

The Six-Year Financial Plan

Fiscal Years 2006 to 2012

Department of Planning and Budget

January 2006

Introduction

The report “Six-Year Financial Plan” has been prepared to meet the provisions of Section 2.2-1503.1, Code of Virginia, which requires the Governor to submit a six-year financial plan to the General Assembly at the beginning of each regular legislative session held in an even-numbered year. The contents include revenue and appropriation data recommended for the next two fiscal years as contained in the Governor’s 2006-2008 biennial budget submission as well as estimates for anticipated revenue and spending over an additional four-year period. Separate financial data are presented for the general fund and the nongeneral fund portions of the budget.

General Fund Financial Plan

Balances: The beginning balance for fiscal year 2006 is consistent with the Governor’s budget recommendations contained in HB29/SB29 for the 2006 session or the “Caboose Budget Bill” for fiscal year 2006. The beginning balance for each of the next six years is the ending balance of the prior fiscal year derived by subtracting projected spending from total available resources. If the ending balance for any given fiscal year is “0” or less (i.e., the fiscal year has a projected shortfall), the beginning balance for the next fiscal year is set at “0.”

Revenue: The general fund revenue estimates presented in this plan come from the official six-year revenue forecast prepared in conjunction with the Governor’s budget recommendations which were submitted to the General Assembly on December 16, 2005. This forecast assumes revenue growth of:

+6.1 percent for fiscal year 2006;
+6.0 percent for fiscal year 2007;
+5.3 percent for fiscal year 2008;
+5.5 percent for fiscal year 2009;
+4.8 percent for fiscal year 2010;
+4.9 percent for fiscal year 2011; and,
+4.9 percent for fiscal year 2012.

Transfers: There are four types of transfers included in the general fund resources.

Lottery Proceeds

The amounts shown for lottery transfers represent the official forecast for lottery profits as prepared by the State Lottery Board and submitted to the General Assembly on December 16, 2005.

Revenue Stabilization Fund	The \$16.3 million transfer from the Revenue Stabilization Fund, as contained in the Caboose Budget Bill (HB29/SB29) represents the excess amount over the constitutional limit for the Fund which must be returned to the general fund in fiscal year 2006. There are no additional transfers from the Fund during the six-year period covered in this forecast.
State Tax for Education	The sales tax transfer consists of the 1/8 cent sales tax increase enacted by the General Assembly during the 2004 special session which is earmarked for public education. This source is deposited to a nongeneral fund account and transferred into the general fund for public education purposes. The projections for this source are consistent with the long-term forecast for sales tax collections embedded in the overall forecast of general fund revenues.
Other Transfers	In fiscal year 2006, other transfers represent savings from budget reductions on nongeneral fund programs and agencies as well as recurring transfers for indirect cost recoveries, ABC profits, and other charges payable to the general fund. For fiscal year 2007 and 2008, the portion of these transfers derived from nongeneral fund budget reductions is substantially reduced causing the overall level of these transfers to drop in the next two years. For fiscal year 2009 and beyond, "Other Transfers" consists solely of the recurring transfers (e.g., indirect cost recoveries and ABC profits, etc.) that normally appear in the Appropriation Act year after year. These transfers are expected to stay stable at about \$112.6 million per year.

Health Care Fund: The Health Care Fund was created by the General Assembly in the 2004 session and consists of taxes on tobacco products, 40 percent of the revenue collected from the agreement with tobacco manufacturers (including the escrow accounts of nonparticipating manufacturers), and Medicaid recoveries. The Fund is used to pay for the Medicaid program.

The sum of the balances, the projected revenue, the different type of transfers and the Health Care Fund equals the projected "Total Resources" for the general fund.

Spending: The spending forecast included in this report is built from the appropriation base contained in the Governor's introduced budget bills for fiscal years 2004, 2005, and 2006. This forecast includes the allocation of one-third of the insurance gross premium tax to transportation, as required by current law, and provisions for future salary increases, including the three percent increase recommended by the Governor for fiscal year 2007 followed by a 2.0 percent increase

every fiscal year after fiscal year 2008 over the forecast period. In addition, the projections include amounts for pay-as-you-go capital projects although it is recognized that debt financing may also be used to provide needed facilities.

