

## Amendments for the 2010-12 Budget

Amendments, as adopted to the 2010-12 budget, include \$467.7 million in general fund resources above those assumed in Chapter 890 of the 2011 Acts of Assembly. These resources include: (1) a net balance addition of \$313.1 million; (2) a \$128.0 million revision to the general fund revenue forecast, and (3) transfer additions totaling \$26.6 million. These changes total \$467.7 million and, when combined with the \$2.1 million unappropriated balance contained in Chapter 890, provide \$469.8 million in additional resources.

Chapter 2 of the 2012 Special Session I Acts of Assembly (HB 1300) also includes net spending reductions of \$205.7 million. When added to available resources, a balance of \$675.5 million remains to be carried forward into the next biennium as a beginning balance in Chapter 3 of the 2012 Special Session I Acts of Assembly (HB 1301).

<b>Additional General Fund Resources Available for Appropriation</b> (\$ in millions)			
	<u>Chapter 890</u>	<u>Revised</u>	<u>Difference</u>
Unreserved Balance	\$491.2	\$1,067.0	\$575.7
FY 2012 Balance Adjustments	229.4	(33.2)	<u>(262.6)</u>
			<b>\$313.1</b>
FY 2012 Revenue Estimate	\$15,595.6	\$15,723.6	\$128.0
FY 2012 Transfers	468.6	495.2	<u>26.6</u>
<b>Additional GF Resources</b>			<b>\$467.7</b>
Unappropriated Balance (Ch. 890)			\$2.1
HB 1300 Net Spending Reduction			<u>205.7</u>
<b>HB 1300 Carry Forward Balance</b>			<b>\$675.5</b>

## **Net Balance**

FY 2011 ended with a GF balance above what was expected, primarily as a result of \$310.7 million in revenues and transfers above the estimate and \$170.5 million in unspent agency balances. After the reappropriation of \$132.1 million in unspent capital, mandatory and discretionary agency balances, along with technical adjustments, \$313.1 million remains as the net GF balance addition reflected in Chapter 2.

From this amount, \$132.7 million will be carried forward into FY 2013 for the Constitutionally-required Rainy Day Fund payment related to FY 2011 revenue collections and \$50.3 million will be carried forward into FY 2013 for appropriation to the Water Quality Improvement Fund (10 percent of FY 2011 revenue surplus and unreserved balance). About \$18.0 million will be carried forward into FY 2013 for application to the VRS repayment.

Finally, Chapter 2 appropriates \$30.0 million for a Federal Action Contingency Trust Fund (FACT) to mitigate potential federal spending reductions and \$67.2 million to the Transportation Trust Fund (2/3<sup>rd</sup>s of unobligated year-end balance).

## **Changes in Revenue**

Adjustments to the FY 2012 revenue forecast reflect the larger revenue base generated by the higher than anticipated FY 2011 revenue collections, offset by a softening of the economic growth rate from what was assumed in Chapter 890. Specifically, “economic” growth is assumed to be 4.7 percent rather than 6.0 percent that was assumed last year when the budget was adopted.

Year-to-date revenue growth through May is 6.2 percent. Adjusting for last year’s change in the accelerated sales tax policy which caused growth to be overstated, year-to-date “economic-based” growth is 5.9 percent against the 4.7 percent assumption that is included in Chapter 2.

The adopted budget contains \$192.6 million in additional revenue from this “economic-based” growth. A tax policy change reduces the number of retailers required to make an accelerated sales tax payment in June by raising the threshold to \$26.0 million in annual sales. This will result in a \$50.0 million reduction in GF revenue. When this tax policy change and technical adjustments are included, the projected FY 2012 growth rate is 4.5 percent or \$128.0 million in additional revenue.

