savings: \$56.6 million
 - Medicaid Offsets - Virginia Health Care Fund: \$17.1 million
 - Involuntary mental commitments: \$2.0 million



HB 30: Health & Human Resources

- **Mandatory Spending: \$547.6 million GF**
 - Medicaid utilization and inflation: \$327.7 million
 - Comprehensive Services Act: \$158.6 million
 - Children's health insurance (FAMIS/SCHIP): \$23.6 million
 - Offset loss in federal revenue from revised federal cost allocation for social services: \$23.9 million
 - Foster care & adoption subsidies caseload and cost increases: \$10.5 million
 - Offset loss of federal funds for child support enforcement operations: \$3.3 million



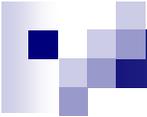
Services for Individuals with Mental Disabilities: \$93.3 million GF

- \$51.3 million GF to expand mental retardation services
 - \$38.1 million to add 800 mental retardation waiver slots over the biennium
 - \$10.0 million to increase congregate living service rates by 3.6 percent
 - \$3.2 million for mental retardation waiver start up costs
- \$41.6 million GF proposed to expand mental health services
 - \$33.9 million GF to address mental health treatment needs of individuals in crisis or who meet the criteria for mental health treatment set forth in new legislation related to civil commitments and mentally ill criminal defendants and jail inmates
 - Language directs the Commissioner of DMHMRSAS to convene a work group to allocate funding across services and agencies to address the fiscal impact of new mental health legislation and the need for emergency mental health services
 - \$5.8 million to add 40 children's mental health clinicians – one per CSB
 - \$1.9 million GF and 8 FTEs to enhance mental health services oversight and training
- \$200,000 for brain injury case management services
- \$200,000 and 1 FTE position to coordinate community resources for autism services



Child Welfare Initiative: \$14.5 million GF

- \$12.2 million to increase payments for family foster care rates by 25 percent over biennium through CSA and DSS
- \$2.0 million over biennium to add 30 local case workers to increase foster care visitation rates
- \$277,000 for system to collect outcome data on children in CSA
- Changes local match rates in CSA to encourage use of community-based care
 - Saves \$0.6 million in FY 2009 and \$5.9 million in FY 2010



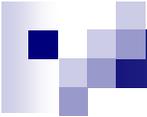
Health Care Safety Net: \$9.8 million GF

- \$7.0 million GF for safety net providers
 - \$3.6 million for community health clinics
 - \$3.4 million for free clinics
- \$2.0 million GF to continue exemption of antidepressants and anti-anxiety medications from the Medicaid Preferred Drug List
- \$500,000 GF for a program to assist uninsured Virginians with chronic, life-threatening or debilitating illnesses in accessing needed health care services and negotiating payments with medical providers
- \$300,000 GF in FY 2010 to expand breast and cervical cancer screening for low-income women (would serve 1,333 additional women)



