

2012 BUDGET GENERAL GOVERNMENT

January 20, 2012

Major General Government Actions

Rainy Day Fund

- HB 29 eliminates the \$114.0 million FY 2012 “Rainy Day Fund” reserve appropriation included in Chapter 890 as a set aside in anticipation of the deposits in the 2012-14 biennium
- That amount is carried forward into the 2012-14 biennium and used to pay a portion of the FY 2014 deposit required based on FY 2012 revenue estimates
- HB 30 includes \$132.7 million in FY 2013 and \$166.4 million in FY 2014 for the mandatory deposits into the revenue stabilization fund
 - The FY 2013 deposit is funded completely from FY 2011 year-end surplus
 - \$114.0 million of the estimated \$166.4 million FY 2014 deposit is available from the current FY 2012 revenue reserve

FACT Fund

- The Governor proposes the creation of a Federal Action Contingency Trust Fund to help offset any shortfalls resulting from federal budget cuts
- \$30.0 million is included in HB 29, and an additional \$20.0 million proposed in HB 30 for FY 2014

Major General Government Actions

Local Aid Reduction

- HB 30 generates savings of \$50.0 million GF in FY 2013 and \$45.0 million in FY 2014 by continuing a portion of the aid to localities reversion account
 - Chapter 890 includes a \$60.0 million GF aid to locality reversion in FY 2012

Continued Hiring Freeze

- HB 30 continues the \$10.5 million GF reversion each year from savings resulting from continuing the hiring freeze for Executive branch agencies
 - Savings was first adopted in Chapter 890 for FY 2012
 - Language authorizes transfer of NGF savings to the GF to meet the \$10.5 million target

General Government Areas

HB 30 Proposed Total Funding in Millions

	FY 2013 GF	FY 2013 NGF	FY 2014 GF	FY 2014 NGF
Legislative Department	\$69.4	\$3.5	\$69.4	\$3.5
Judicial Department	\$417.4	\$32.6	\$418.7	\$32.6
Executive Offices	\$26.3	\$21.5	\$26.3	\$21.5
Administration Secretariat (not Including sheriffs, jail per diems & NGF for local choice health ins.)	\$180.1	\$61.4	\$180.0	\$61.2
Finance Secretariat (not Including Treasury Board and DOA Transfer Payments)	<u>\$107.4</u>	<u>\$26.6</u>	<u>\$107.3</u>	<u>\$26.6</u>
Total	\$800.6	\$145.6	\$801.7	\$145.4

* General Government Also reviews amendments for Independent agencies

HB 30: Judicial Branch Actions

- Includes \$1.0 million GF each year to fund 5 currently frozen judgeships
 - By the end of FY 2012 there will be an estimated 33 frozen judgeships
 - Language does not designate which judgeships will be filled
- Includes \$1.0 million GF in FY 2013 and \$2.2 million GF in FY 2014 for additional staffing in General District and Juvenile and Domestic Relation courts
 - Funds 22 FTEs in FY 2013 and 46 FTEs in FY 2014
 - Funding is split evenly between General District and Juvenile and Domestic Relation courts
- Includes language authorizing localities to establish new drug courts without having to seek legislative approval
 - New courts are to be supported using “existing state resources and by federal or local resources that may be available”

Criminal Fund & Involuntary Mental Commitment Fund

- HB 29 includes an additional \$1.65 million GF for an increase in projected expenditures from the criminal fund
- HB 30 includes \$2.0 million GF each year for additional expenditures from the criminal fund
- HB 29 includes an additional \$75,090 GF for an increase in projected expenditures for court costs related to involuntary mental commitments
- HB 30 includes \$149,999 GF each year for additional expenditures for court costs related to involuntary mental commitments

Executive Offices Actions

- Provides \$3.9 million NGF each year, and 31.5 FTEs, for increased staffing for the Office of the Attorney General's Medicaid fraud control unit
 - 75% of funding comes from federal Medicaid funds
 - 25% state match comes from the Oxycontin settlement
 - A companion amendment assumes \$20.0 million in revenues for Medicaid FY 2014 from increased recoveries as a result of this staffing
- HB 30 assumes savings of \$236,431 GF over the biennium from merging the Human Rights Council into the Office of the Attorney General
- Deleted language requiring the OAG to represent the Water and Soil Conservation Districts free of charge
 - They are still required to represent the Districts, but budget deletes "free of charge" language