**Estimate of General Fund Taxes by Source FY 2012**  
(\$ in millions)

	<u>Estimated FY 12</u>	<u>Estimated % Growth</u>	<u>Through May % Growth</u>	<u>Change from FY 12 Official</u>
Net Individual	\$10,533.0	5.9%	7.4%	\$203.4
Corporate	827.8	0.7%	5.1%	(3.8)
Sales	3,066.0	1.8%	*4.9%	(49.5)
Insurance	287.3	2.0%	(13.4)%	(2.3)
Recordation	322.9	10.8%	10.3%	21.8
All Other	<u>686.6</u>	<u>0.2%</u>	<u>(0.1)%</u>	<u>(41.6)</u>
<b>Total Revenues</b>	<b>\$15,723.6</b>	<b>4.5%</b>	<b>**6.2%</b>	<b>\$128.0</b>

\* Sales tax without AST is 3.5%

\*\* Total growth without AST is 5.9% against adjusted forecast of 4.7%

**Changes in Transfers**

Transfer additions of \$26.6 million in Chapter 2 include \$66.5 million from the national Mortgage Servicing Settlement, unobligated balances of \$6.5 million from the Governor's Opportunity Fund and Workforce Retraining Fund, and technical adjustments to increase the ABC profits transfer, reduce interest earnings diverted from nongeneral fund accounts, and reduce the ¼ cent sales tax transferred for K-12, consistent with the actual collection pattern in FY 2011.

In addition, the date for sale of the Alexandria regional ABC office is extended from FY 2012 to FY 2014.

**General Fund Resource Changes Since April 2011**  
(\$ in millions)

<u><i>Balance Adjustments:</i></u>	<u><b>2010-12</b></u>
Unreserved Fund Balance, Comptroller's August Report	\$841.1
Amount Already Appropriated in Chapter 890	<u>(265.4)</u>
<b>Additional Unreserved Balance</b>	<b>\$575.7</b>
Rainy Day Fund Reserve (FY 2011 collections)	\$132.7
Less: Nongeneral Funds Included per GASB	<u>(202.6)</u>
<b>Net GF Balance, June 30, 2011</b>	<b>\$505.8</b>
Return Unspent Agency Balances (revert \$43.2 million)	(\$132.1)
Return TTF Share of Accelerated Sales Tax	(26.0)
Natural Disaster Reserve	(17.3)
Contingent Appropriation: Unemployment TF Interest	(5.9)
Contingent Appropriation: BRAC	(7.5)
Contingent Appropriation: Sheriffs Per Diem	(7.4)
Other Technical Adjustments	<u>3.5</u>
<b>Total Additional Balances</b>	<b>\$313.1</b>
 <u><i>Revenue Amendments:</i></u>	
December Tax Re-forecast	\$192.6
2 <sup>nd</sup> Step of Accelerated Sales Tax Reversal (June 2012)	(50.0)
Extend Time for Brunswick Sale to FY 2014	(20.0)
Various Amounts Related to Sale of Real Estate	4.9
Other Technical Adjustments	<u>0.5</u>
<b>Total Revenue Adjustments</b>	<b>\$128.0</b>
 <u><i>Transfers:</i></u>	
Mortgage Servicing Settlement	\$66.5
Unobligated GOF and Workforce Retraining Balances	6.5
ABC Profits	7.2
Local Real Estate/SOQ Fund (sales tax reforecast)	(9.0)
Interest Earnings Diverted from NGF Accounts (reforecast)	(29.5)
Extend Time for Sale of Alexandria ABC Office to FY 2014	(10.2)
Court Debt Collections	(1.6)
VITA Operating Efficiencies	(0.6)
Alicia's Law Appropriation	(2.1)
Restore Litter Recycling Grants	(0.3)
Miscellaneous and Other Technical Adjustments	<u>(0.3)</u>
<b>Total Transfer Amendments</b>	<b>\$26.6</b>