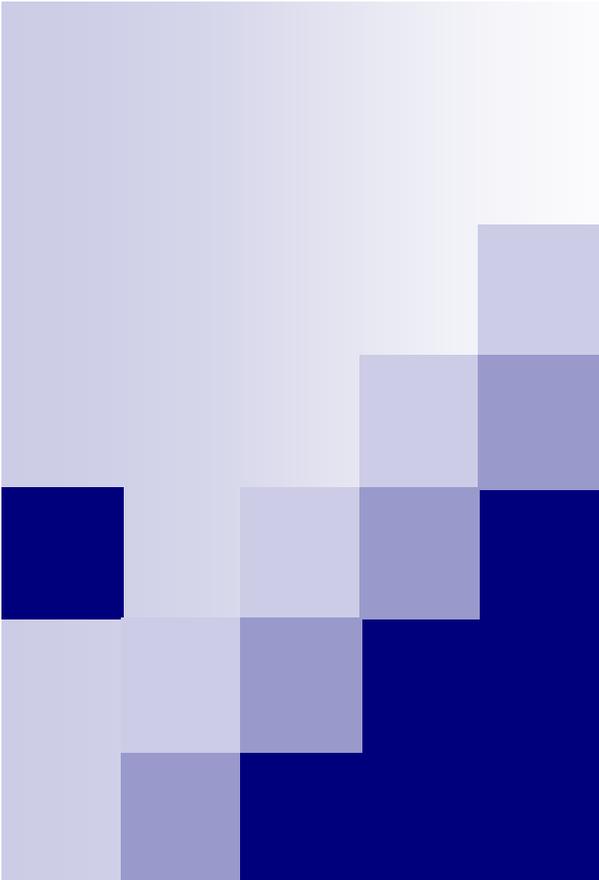
HHR Other Items: \$9.5 million GF

- \$5.9 million to increase staffing at the Virginia Center for Behavioral Rehabilitation
- \$1.3 million to renovate or relocate office and clinic space for 18 local health and social services departments with critical health/safety needs
- \$1.0 million to realign salaries in the Office of the Chief Medical Examiner
- \$500,000 to fund positions in the Health Department's Office of Drinking Water Programs
- \$400,000 to expand domestic violence services
- \$400,000 for HB 1174 to establish an Office of Immigrant Assistance

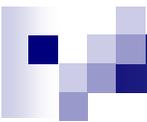


Savings, Elimination of New Initiatives, Level Fund Programs: \$146.2 m. GF

- Achieve Structural Savings in Mandatory Programs
 - Medicaid Hospital Inflation Adjustment- \$37.7 million
 - Eliminate Medicaid Nursing Home Rebasing - \$21.5 million
 - Update forecast in Medicaid and related health care programs - \$21.2 million
 - Apply utilization management to Medicaid community mental health services - \$8.4 million
 - Improve use of Medicaid in CSA program - \$2.0 million
 - Adjust Virginia Health Care Fund Revenue for Medicaid Program – \$14.2 million
- Eliminate New Initiatives
 - Health Care Reform Initiative - \$8.0 million
 - Child Welfare Recruitment Initiative - \$6.9 million
 - Quality Rating System - \$4.7 million
- Level Fund Programs to Achieve Savings
 - Child Welfare Worker Training - \$4.4 million
 - Health Care Programs - \$3.3 million
 - FAMIS Moms Program – \$2.6 million
 - Early Childhood Foundation - \$2.0 million
- Replace GF with federal funds
 - TANF for Community Programs - \$6.9 million



Report of the Public Safety Subcommittee



HB 29: Public Safety

- \$4.9 million in savings from projected year-end balances
 - \$2.0 million in balances from DOC's Drug Assessment and Treatment Fund
 - Balances identified by Governor
 - As proposed by the Governor, \$1.0 million in unused appropriations for the costs of a wastewater treatment plant for the Town of Craigsville will be replaced with bond authorization
 - \$1.9 million of projected year-end balances for jail per diems



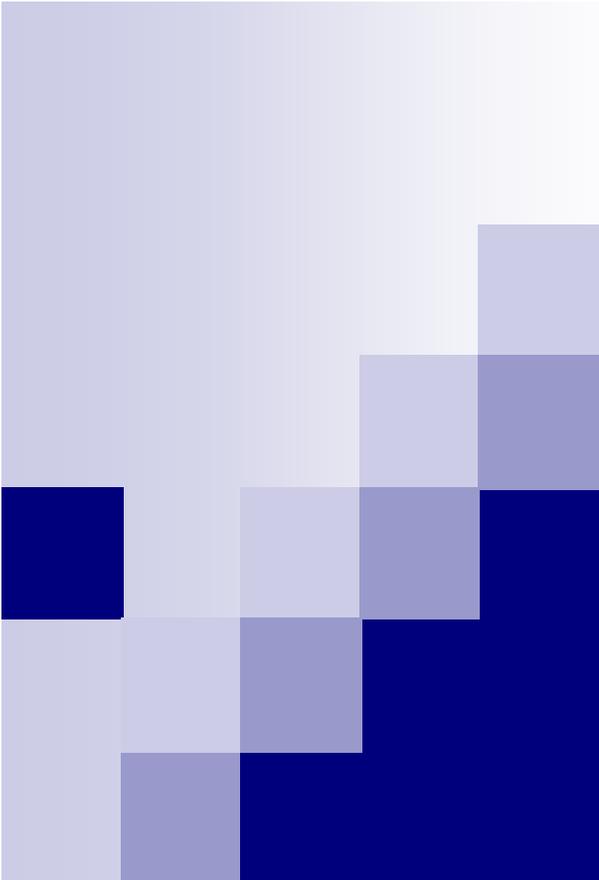
HB 30: Public Safety

- Includes \$2.9 million each year for the Department of Veterans Services to establish “Wounded Warrior” program
 - Provides mental health and rehabilitative services to Virginia veterans to address post-traumatic stress disorders and traumatic brain injuries
- Restores funding for two regional jail construction projects opening on schedule
 - \$1.5 million for the Western Virginia Regional Jail, scheduled to open in March 2009
 - \$1.2 million for the first phase of the Rappahannock Regional Jail’s expansion, scheduled to open August 2008
- Provides funding to ensure that each sheriff has a minimum of two deputies
 - Affects cities of Buena Vista, Falls Church, Emporia, and Norton