The detailed assumptions to make the spending projections are outlined in Appendix A.

Results: The comparison of projected general fund resources versus general fund spending is presented in Table 1. The results indicate that the bottom line is positive through fiscal year 2012 as revenue and spending rise in a parallel fashion. The year-by-year ending balance, however, is relatively small so this trend could be changed with a modest increase in ongoing spending.

Nongeneral Fund Financial Plan

Revenue: Nongeneral fund sources of revenue are specifically earmarked for certain purposes by law. Accordingly, there is little flexibility to shift these funds between spending needs. In many cases, if these sources of revenue are not adequate to cover spending requirements, the difference becomes a demand on the state's general fund. Such is the case when federal funds do not keep pace with programmatic needs. The state is forced into a decision to reduce or eliminate the program or to replace the difference with state (usually general fund) dollars.

Each year, state agencies and institutions do a six-year projection for each source of nongeneral fund revenue they collect. The projections for these individual sources are then aggregated to form the official nongeneral fund forecast that is submitted to the General Assembly in December.

The revenue projections included in this six-year plan are the same as those in the official nongeneral fund forecast presented on December 16, 2005. The only difference here is that the individual sources are aggregated by fund type rather than by source and the total for each fund type includes balances available for spending. Fund type rather than revenue source is used for this presentation because appropriations are made by fund type, not source. Thus, the six-year plan arrays revenue and spending data in the same format for comparative purposes.

Spending: Because nongeneral fund sources are earmarked by law, it is important that the projections for current sources be sufficient enough to cover caseload growth and cost or inflationary pressures in the programs to which they are dedicated. To ascertain that this is the case, spending in each fund group is projected in this plan to grow in sync with the compound growth rate attributable to inflation (+3.0 percent per year) and caseload changes. This baseline projection for spending is then compared to the projections of revenue for the same fund type to determine whether projected revenues appear adequate to meet future needs.

For “Special Fund,” “Commonwealth Transportation Fund,” “Dedicated Special Fund,” “Trust and Agency Fund,” and “Federal Trust Fund” spending caseload growth is assumed to be the projected change in total population for the state. For “Higher Education Operating Fund,” the caseload is the growth for in-state enrollment (headcount) at the state universities and the community college system.

Results: The projections in Table 2 for the various nongeneral fund types indicate that projected resources for most will be adequate to meet baseline demands caused by caseload changes and inflationary increases. There are two exceptions. The first is the Commonwealth Transportation Fund. Here available resources are projected to decline through fiscal year 2011 as balances are drawn down in the Fund. In fiscal year 2012, growth is restored although at a modest +1.7 percent. This growth rate is somewhat below the growth pressures brought on by population growth and inflation, which generally average about +3.9 percent per year during this period. The second exception is “Trust and Agency” type funds. In this case the overall pattern is influenced by the state’s Unemployment Compensation Trust Fund. Unemployment benefits are expected to draw down balances in the Fund over the next few years as current charges to employers get reduced (lower revenue) relative to benefit payments. This is a cyclical event reflecting an improved economy coming off the 2002 recession. Accordingly, it is not surprising that the official forecast for “Trust and Agency” funds would be less than the spending requirements derived by this baseline methodology.

Table 1
General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)