# Legislative

- **General Assembly of Virginia**
  - *Legislative Assistants' Salaries.* Corrects the salary for Legislative Assistants to reflect the 5 percent salary increase granted in FY 2012 to offset the VRS employee contribution, and provides the additional allowance for the secretary or legislative assistant in certain additional offices.
- **Virginia Commission on Intergovernmental Cooperation**
  - *Council of State Governments.* Restores \$146,035 GF in FY 2012 for the annual dues for the Council of State Governments. Language is included which divides this amount into three equal parts, each part representing the dues payable for the Legislative, Executive, and Judicial Departments, respectively. The amount for the dues for the Legislative Department is then split between the Senate and the House of Delegates, based on the number of Members in each chamber, with the Senate portion to be allocated at the discretion of the Senate Rules Committee and the House portion to be allocated at the discretion of the Speaker of the House of Delegates.
- **Legislative Reversion Clearing Account**
  - *Additional Balances.* Includes \$2.8 million in additional general fund balance reversions as of June 30, 2012, within the Legislative Department (included in Central Appropriations).

# Judicial

- **Supreme Court of Virginia**
  - *Reversion Clearing Account.* Includes an amendment to Central Appropriations capturing an additional savings of \$700,000 GF from anticipated balances in the Judicial Department in FY 2012.
  - *Criminal Fund.* Provides an additional \$1.65 million GF for FY 2012 for the cost of appointing attorneys to represent an increased number of indigent defendants in criminal cases, and other increased costs associated with the Criminal Fund. In the budget bill, this total amount is distributed to the Supreme Court, Court of Appeals, Circuit, General District, Juvenile and Domestic Relations District, and Combined District Courts. Actual expenditures for the Criminal Fund in FY 2011 totaled \$106.8 million GF, including \$3.8 million for waivers for payments to

court-appointed attorneys. Chapter 2 includes \$110.4 million GF for the Criminal Fund for FY 2012.

- *Involuntary Mental Commitment Fund.* Provides an additional \$75,090 GF for FY 2012 for the cost of involuntary mental commitment proceedings. In the budget bill, this total amount is distributed to the General District, Juvenile and Domestic Relations District, and Combined District Courts. The associated cost of hospitalization is included in the budget for the Department of Medical Assistance Services (DMAS). Actual expenditures for the Involuntary Mental Commitment Fund in FY 2011 totaled \$6.4 million GF, not including the DMAS portion. Chapter 2 includes \$6.4 million GF for FY 2012, not including DMAS.

## Executive Offices

- **Attorney General and Department of Law**
  - *Regulatory, Consumer Advocacy, Litigation, and Enforcement Revolving Trust Fund.* Includes language adjusting the carry-forward balance in this fund from \$900,000 NGF to \$1,250,000 NGF as of June 30, 2012. The increased carry-forward balance results from the use by the Office of the Attorney General of a portion of the Commonwealth's funds received from the national Mortgage Servicing Settlement Agreement. A companion amendment to Chapter 3 increases the carry-forward balances as of June 30, 2013, and 2014.
  - *Savings from Redistricting.* Captures a savings of \$155,000 GF from FY 2011 balances totaling \$505,000 which had been carried forward by executive action as of June 30, 2011, for the necessary legal advice to gain federal approval of the state and congressional redistricting plans.

## Administration

- **Compensation Board**
  - *Additional Funding for Per Diem Payments to Local and Regional Jails.* Includes \$5.8 million GF in FY 2012 for an increase in projected per diem payments to local and regional jails.
  - *Savings to Reflect Delays in Openings in Jail Expansion Projects.* Reflects \$2.3 million GF in savings as a result of delays in jail expansion projects for the Loudon

County jail, delayed from November 2009 until February 2012, and the Pittsylvania County jail, delayed from July 1, 2011 until after the end of FY 2012. The savings reflect the delay in additional staffing cost which will be incurred when the jail expansions are completed.

- *Year-End Balances.* Captures \$4.0 million GF in FY 2012 year-end balances from the appropriations throughout the Compensation Board.
- *Career Development Program.* Includes a reversion to the general fund of \$885,381 from appropriations for the Career Development Programs within the Constitutional Offices that are unallocated because of the language limiting state support for the programs to those individuals that were in the program as of January 1, 2010.

- **Department of General Services**

- *Conversion of State Fleet to Operate on Alternative Fuels.* Adopts language authorizing DGS to enter into a PPEA agreement to convert vehicles in the state fleet to operate using alternative energy fuels. There are approximately 10,000 vehicles in the state fleet currently.