HB 30: Public Safety

- Includes savings totaling \$5.0 million the first year and \$7.0 million the second year
 - \$1.8 million the first year and \$2.2 million the second year from the elimination of new programs
 - \$2.6 million each year from redirecting existing resources to fund other existing appropriations
 - About \$300,000 each year from level funding existing programs
 - \$360,974 each year from consolidating the services provided by the Commonwealth's Attorneys' Services Council into the Office of the Attorney General



**Report of the Economic
Development, Agriculture and
Natural Resources
Subcommittee**



HB 29: Natural Resources

- Reduces the FY 2008 deposit to the WQIF by \$15.0 million
 - This savings strategy was recommended by the Governor



HB 30: Natural Resources

- Provides \$15.0 million each year for implementation of agricultural best management practices
- Includes \$500,000 each year in additional general fund support for the issuance of loans and grants for dam safety repairs
- Provides \$250,000 each year in additional support for Virginia's state parks



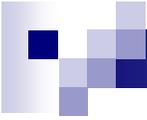
HB 30: Natural Resources

- Includes savings of \$8.0 million the first year and \$8.3 million the second year
 - \$6.6 million the first year and \$6.9 million the second year is derived from level funding existing programs or eliminating new initiatives
 - Reverts \$951,766 each year that was provided for the purchase of Trevallians Station that did not occur
 - \$150,000 each year to equalize the reduction to the Museum of Natural History
 - \$246,278 each year is supplanted by nongeneral fund revenue generated by the Marine Resources Commission



Agriculture and Forestry

- Provides \$500,000 each year for the Purchase of Development Rights match program and \$200,000 each year for the Office of Farmland Preservation
- Funding for Animal Protection and Animal Fighting Legislation – Provides \$135,562 in the first year and \$131,542 in the second year to implement the provisions of House Bill 538 and House Bill 656
 - These funds will be used to hire an additional veterinarian at VDACS and fund the cost of testing associated with animal fighting investigations



Commerce and Trade

- Funds Phase 1 and Phase 2 Semiconductor Manufacturing Incentive Grants totaling \$20.5 million over the biennium
 - This completes the Commonwealth's commitment Phase 1 payments Micron
 - Includes \$16.8 million in payments to Qimonda
- \$10.7 million for the first installment of the Commonwealth's commitment to Rolls Royce pursuant to the provisions of House Bill 1330
- Virginia Investment Partnership (VIP) grant appropriations totaling \$1.3 million GF in FY 2009 and \$2.3 million GF in FY 2010
 - These commitments are set out in Code and based on the meeting of performance expectations prior to receiving funding
- Provision of \$7.5 million the first year and \$11.5 million the second year for BRAC-related activities
 - Continues funding for retention of Oceana and provides \$2.0 million each for Fort Lee related-improvements and for the retention of DARPA



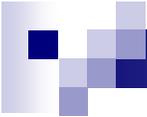
Secretary of Commerce and Trade

- \$15.1 million GF for the Opportunity Fund over the biennium
 - Funding distributed across two years - \$7.6 million in FY 2009 and \$7.5 million in FY 2010
 - Caboose bill includes an additional \$1.5 million for FY 2008
- Language directs transfer of \$200,000 GF each year from the GOF to the Motion Picture Opportunity Fund