<u>Item</u>	<u>Caboose Bill</u>	<u>Introduced Budget Bill</u>		<u>Projected</u>			
	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>
<u>Resources:</u>							
Balances	\$1,126.6	\$1,242.4	\$1.7	\$44.7	\$4.4	\$5.1	\$1.7
Adjustments to Balance	(33.2)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Revenue	14,527.8	15,401.3	16,214.4	17,099.7	17,917.4	18,786.8	19,701.5
Lottery Proceeds	433.5	426.1	426.1	426.1	426.1	426.1	426.1
Revenue Stabilization Fund	16.3	0.0	0.0	0.0	0.0	0.0	0.0
Sales Tax for Education	202.5	228.6	239.9	251.6	262.9	274.5	286.0
Other Transfers	174.8	125.3	116.1	112.6	112.6	112.6	112.6
Health Care Fund ¹	<u>317.0</u>	<u>329.7</u>	<u>341.4</u>	<u>341.4</u>	<u>344.0</u>	<u>344.0</u>	<u>344.0</u>
Total Resources	\$16,765.3	\$17,753.0	\$17,339.1	\$18,275.6	\$19,066.9	\$19,948.6	\$20,871.4
<u>Spending and Savings Items:</u>							
Elementary & Secondary Education (K-12)	\$5,074.6	\$5,758.6	\$5,887.4	\$6,307.4	\$6,492.4	\$6,959.1	\$7,157.6
Higher and Other Education	1,602.9	1,903.3	1,858.0	1,904.6	1,946.5	1,989.9	2,033.0
Health and Human Resources	3,649.5	4,039.3	4,250.9	4,501.0	4,748.7	4,999.6	5,269.0
Public Safety	2,280.7	2,494.5	2,546.8	2,569.1	2,592.3	2,614.6	2,639.6
Transportation	185.0	517.8	186.7	186.7	186.7	186.7	186.7
Natural Resources	250.5	333.0	101.8	146.8	146.1	146.1	146.1
Economic Development	164.8	166.9	146.8	156.5	141.8	152.7	143.0
Agriculture & Forestry	0.5	45.7	45.0	45.0	45.0	45.0	45.0
General Government	1,583.3	1,862.2	1,950.9	2,179.8	2,426.2	2,615.4	2,791.7
Revenue Stabilization Fund ²	584.2	0.0	0.0	174.2	11.1	0.0	0.0
Nonstate Agency Grants	34.1	19.2	0.6	0.0	0.0	0.0	0.0
Capital Outlay	<u>112.8</u>	<u>610.6</u>	<u>319.6</u>	<u>100.0</u>	<u>325.0</u>	<u>237.7</u>	<u>446.7</u>
Total Spending	\$15,522.8	\$17,751.2	\$17,294.5	\$18,271.1	\$19,061.8	\$19,946.8	\$20,858.5
Balance	\$1,242.4	\$1.7	\$44.7	\$4.4	\$5.1	\$1.7	\$12.9

¹ Health Care Fund is shown as part of the general fund spending projection.

² An additional deposit may be required in FY 2008 based upon the recalculation of the fund maximum and revenue performance in FY 2006.

Table 2
Nongeneral Fund Financial Plan - 2006 - 2012 ¹
Based in 2006 Introduced Budget (HB/SB 29 and HB/SB 30)

<u>Item</u>	Caboose Bill	Introduced Budget Bill ²	Projected				
	<u>FY2006 Revised</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY2010</u>	<u>FY2011</u>	<u>FY2012</u>
<u>Resources:</u>							
Special	\$1,824.1	\$2,041.6	\$2,293.5	\$2,525.9	\$2,687.0	\$2,812.7	\$2,977.8
Higher Ed Operating	5,199.8	5,584.6	5,605.9	5,947.7	6,393.1	7,001.6	7,776.1
Commonwealth Transportation	4,733.8	4,699.0	4,529.4	4,456.0	4,300.3	4,044.8	4,115.4
Trust & Agency	2,178.8	2,107.7	1,912.9	1,690.6	1,408.3	1,087.5	910.8
Dedicated Special Revenue	1,065.5	1,134.9	1,150.1	1,158.1	1,140.4	1,097.7	1,026.5
Federal Trust	4,860.9	5,266.4	5,485.3	5,679.2	5,838.6	6,014.2	6,216.1
	\$19,863.0	\$20,834.3	\$20,977.2	\$21,457.4	\$21,767.7	\$22,058.6	\$23,022.7
<u>Spending:</u>							
Special	\$1,421.2	\$1,574.3	\$1,653.8	\$1,719.1	\$1,787.0	\$1,857.1	\$1,929.9
Higher Ed Operating	4,442.5	5,094.3	5,058.5	5,342.5	5,630.0	5,925.3	6,219.1
Commonwealth Transportation	3,998.4	4,010.0	3,994.6	4,152.3	4,316.2	4,485.7	4,661.4
Trust & Agency	1,120.5	1,142.2	1,115.8	1,157.9	1,205.6	1,253.0	1,302.1
Dedicated Special Revenue	619.0	688.2	682.9	709.9	737.9	766.8	796.9
Federal Trust	4,525.1	4,866.6	5,037.6	5,236.5	5,443.2	5,657.0	5,878.6
	\$16,126.6	\$17,375.5	\$17,543.1	\$18,318.2	\$19,119.9	\$19,944.9	\$20,788.0
Difference Resources vs. Spending	\$3,736.4	\$3,458.8	\$3,434.0	\$3,139.2	\$2,647.8	\$2,113.7	\$2,234.7