## Commerce and Trade

- **Economic Development Incentive Payments**

- *Remove Funding for Biofuels Production Fund.* Removes the entire \$4.5 million GF in FY 2012 from the Biofuels Production Fund as the only producer that would have qualified for payments went out of business and did not meet production requirements.
- *Adjust Funding for Rolls Royce Training Grants.* Includes a reduction of \$3.0 million GF in FY 2012 from a supplemental training grant that was part of the incentives for the Rolls Royce facility in Prince George County. The company has not yet met employment level targets to qualify for this funding.
- *Adjust Funding for VIP Grants.* Includes a reduction of \$180,000 GF in FY 2012 from the Virginia Investment Partnership Grant Program due to a revised estimate of grant payments due during the current fiscal year.
- *Governor's Opportunity Fund and Virginia Jobs Investment Program Balances.* An amendment in Part 3 transfers to the general fund \$6.0 million from the Governor's Opportunity Fund and \$0.5 million from the Jobs Investment Program, representing unspent and unobligated FY 2011 balances.

- **Department of Housing and Community Development**
  - *Provide Funding for Fort Monroe Authority.* Includes an increase of \$2.0 million GF in FY 2012 for the Fort Monroe Authority due to loss of federal funding and lower than anticipated revenue from rental of commercial and residential properties on the Fort. Also will provide funding for rewiring of fiber-optic and cable networks and for operating utility systems. These actions will bring the FY 2012 GF appropriation for the Authority to \$3.9 million.
- **Department of Mines, Minerals and Energy**
  - *Reduce Solar Photovoltaic Grant Fund.* Includes a decrease of \$34,962 GF in FY 2012 from the Solar Photovoltaic Manufacturing Incentive Grant Fund. A total of \$74,000 GF was provided for grants but the only qualified manufacturer did not meet production levels required to receive the full amount.
- **Virginia Tourism Authority**
  - *OpSail 2012.* Includes language authorizing the VTA to provide up to \$1,250,000 GF in FY 2012 to promote and support the OpSail 2012 event, which Virginia is hosting. However, no additional funding above the \$1.0 million GF provided in Chapter 890 is provided for this purpose.

## Public Education

- **Direct Aid to Public Education**
  - *Reflect Increased Sales Tax Projections.* Provides a net increase of \$2.1 million GF based on increased sales tax projections for FY 2012.
    - The revised revenue forecast projected an increase of \$4.7 million GF from the one and one-eighth cent sales tax dedicated to public education. A portion of the additional sales tax increase is offset by a \$2.6 million GF reduction to the SOQ Basic Aid payment.
  - *Capture Savings Based on Projected Enrollment and Participation.* Reduces general funds by a total of \$11.5 million GF as follows:
    - *Fall Membership and Average Daily Membership (ADM) Enrollment.* Reduces funds by \$5.0 million GF to reflect a revised enrollment projection of 1,215,736 students, which reflects 1,202 fewer students than the number estimated in Chapter 890.