Commerce and Trade Agencies

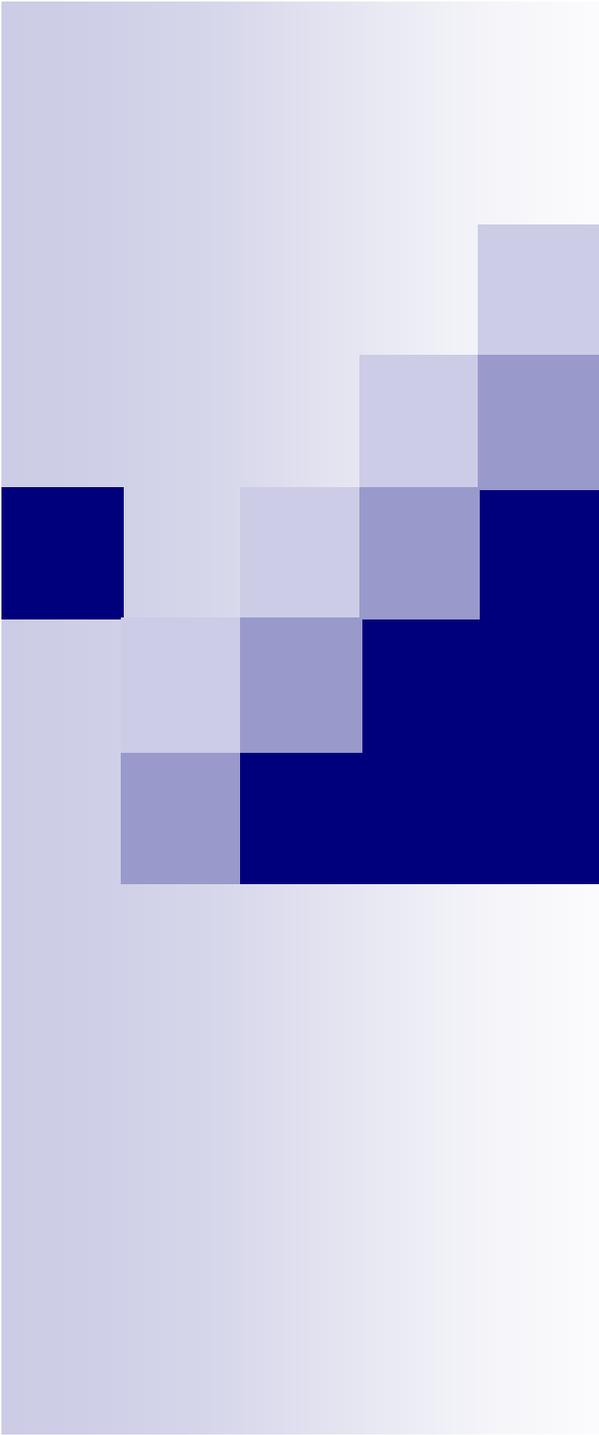
- Reflects the merger of the Department of Business Assistance into the Virginia Economic Development Partnership pursuant to House Bill 1522
 - Funding and positions transferred to VEDP
 - Proposed increase of \$2.0 million GF in second year for the Jobs Investment Grant program was not adopted – program level funded through biennium
- Department of Housing and Community Development
 - \$921,653 provided for Fort Monroe Federal Area Development Authority
- Department of Mines, Minerals and Energy
 - \$811,639 and 3 positions provided for the Virginia Energy Management Program



Commerce and Trade Agencies

■ Virginia Tourism Authority

- Eliminates the \$2.5 million NGF appropriation each year reflecting the elimination of the “Jamestown 2007” \$1.00 vehicle registration fee to fund tourism promotion
- Eliminates the new pass-through of \$200,000 for the Daniel Boone Visitors Center
- Restores tourism funding Subcommittee recognized the importance of leveraging limited advertising dollars
 - For the “See Virginia First” cooperative advertising, \$225,000 each year
 - For the “See Virginia First” outdoor advertising, \$100,000 each year
 - For the Coalfield’s Tourism Authority, \$100,000 each year



Report of the Transportation Subcommittee



VDOT and DRPT

- House action authorizes \$180.0 million in bonds in the first year to replace the \$180 million GF reverted in the introduced budget
 - Ensures that projects the General Assembly and the Governor committed to last Session move forward as planned
- Includes a series of amendments to reflect revised transportation revenue forecasts and the appropriation of funding authorized by HB 3202
 - In total, VDOT appropriations are increased by \$772.4 million NGF over the biennium – this includes the appropriation of insurance premiums as a NGF source
 - DRPT appropriations are increased by \$239.0 million NGF over the biennium
 - Similar amendments reflect revenue forecast changes in the caboose bill
- Reduces VDOT's maximum employment level by 323 FTE positions to reflect the agency's actual size
- Includes language authorizing DRPT to use up to 3 percent of a public transit and rail project allocation for project development, management and compliance activities