Footnotes

¹ Excludes internal service, enterprise, and debt service funds.

² As proposed in HB29/SB29 and HB30/SB30 2006 session.

APPENDIX A

Detailed Assumptions
About
General Fund Spending
Through Fiscal Year 2012

General Fund Revenues, Transfers, and Balances Through FY 2012

Assumptions About Resources

- ❖ The beginning balance for each fiscal year equals the ending balance of the prior FY (difference between resources and spending). If the balance for the prior fiscal year is less than zero, the beginning balance for the next fiscal year is assumed to be zero.
- ❖ “Revenue” for fiscal years 2007 and 2008 equals the revenue estimate as shown on the front page of the introduced budget bill (HB 30/SB 30). For fiscal years 2009 through 2012, the estimates are from the official long-term forecast released on December 16, 2005. The growth rates are: +6.0 percent for FY 2007, +5.3 percent for FY 2008, +5.5 percent for FY 2009, +4.8 percent for FY 2010, +4.9 percent for FY 2011, and +4.9 percent for FY 2012.
- ❖ Lottery proceeds equal the official forecast as adopted by the State Lottery Board. Proceeds decrease slightly in FY 2007 and FY 2008 to account for the start-up of the North Carolina lottery. Estimates are straight-lined in the out years.
- ❖ In FY 2006, the Revenue Stabilization Fund is expected to exceed its constitutional limit. The excess (\$16.3 million) will be returned to the general fund. No transfer or withdrawal from the Revenue Stabilization Fund is assumed during the six-year period from fiscal years 2007 through 2012.
- ❖ The sales tax transfer consists of the 1/8 cent sales tax increase enacted by the General Assembly during the 2004 special session which is earmarked for public education. This source is deposited to a nongeneral fund account and transferred into the general fund for public education purposes. The projections for this source are consistent with the long-term forecast for sales tax collections embedded in the overall forecast of general fund revenues.
- ❖ The Health Care Fund was created by the General Assembly in the 2004 session and consists of taxes on tobacco products, 40 percent of the revenue collected from the agreement with tobacco manufacturers (including the escrow accounts of nonparticipating manufacturers), and Medicaid recoveries. The Fund is used to pay for the Medicaid program.

- ❖ Cash transfers for fiscal years 2007 and 2008 equal the amounts included in the introduced budget. In future years, transfers equal recurring items as listed on the following list.

	FY 2006
§3-1.01 A1 Cost Recoveries	\$ 76,245,000
ABC Profits	24,600,000
Unrefunded Marine Fuels Tax	7,416,469
Local Sales Tax Compliance	6,227,393
Transportation Sales Tax Compliance	2,942,651
NGF Indirect Costs	6,764,178
Treasury Fees	100,000
DGIF Game Protection Fund	(6,007,378)
Payroll Processing Center	105,652
Children's Health Program	(14,065,627)
DGIF - Sales Tax to Game Fund	(10,525,125)
Tobacco Commission Audit Share	238,874
Tobacco Foundation Audit Share	46,970
Court Debt Collections	1,951,720
IDEA Funds Transfer	5,500,000
VITA Savings	879,440
VSPA Administrative Recovery	170,221
VIPNet - Fees	10,000,000
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Subtotal (without Lottery Profits)	\$ 112,590,438