- ***Incentive and Categorical Programs.*** Captures a net \$3.1 million GF across various incentive and categorical programs for changes in Fall Membership, participation rates, and test scores.
- ***Performance Pay Pilots.*** Removes the FY 2012 funding of \$3.0 million GF for performance pay pilot bonuses since the payments will be made in FY 2013. A companion amendment to the 2012-14 biennial budget includes \$1.0 million GF based on the nine schools participating in the pilot that are supported with state funds.
- ***Remedial Summer School and ESL.*** Reduces funding by \$201,065 GF, to reflect actual numbers of students in Remedial Summer School and English as a Second Language (ESL) programs.
- ***National Board Certification Bonuses.*** Reduces funding by \$142,000 GF, to reflect actual numbers of teachers eligible to receive the grant awards in 2012.
- ***Technical Amendments.*** Reduces funding by \$108,105 GF by adjusting the funded per pupil amount for the Supplemental Support for School Operating accounts, reflects savings of \$21,039 GF by updating enrollment at A. Linwood Holton Governor's School, captures \$24,415 GF due to updated K-3 Class Size Reduction participation information from Spotsylvania, adds \$123,286 GF for a data correction submitted from Fauquier and Richmond counties for the Virginia Preschool Initiative, and corrects the number of Prince George's eligible schools for purposes of Virginia Public School Authority technology grants.
- ***Reflect Increase in Projected Lottery Proceeds.*** Adjusts funding to reflect an increase in projected Lottery Proceeds of \$37.2 million NGF in FY 2012 of which 9.0 million NGF in Lottery Proceeds was earned in FY 2011.
- ***Southside Virginia Regional Technology Consortium.*** Adds \$50,000 GF, for a new total of \$108,905 GF for the Southside Virginia Regional Technology Consortium.
- **Virginia School for the Deaf and Blind**
  - ***Additional Appropriation.*** Approved amendment in the Reconvened Session to add \$110,000 GF in FY 2012 for information technology costs and states that outstanding invoices to VITA shall be paid.

## Finance

- **Department of Accounts Transfer Payments**
  - *Move “Rainy Day Fund” Revenue Reserve from FY 2012 to the 2012-14 Biennium.* Removes \$114.0 million GF in FY 2012, which has been set aside in anticipation of the Revenue Stabilization Fund deposits required during the 2012-14 biennium. Chapter 3 as adopted includes \$132.7 million GF in FY 2013 and \$166.4 million GF in FY 2014 for deposits in the Revenue Stabilization Fund.
  - *Transfer Payments to Localities.* Reduces the appropriation for the payments to localities by \$294,000 GF in FY 2012 to reflect current projections. The amendment decreases the appropriation for the distribution of rolling stock taxes by \$300,000 GF and increases the distribution to the Tennessee Valley Authority for payments in lieu of taxes by \$6,000 GF.
- **Department of Taxation**
  - *New Phone System.* Includes \$361,120 in FY 2012 from the general fund to replace the current phone system which is approximately 20 years old.
- **Treasury Board**
  - *Adjust Debt Service Funding.* Reflects savings of \$12.0 million GF in FY 2012 as the result of recent issuances of Virginia College Building Authority and Virginia Public Building Authority bonds at interest rates lower than previously assumed.
  - *Capital Fee for Out-of-State Students.* Captures debt service savings of \$435,600 GF, and provides an offsetting \$435,600 NGF increase, based on the capital-fee charged to the current enrollment of out-of-state students at the public colleges and universities.

## Health and Human Resources

- **Comprehensive Services For At-Risk Youth and Families**
  - *Adjust CSA Appropriation to Reflect Caseload and Utilization Trends.* Includes a reduction of \$24.8 million GF in FY 2012 to reflect a forecast of lower utilization of CSA services.

- **Department of Health**

- *GF to Offset Loss of Federal Funds for TB Prevention and Control.* Adds \$49,331 in FY 2012 to offset the loss of federal funds for the prevention, identification, and treatment of tuberculosis (TB). The program recently experienced a 20 percent reduction in federal funding.
- *Discontinue Transfer of Vital Records Fee to Fund Health Care Services.* The adopted budget adds language to discontinue the transfer of \$2.00 of the vital records fee collected by the State Registrar to fund health care services in fiscal year 2012, thereby allowing it to be deposited into the Virginia Vital Statistics Automation Fund pursuant to § 32.1-273.1 of the *Code of Virginia*.