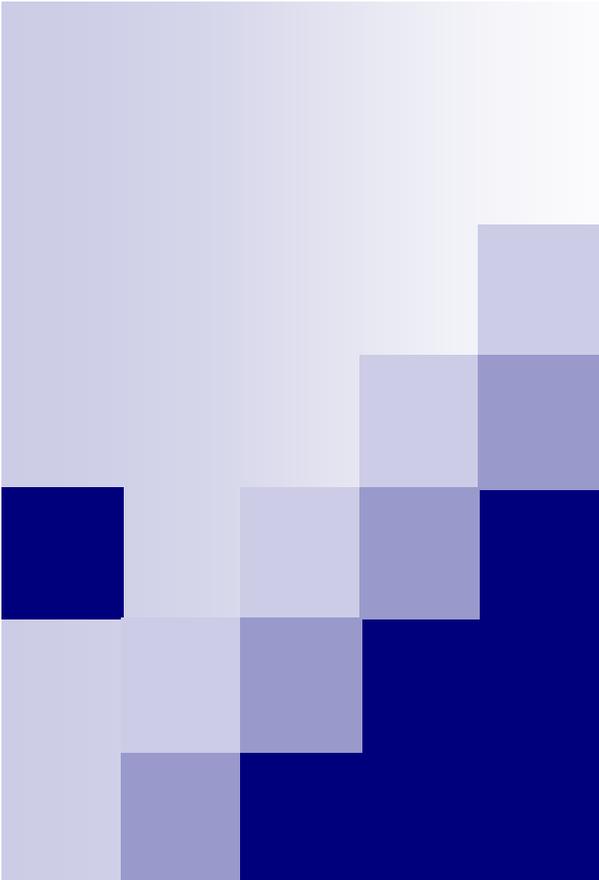
Other Modes

- Virginia Port Authority
 - Authorizes \$155.0 million in NGF bonds for Craney Island in the second year
 - Language includes appropriation of first debt service payment of \$11.3 million for this project
 - Authorizes the VPA to establish a short-term debt program to help with interim financing for capital projects
 - Outstanding debt is not to exceed \$200.0 million at any one time
 - Will allow elements of pooled projects to begin prior to the issuance of longer-term debt
- Restores the Motor Vehicle Dealer Board and the Towing and Recovery Operations Board as separate entities
 - Reflecting the failure of legislation intended to merge these into DMV



Department of Motor Vehicles

- Removes a number of fee changes included in the Introduced budget
 - Eliminates the \$1.00 “Jamestown 2007” registration fee as originally promised
 - Eliminates the \$10.00 increase in the driver’s license fee embedded in the budget
 - Retains all titling tax revenues for the TTF and the HMOF instead of authorizing DMV to retain ½ of one percent of the revenues
- Instead, budget includes language authorizing DMV to extend the validity of driver’s licenses up to 8 years, pursuant to the newly released regulations implementing the Real ID Act
 - There is no change in the per year cost of drivers licenses and citizens will only have to go to DMV every 8 years instead of every 5 years
 - This will provide DMV additional revenues in the first five years, allowing them to cover the costs associated with the implementation of Real ID and their new computer systems
 - Revenue will drop off in year 6 but DMV’s in-person transactions will also drop off, allowing them to reduce expenditures



Report of the General Government Subcommittee



General Government Savings

- Subcommittee identified savings from introduced budget over the 3 years:
 - \$34.0 million in additional revenues and balances
 - \$20.0 million from additional any excess fees collected by clerks of circuit court
 - \$4.7 million in balances from legislative agencies
 - \$6.2 million in FY 2008 balances at the Supreme Court
 - \$3.0 million in unobligated balances at the SCC
 - \$14.8 million in savings in the Judicial System
 - \$2.0 million from eliminating funding for new waiver program
 - \$6.0 million to reflect current expenditure levels for counsel waivers
 - \$0.9 million to reflect savings from 5 additional foreign language interpreters
 - \$5.9 million from eliminating state funding for drug courts
 - \$4.0 million in savings from eliminating funding for state tax services in Commissioner Revenue and Treasurer Offices
 - Approximately 82% of tax returns are filed directly to the Department of Taxation
 - \$1.0 million in savings from eliminating the transfer payments for wine taxes and ABC profits to towns
 - Introduced budget eliminated these transfer payments to cities and counties