General Fund Spending Through FY 2012 Public Education (K-12)

Assumptions About Spending

- ❖ Standards of Quality and Incentive-Based programs for FY 2007 and FY 2008 are rebased using the latest prevailing instructional and support costs and enrollment (ADM and fall membership) information. Based on projected increases in support costs, out-year spending assumes for the 2008-2010 biennium a rebasing of 9.3 percent the first year and 2.9 percent the second year and for the 2010-2012 biennium a rebasing of 9.8 percent the first year and 2.9 percent the second year.
- ❖ The one cent sales tax revenue estimates for the 2006-2008 biennium and out-year projections are based on the latest information provided by the Department of Taxation as of December 16, 2005. The department has made no projection for FY 2012 so the amount shown for that year represents an increase of four percent over the previous year, which is consistent with the projected growth in previous years.
- ❖ Lottery Proceeds are based on preliminary estimates for FY 2007 and FY 2008 provided by the Lottery. These estimates include the projected impact of a new North Carolina Lottery beginning in FY 2007. Out-year projections are held constant at the FY 2008 estimate.
- ❖ Fringe Benefits for the 2006-2008 biennium are based on a teacher retirement contribution rate of 9.20 percent, a retiree health care credit of .56 percent, and the employer share of group life insurance at a rate of 0.49 percent. The out-year projections are based on the Virginia Retirement System's (VRS) estimated actuarial contribution rates of 10.24 percent for the 2008-2010 biennium and 9.65 percent for the 2010-2012 biennium. Rates for retiree health care credit and group life insurance remain constant for out-year projections. HB 30 and SB 30 maintain the FY 2006 level of Literary Fund support for teacher retirement for the 2006-2008 biennium. This action flows into the out-year projections.
- ❖ Categorical Grants for the 2006-2008 biennium are adjusted for the latest child count and reimbursement information. Out-year spending assumes a three percent annual increase in the enrollment-related and reimbursement costs of these programs.
- ❖ All Other Direct Aid includes funding for supplemental education programs such as Project Discovery and Jobs for Virginia Graduates. Out-year projections are held constant.
- ❖ Department of Education Central Office amounts for the 2006-2008 biennium are based on maintaining existing requirements such as Standards of Learning (SOL) testing, No Child Left Behind, and web-based on-line testing. Out-year projections are held constant.

- ❖ The 2006-2008 biennium amounts for the two Schools for the Deaf and Blind are based on maintaining existing requirements such as Standards of Learning testing and additional Board of Education standards placed on the schools for the education of their students. Additionally, pay parity adjustments have been made to faculty salaries to align them with teacher salaries in the localities the schools reside. Out-year projections are held constant.

General Fund Spending Through FY 2012 Higher and Other Education

Assumptions about Spending

- ❖ Amounts for Educational and General Programs include core funding for instructional, student service and administrative operations of colleges and universities, excluding those amounts set out below. The 2008 amount is continued in the out-years.
- ❖ Amounts for enrollment and degree completion recognize the increasing number of in-state students attending Virginia's public colleges and universities and support progress toward meeting the goal of awarding 10,000 additional degrees by 2010. The amounts assume institutions of higher education will meet their 2007 projected enrollments. Funding in the out-years is based on phasing in full funding for in-state student enrollment growth, per the Joint Subcommittee on Higher Education Funding Policies guidelines, as calculated in 2005.
- ❖ Faculty salary increases of \$15.5 million are effective November 25, 2006. The FY 2008 amounts include annualization costs for the first year increase. Faculty salary increases for the 2008-2010 and 2010-2012 biennia are being carried under General Government.
- ❖ Funding of \$102.4 million proposed in the 2006-2008 biennium is to strengthen leading research programs at public institutions of higher education in the Commonwealth. Amounts include funding to support biomedical research and biomaterials engineering, modeling and simulation, and collaborative translational research aimed at the commercialization of discoveries. Funding is also provided to support graduate students, expand research programs in Southside Virginia and reallocate investment earnings on sponsored programs and indirect cost recoveries to support research programs. \$15.7 million is continued in the out-years for ongoing operations associated with this initiative, including debt service for equipment.
- ❖ The projections for student financial assistance for FY 2009 to FY 2012 factor in projected growth in enrollment, based on historical trends.
- ❖ The projections for Tuition Assistance Grants for FY 2009 to FY 2012 factor in projected growth in enrollment, based on historical trends.
- ❖ Amounts for military tuition cover the difference in tuition and fee charges between resident and nonresident students for children and spouses of military personnel stationed in Virginia. Additional funding of \$2.5 million each year is provided in