- **Department of Medical Assistance Services (DMAS)**

- *Medicaid Utilization and Inflation.* Captures savings of \$85.4 million GF and \$80.8 million in matching federal Medicaid funds from the impact of lower Medicaid managed care rates in FY 2012. Rates were originally expected to increase by 7 percent, but actually declined by 3 percent in FY 2012.
- *Supplant GF for Medicaid with Federal Bonus Payment.* The adopted budget assumes savings of \$26.7 million in FY 2012 by replacing current general fund support for Medicaid with an expected federal bonus payment. The federal government provides “bonus” payments to states that improve enrollment and retention in their FAMIS and SCHIP programs, as authorized by the Children’s Health Insurance Program Reauthorization Act (CHIPRA) of 2009. Chapter 890 had assumed general fund savings estimated at \$9.9 million for the bonus. However, the actual amount received on December 28, 2011 was much greater.
- *Reduce Spending for Medicaid-Related State Child Health Insurance (SCHIP) for Low-Income Children.* Reduces spending by \$5.4 million GF and \$10.1 million in federal matching funds in FY 2012 for Medicaid-eligible low-income children living in families with incomes between 100 and 133 percent of the federal poverty level. The federal government matches Medicaid expenditures for these children at the same rate as that provided for the Family Access to Medical Insurance Security (FAMIS) program (about 65 percent). Projected savings are the result of lower than projected managed care rates.
- *Reduce FAMIS Funding to Align Spending with Projected Costs.* Reduces spending by \$1.3 million GF and \$2.4 million NGF in FY 2012 in the FAMIS program to adjust spending for lower than projected managed care rates.
- *Fund Eligibility Review Program.* Adds \$761,469 GF and a like amount of federal Medicaid matching funds in FY 2012 to fund an ongoing eligibility review program as mandated by the federal government for the Medicaid and FAMIS programs. The agency will contract with a vendor to conduct the eligibility reviews and to establish a permanent quality assurance program. These reviews

will measure improper payments and produce error rates for each program to enable the agency to achieve greater efficiency.

- *Adjust Funding for Involuntary Mental Commitments.* Adds \$670,567 GF in FY 2012 for increased costs of hospital and physician services for individuals subject to an involuntary mental commitment.
- *Add Funds for Mandated Updates to the Medicaid Management Information System.* Provides \$540,591 GF and \$2.2 million NGF in FY 2012 to update electronic data interchange transaction and hospital code sets in the Medicaid Management Information System required by federal law. Electronic data interchange transactions are required to be upgraded in 2012 and diagnosis and inpatient hospital code sets must be upgraded by October 2013. Funding for this project was provided last year based on preliminary estimated costs (\$501,624 GF and \$4.5 million NGF in FY 2011 and \$618,904 GF and \$5.6 million NGF in FY 2012); however a detailed assessment has been completed and the additional funding reflects this revised estimate.

- **Department of Behavioral Health and Developmental Services**

- *Fund Electronic Health Records.* Adds language to adjust the amount of special fund balances the agency may retain from \$20.0 million to \$35.0 million to allow these funds to be used for the implementation of electronic health records in the 2012-14 biennium. Special fund balances will be used initially to pay for the systems changes necessary to implement electronic health records at state facilities. However, federal reimbursement is expected in FY 2015 for expenditures related to this effort. Without this language change, special fund balances above the \$20.0 million cap, as of July 1, 2012, would revert to the general fund.

- **Department of Rehabilitative Services**

- *Maintenance of Effort for Vocational Rehabilitation Program.* Provides \$3.0 million GF in FY 2012 for the state's share of funding required to match federal funding for the Vocational Rehabilitation (VR) program. The state's share of funding is 21.3 percent. Expenditures in the VR program have increased in recent years due to increases in federal grant allotments. However, current state funding is no longer adequate to meet the matching requirement and maintenance of effort requirements. Funding will allow the agency to maintain current service levels for the program. Language is included in Chapter 3 to ensure the agency seeks approval before accepting additional allocations of federal VR funding which would obligate additional funding by the Commonwealth.

- **Department of Social Services**

- *Foster Care and Adoption Forecast.* Provides \$6.4 million GF and \$500,000 NGF in FY 2012 for forecast changes to the foster care and adoption subsidy programs.

Adoption subsidies are projected to increase by \$8.1 million GF in FY 2012. This increased cost is offset by projected declines in Title IV-E foster care expenditures of \$1.7 million GF.