Judicial Branch Funding

- Magistrate system reforms pursuant to HB 903
 - Includes \$3.6 million and 35 positions in FY 2009 for the magistrate system, and \$4.3 million and 11 additional positions (46 total) in FY 2010
- Criminal Fund
 - Includes \$15.0 million in 2008 (HB 29) bill and \$10.0 million each year in next biennium to fund increased costs of indigent defense
- Court Appointed Waiver program
 - Adjust funding to reflect a phased-in increase in waiver expenditures
 - \$2.0 million in FY 2008
 - \$4.2 million in FY 2009
 - \$6.2 million in FY 2010



Other Funding Items

- State Board of Elections

- Includes \$2.5 million in FY 2008 for the cost of the presidential primary

- Attorney Generals Office

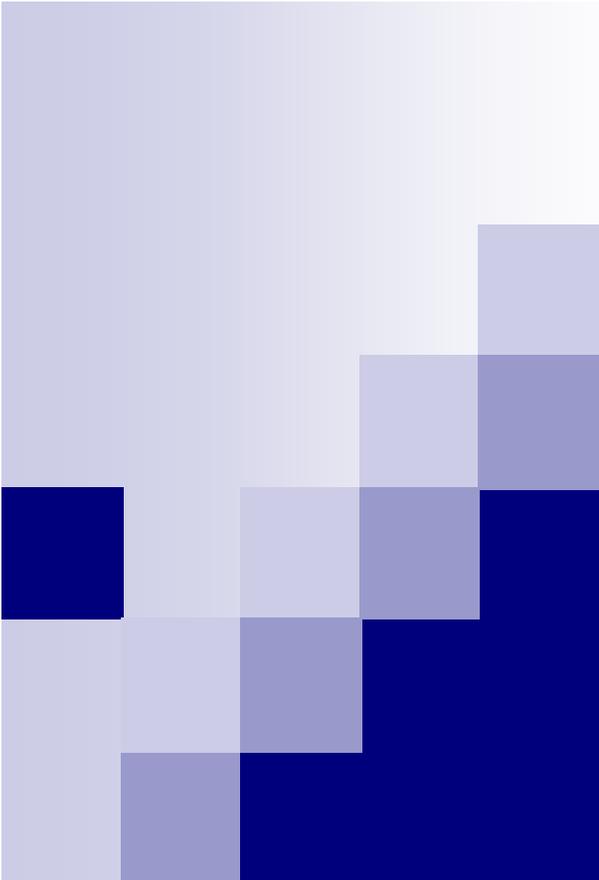
- Includes \$1.2 million and six positions in the Attorney Generals Office related to 5 different programs

- Department of General Services

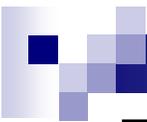
- Includes \$0.9 million to fund the replacement of outdated laboratory equipment

- Compensation Board

- Recommendations include restoring 1 of the 3 positions eliminated in the introduced budget and converting the Buckingham County Commonwealths Attorney to full-time status

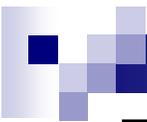


**Report of the Technology,
Oversight, & Government
Activities Subcommittee**



Technology, Oversight, and Government Activities

- Provides \$4.7 million in FY 2008 and \$9.5 million each year in the new biennium from the general fund to offset increases in the costs of information technology (IT) services provided by VITA to state agencies
- Eliminates the proposed transfer of IT procurement services from VITA to the Department of General Services
 - Could result in more complex and time-consuming IT procurement process
 - Auditor of Public Accounts (APA) reported transfer could undo progress on new applications oversight
- Eliminates the proposed transfer of Emergency E-911 program from VITA to Department of Emergency Management
 - Currently Virginia's Emergency E-911 program nationally recognized
 - Could disrupt efficiencies and delivery of Emergency E-911, Geographic Information Services, and Radio Engineering services to localities



Technology, Oversight, and Government Activities

- Maintains the General Assembly's prerogatives in the General Provisions
 - Restores previously existing language governing delegated authority to Governor and state agencies when the General Assembly is not in Session
 - Adds requirement for deposit of all settlements in favor of the Commonwealth in general fund
 - Prospectively addresses future settlements
 - Eliminates appropriation of funds without input of General Assembly as was case in OxyContin settlement
 - Exceptions to policy include:
 - Requirements of federal or state law
 - Settlements of \$250,000 or less
 - Settlements involving actions subject to Virginia Consumer Protection Act or Virginia Antitrust Act