the introduced budget (HB 30 and SB 30) to expand the eligibility period from one year to two years. These amounts are continued in the out-years.

- ❖ Funds related to the Office of Civil Rights Accord are level funded throughout the six-year period.
- ❖ An amount of \$4.5 million over the biennium is provided for a new institute in Southside Virginia to diversify the region's economy through undergraduate, graduate and professional education. The institute will partner with other public and private organizations and institutions of higher education to build on existing resources for teaching, research, and outreach and technology development. Funding to continue this effort is included in the out-year costs.
- ❖ Higher education centers and institutes include the Roanoke, Southwest Virginia and Southern Virginia Higher Education Centers and the Institute for Advanced Learning and Research in Danville. The 2008 amount is continued in the out-years.
- ❖ Amounts for museums and cultural agencies include funding to support operations at the Virginia Museum of Fine Arts, Science Museum of Virginia, Gunston Hall, Frontier Culture Museum, Jamestown-Yorktown Foundation, and the Library of Virginia. In addition, increased funding is provided to support grants to local arts organizations. Funding is continued at the present level in the out-years, except for \$244,099 in FY 2008 at the Jamestown-Yorktown Foundation associated with the 2007 Commemoration.
- ❖ Increased funding of \$4.2 million per year for Eastern Virginia Medical School is provided to strengthen academic programs and collaborative relationships. The 2008 amount is continued in the out-years.
- ❖ Amounts for operation and maintenance of new facilities are based on new buildings that are projected to open in the first year of the 2006-2008 biennium. Estimates of future funding needs are based on the projected completion of nearly \$1.0 billion in capital projects authorized in 2002, including the General Obligation Bond Act, and additional projects authorized from 2003 through 2008.
- ❖ General fund support for Jamestown 2007 Commemoration ends in FY 2008, allowing one year to close out all expenses related to the event.

All Other Spending Category

- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB 30 and SB 30, the introduced 2006-2008 budget. Out-year funding is continued at the FY 2008 level.

Secretary of Education

State Council of Higher Education for Virginia

Cooperative Extension Programs

Southeastern Universities Research Association

General Fund Spending Through FY 2012 Health & Human Resources

Assumptions about Spending

- ❖ Amounts for the Comprehensive Services Act reflect anticipated caseload during the 2006-2008 biennium, with an 8.0 percent annual growth rate assumed for fiscal years 2009 through 2012. The growth is due to an increase in caseload and an increase in the amount of residential services provided.
- ❖ Medicaid utilization and inflation reflects the consensus forecast completed in November 2005 by the Department of Planning and Budget and the Department of Medical Assistance Services. The additional funding is due primarily to continued enrollment growth and inflation. The FY 2007 and FY 2008 estimates include adjustments for the net cost to the state of the new Medicare prescription drug program and rate increases for adult day care, physician services (excluding obstetrical/gynecological), private hospitals and nursing homes. Medicaid utilization and inflation funding reflects estimated growth of approximately 12.0 percent in FY 2007, 8.2 percent in FY 2008 and about 8.5 percent each year from FY 2009 through FY 2012.
- ❖ The Medicaid (all other) line includes the FY 2006 base appropriation from Chapter 951 (the 2005 Appropriation Act) for all non-Medicaid programs in the Department of Medical Assistance Services (i.e. involuntary mental commitments and the Family Access to Medical Insurance Services). The estimates through FY 2010 decline each year due to the savings generated from the reduced size of two mental retardation training centers, which were included as part of the mental health transformation initiative. Otherwise, the other programs included in this line are straight-lined.
- ❖ Funding for indigent health care provided by the Virginia Commonwealth University Health System and the University of Virginia Health System is based the consensus forecast as included in the introduced budget. No other adjustments were made.
- ❖ The Health Care Fund reflects the revenue estimates used in the introduced budget bill, which is based on the most recent estimates from the Department of Taxation and Department of Medical Assistance Services.
- ❖ Overall spending in the state mental health and mental retardation facilities is based on recommendations to replace four dilapidated and outdated facilities. Funding will decline in FY 2007 through 2010 as a result of movement of residents into the community. By 2011, facility construction will be complete. Additional savings at the new facilities are likely, but increased costs at less efficient facilities will offset savings.