Administration Secretariat Spending

- HB 29 includes \$3.0 million GF, under central appropriations, to cover expenses incurred in the 2012 presidential primary
 - Up to \$270,000 may cover expenses for the State Board of Elections with the remainder covering local expenses
- HB 30 includes \$1.6 million GF each year to make up for a decrease in federal funding for laboratory testing services at the Department of General Services
- HB 30 recommends \$97,185 GF in the first year and \$106,020 GF the second year to fill one IT position for the State Board of Elections. The proposal would fill 3 additional IT positions using NGF funds

Administration Secretariat Savings

- Includes \$1.1 million GF in savings each year in across the board reductions within the Department of General Services
 - Includes eliminating 4 positions
- Includes savings within the State Board of Elections of \$160,686 GF each year from eliminating additional reimbursement to electoral board members in counties with towns
- Includes across the board savings of \$321,371 GF each year for administrative reductions at the State Board of Elections
- Includes savings of \$141,415 GF the first year and \$215,900 in savings the second year from merging the Department of Employment Dispute Resolution into the Department of Human Resources Management
- Includes across the board savings of \$321,371 GF each year for administrative reductions at the State Board of Elections

Finance Secretariat

- Provides \$105,284 GF the first year and \$140,376 GF the second year for the Department of Planning and Budget to hire 2 additional budget analysts
- Assumes additional GF revenue of \$1.5 million in FY 2013 and \$2.0 million in FY 2014 from increased credit card rebates as the result of the Department of Accounts using a new payment processing service, “E-payables”
- Includes savings of \$1.2 million GF in FY 2013 and \$1.4 million GF in FY 2014 in across the board reductions within the Department of Tax
 - Includes eliminating 11 positions
- Includes a net savings of \$150,000 GF in FY 2014 from eliminating paper checks for income tax refunds
 - Taxpayers would have the option of direct deposit or debit cards

New Financial Systems

- “Cardinal” - Includes language authorizing a \$60.0 million treasury loan for the Department of Accounts (DOA) to finalize the development and implement Cardinal, the state’s new financial management system
 - Cardinal will replace CARS which was first implemented in 1978
 - Secretaries of Finance and Technology must approve any expenditures prior to access the \$60.0 million treasury loan
- Includes a sum sufficient appropriation for DOA estimated at \$14.9 million the first year and \$16.8 million the second year for the ongoing operation of the Cardinal system
 - The revenue will be realized from charging agencies and institutions for the use of Cardinal
- Increases DOA’s sum sufficient appropriation for the new performance budgeting system from \$490,947 to \$4.0 million each year
 - Includes \$1.4 million GF each year, in Central Appropriations to support GF cost that will be charged to the agencies for the new performance budgeting system

Independent Agencies

- Authorizes a transfer in the first year of \$3.2 million in unobligated NGF balances within the State Corporation Commission to the GF
- Provides \$1.4 million NGF each year to fill eight vacant positions in the Virginia Retirement System (VRS) Investment Department
- Provides \$1.2 million NGF each year to fund 4 new positions in the VRS Investment Department
- Provides \$50.6 million NGF in FY 2013 and \$110.6 million NGF in the second year to reflect for projected payouts for the programs administered by the Virginia College Savings Plan

Government Reform Proposals

- Proposes savings, under Central Appropriations, of \$1.0 million GF in FY 2013 and \$1.9 million GF in FY 2014 from 5 proposals to eliminate or merging agencies across state government
 - Includes savings of \$141,415 GF the first year and \$215,900 in savings the second year from merging the Department of Employment Dispute Resolution into the Department of Human Resources Management
 - Includes savings of \$87,018 GF the first year and \$149,413 the second year from merging the Human Rights Council into the Attorney General's office
- Proposes savings, under Central Appropriations, of \$382,550 GF each year from eliminating the payment of organizational dues for 26 organizations across state government
- Proposes savings, under Central Appropriations, of \$225,000 GF each year from the merger or elimination of 22 boards or commissions across state government