- ***Unemployed Parents' Cash Assistance Program Increases.*** Provides \$1.5 million GF in FY 2012 to meet estimated costs of caseload growth in the unemployed parents' cash assistance program. It is anticipated that as the economy recovers, caseload growth in this program will slow.
- ***Fund Cost Increases for Providing SNAP Benefits.*** Adds \$286,845 GF and \$286,842 NGF in FY 2012 to pay for increases in the electronic benefit transfer (EBT) transactional costs associated with providing SNAP benefits. Caseload has almost doubled during the recession from an average monthly volume of about 240,000 in FY 2008 to about 458,000 in FY 2012. The department contracts with a vendor to electronically administer each family's monthly benefit. The amount of the contract fluctuates based on the volume of monthly transactions.
- ***Supplant GF with Increased TANF Collections from Child Support Payments.*** Reduces \$2.5 million from the general fund and replaces it with \$2.5 million from nongeneral funds the second year to reflect rising payments from retained Temporary Assistance to Needy Families (TANF) collections that are used to provide resources for child support enforcement.

## Public Safety

- **Department of Corrections**

- ***Inmate Medical Costs.*** Includes \$7.4 million GF in FY 2012 for the increased cost of off-site medical care, which includes inpatient and outpatient hospital care and services provided by private specialists.
- ***Lawrenceville Correctional Center.*** Adds \$495,505 GF in FY 2012 for approximately half of the increased contract costs for Virginia's only privately-operated prison, based on the increase in the Consumer Price Index, as well as additional security staffing and programming. No additional funding is provided in Chapter 3 for the continuation of these costs.
- ***Telephone System.*** Provides \$582,645 GF in FY 2012 for the installation, operation and maintenance of a new telephone system for nine correctional facilities. The Commonwealth is under contract with Verizon to install this system. The old telephone systems had deteriorated to the point that the facilities were frequently without telephone service.

- *Mecklenburg Correctional Center.* Includes language authorizing the payment of up to \$95,000 GF in FY 2012 for transitional assistance to the Town of Boydton, following the closure of Mecklenburg Correctional Center.
- *Indirect Cost Recoveries.* Includes language exempting federal funds received under the Residential Substance Abuse Treatment program from the requirement to pay statewide and agency indirect cost recoveries into the general fund.
- *Local Infrastructure Debt Service.* In the event a state correctional facility is closed, language directs the department to continue to pay its proportional share of the debt service for the extension of local utilities to serve the correctional facility, subject to any previously agreed upon schedule.
- **Department of Juvenile Justice**
  - *Appropriation Reduction.* Captures a savings of \$3.0 million GF in FY 2012 resulting from turnover and vacancy.

## Technology

- **Virginia Information Technologies Agency (VITA)**
  - *Eliminate Double-Counted Technology Savings.* Includes a general fund increase of about \$1.4 million to eliminate previously approved reductions in overhead charges for information technology services. These reductions were built into the revised information technology rates that went into effect on July 1, 2010, and September 1, 2011, and are reflected in the monthly rates paid by state agencies for VITA and Northrop Grumman’s services.
  - *Capture Undistributed 2011 IT Rate Savings.* Reverts \$1.8 million from the general fund amounts provided to agencies through Central Accounts to offset the increases in IT rates levied in order to recover costs incurred under the VITA-Northrop Grumman partnership. These reversions are from 2011 year-end balances.

## Transportation

- **Secretary of Transportation**
  - *Prohibition of Incentives for Labor Agreements.* Prohibits the expenditure of Commonwealth resources on any transportation project in which procurement

specifications provide incentives that favor entities entering into project labor agreements.