- ❖ Overall spending in community programs is based on 2006 Session recommendations to increase capacity and relieve pressure on state facilities per the proposed Transformation initiative. The amounts for FY 2007 through FY 2012 include expansion of several community-based programs. Funding for new waiver slots for the Mental Retardation Community-Based Waiver and \$17.5 million for increased waiver rates are included in a separate line.
- ❖ Amounts for the Mental Retardation Community-Based Waiver are based on 2006 Session recommendations to increase capacity in the community. The amounts grow in each year as additional waiver slots are added per the proposed Transformation initiative. By FY 2010, an additional 287 waiver slots for facility discharge and 287 waiver slots for facility diversion will be added. The amounts indicated also assume a provider rate increase effective in FY 2007.
- ❖ The projections for the program to treat civilly committed sexually violent predators for fiscal years 2009 through 2012 assumes a growth rate of 10 percent. It is expected that one to two new residents will be admitted to the facility each month.
- ❖ The Community Health Services line represents spending in the Virginia Department of Health for local health department services and community human services organizations.
- ❖ The total general fund spending on Temporary Assistance for Needy Families (TANF) payments is estimated at \$118.9 million for FY 2006, and \$118.7 million each year for the 2006-08 biennium. The remainder of the cost is funded with federal TANF dollars and not shown here. The current short-term projections assume that payments will plateau over the next three years and increase approximately five percent each year beginning in FY 2009. All TANF grant dollars are fully allocated and therefore any increased spending must be supported with general fund dollars.
- ❖ Caseload and expenditures associated with mandated child care provided to participants in the Virginia Initiative for Employment not Welfare (VIEW) continue to increase. The 2006-08 biennial amounts reflect anticipated costs under existing federal welfare requirements at the time 2006 Session recommendations were prepared. However, the FY 2009 number has been revised upward since it is expected that expenses will increase dramatically once the federal Temporary Assistance for Needy Families (TANF) block grant is reauthorized. The anticipated increase is largely due to new, more stringent, work requirements for all TANF recipients and a consequential increase the number of persons eligible for mandated child care. The change is expected to cost up to an additional \$27.4 million each year, once TANF is reauthorized, but may be reduced by any additional federal support. The amounts in FY 2010 and forward reflect continued reauthorization costs and an increase of about five percent each year, similar to the expected growth in the TANF program.
- ❖ It is assumed that mandated foster care (Title IV-E) maintenance payments will remain constant in the 2006-08 biennium. The projection assumes caseload and costs will grow by five percent in FY 2009 and continue by 7.5 percent each year thereafter.

- ❖ For special needs adoption subsidy obligations, the 2006-08 biennial numbers reflect the projected caseload and expenditure increases of 16.7 percent per year. It is assumed that the adoption subsidy program will be examined and efficiency measures implemented; therefore, a slower 7.5 percent rate of growth is assumed for FY 2009 and beyond.

All Other Spending Category

- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB 30 and SB 30, the introduced 2006-2008 budget. Out-year funding is continued at the FY 2008 level.