- **Department of Transportation**

- *Appropriate FY 2011 Undesignated Balances to Transportation.* Includes an appropriation of \$67.2 million GF which represents two-thirds of the otherwise unencumbered FY 2011 surplus to transportation as required by § 2.2-1514 of the *Code of Virginia*. The adopted budget distributes the funds as follows:
  - \$28.7 million to the Virginia Transportation Infrastructure Bank;
  - \$28.7 million for the one-time capitalization of the Intercity Passenger Rail Operating and Capital Fund; and
  - \$9.9 million for transit operations, an amount equal to the transit share of the statutory Transportation Trust Fund formula distribution.
- *Adjust Appropriation to Correspond with Agency's Adopted Budget for FY 2012.* Increases the VDOT appropriation by \$1,011.7 million NGF to reflect the Six Year Program and budget adopted by the Commonwealth Transportation Board in June, 2011. The increased amounts reflect the programming of proceeds from the sale of Commonwealth of Virginia Transportation Capital Project Revenue Bonds authorized by Chapter 830 of the 2011 Acts of Assembly, as well as updates to federal revenues and the assumed issuance of the 2012 Series of GARVEE bonds.

## Central Appropriations

- **Unanticipated Expenditures**

- *Federal Action Contingency Trust Fund.* Includes \$30.0 million GF in FY 2012 to be held in reserve to address future federal budget reductions. This amount was reserved from the FY 2011 year-end surplus. Language sets aside \$7.5 million of the \$30.0 million for costs associated with the federal BRAC recommendations.
- *Presidential Primary.* Provides \$3.0 million GF to cover the costs associated with the 2012 presidential primary. Out of this amount, up to \$270,000 may be used to cover costs incurred by the State Board of Elections with the remaining \$2.73 million set aside to reimburse localities for costs incurred as a result of the primary.
- *Reduce Technology Cost Supplement.* Includes a reduction of \$8.3 million GF in FY 2012 in the amounts appropriated to supplement agency budgets for the costs

of telecommunications and information technology services provided by the Virginia Information Technologies Agency (VITA) /Northrup Grumman.

- **Higher Education Reversion**

- *Higher Education Reversion.* Provides \$10.0 million GF in FY 2012 to eliminate the higher education reversion.

- **Executive Branch Agency Reversion**

- *Savings from Hiring Freeze.* Provides \$5.0 million GF to reduce the savings assumed for FY 2012 resulting from a hiring freeze for Executive Branch agencies from \$10.5 million GF to \$5.5 million GF. Amendments in Chapter 3 transition the savings from one based on a hiring freeze to an across the board reduction and increases the savings by \$2.5 million GF each year to compensate for the reduced savings in FY 2012.

## Capital Outlay

<b>Approved Capital Outlay Amendments</b> (2010-12 biennium)	
<u>Fund Type</u>	<u>\$ in millions</u>
9 (d) NGF Bonds	\$ 15.0
Nongeneral Funds	<u>19.3</u>
<b>Total</b>	<b>\$ 34.3</b>

- **Department of Forestry**

- *Construct Matthews State Forest Education and Conference Center.* Provides \$2.0 million NGF, from a bequest, for construction of the Matthews State Forest Education and Conference Center.

- **University of Mary Washington**

- *Construct New Dining Hall and Student Center.* Provides \$15.0 million NGF from 9 (d) revenue bonds to supplement the construction of a new dining hall and student center.

- **Radford University**
  - *Renovate Washington Hall.* Provides \$10.8 million NGF from higher education operating funds, for renovation of Washington Hall at Radford University.
  
- **Department of Behavioral Health and Developmental Services**
  - *Southeastern Virginia Training Center.* Language amendment authorizes the transfer of any surplus funds to the community housing project upon the completion of the repair and replacement of the Southeastern Virginia Training Center project. The community housing project (2008) was originally estimated to cost the state \$7.4 million to construct 12 ICF-MR homes and 6 MR homes. The ICF-MR homes were to be funded 20 percent from state bonds and 80 percent from Community Service Boards (CSBs). The estimate was subsequently revised in 2009 to \$8.4 million with the same financing arrangement although fewer homes and fewer beds were able to be constructed at the higher amount. The bond funding was transferred from the Central Virginia Training Center for this purpose. The state project cost was further impacted after the decision by CSBs to only fund slightly more than 20 percent of the project leaving the state with the remaining cost.

**FY 2012 GF Operating Budget = \$16,342.3**  
**Chapter 2 (HB 1300, as Adopted)**  
 (\$ in millions)