Department for the Aging

Virginia Department for the Deaf and Hard of Hearing

Virginia Department of Health

Department of Health Professions

Department of Mental Health, Mental Retardation, and Substance Abuse Services

Department of Rehabilitative Services

Department of Social Services

Department for the Blind and Vision Impaired

Board for People with Disabilities

Tobacco Settlement Foundation

Office of the Comprehensive Services Act (CSA)

General Fund Spending Through FY 2012 Public Safety

Assumptions about Spending

- ❖ Expenditure data includes all agencies in the Public Safety Secretariat and in the Judicial System, as well as funds for the following activities related to constitutional officers in the Compensation Board: Commonwealth's attorneys, sheriffs, and local jail per diem reimbursements.
- ❖ Operation of Adult Prisons includes all the costs of operating secure adult correctional facilities. In order to meet the need to house additional inmates in the future, the 2004 General Assembly authorized the expansion of two existing prisons and the construction of two new ones. The data reflect the additional operating costs needed for those facilities in FY 2007 and beyond.
- ❖ Operation of Juvenile Correctional Facilities includes all the costs of operating the state's facilities for juvenile offenders. No major increases in the costs for this activity are projected for the future.
- ❖ Local juvenile detention facilities include the state's share of the costs of operating local secure detention facilities. No major increases in the costs for this activity are projected for the future.
- ❖ State Police includes all the costs of operating the department. No major increases in the costs for this agency are projected for the future.
- ❖ Local deputy sheriffs include the state's share of the costs of operating local sheriffs' departments. For each year beyond FY 2008, it is assumed that an additional \$3 million will be needed to cover the costs of meeting the standard of one law-enforcement deputy per 1,500 population in each locality, hiring extra deputies needed for overcrowded jails, and staffing new or expanded jails.
- ❖ Jail per diem payments includes the state's share of the costs of housing local and state responsible prisoners in local and regional jails. Because of a change in the method of budgeting for per diem payments, the amounts shown for FY 2007 and FY 2008 are understated. In 2004, the General Assembly stipulated that any projected growth in per diem payments must be based on actual inmate population counts in the first quarter of the affected fiscal year. Thus, the actual recommended appropriations for FY 2007 and FY 2008 cannot be determined until the fall of 2006 and 2007, respectively. The amounts shown for the years beyond FY2008, except for FY 2012, are based on projected growth in jail populations. Because no

projection has been made for FY 2012, the amount shown for that year represents an increase of eight percent over the previous year, which is consistent with the growth in previous years.

- ❖ Criminal Fund includes the forecasted costs to the state for providing for indigent defense. Funding for years beyond FY 2008 is based on the latest forecast of average annual increases of 3.1 percent.
- ❖ Forensic Science includes all the costs of operating the department. In order to meet the department's expanding workload, it is assumed that a new Northern Virginia lab will be constructed in the 2008-2010 biennium. The data for FY 2011 and FY 2012 reflect the additional operating costs needed to staff and operate that facility.
- ❖ HB599 includes the funds provided to localities with police departments. By state law, the funding level for this activity is tied to changes in the general fund revenue forecast. The proposed increases shown for FY 2007 and FY 2008 are based on the changes forecasted for GF revenues. Similarly, funding for years beyond FY 2008 is based on projected increases in GF revenue, as follows: FY 2009: +5.5%; FY 2010: +4.8%; FY 2011: +4.9%; and FY 2012: +4.9%.

All Other Spending Category:

- ❖ The "All Other Spending Category" includes estimated general fund expenditures for the other government activities of the Public Safety Secretariat, the Judicial System, and the Compensation Board, based on the Governor's introduced budget. These amounts were straight-lined in the out-years. Such spending would include:
 - Judicial System (other than Criminal Fund)
 - Commonwealth's attorneys
 - Department of Corrections—Central Administration
 - Department of Corrections—Community Corrections
 - Department of Juvenile Justice—Central Administration
 - Department of Juvenile Justice—Community Corrections
 - Department of Military Affairs
 - Department of Correctional Education
 - Commonwealth's Attorneys Services Council
 - Department of Criminal Justice Services (other the HB 599 program)
 - Department of Emergency Management
 - Virginia Parole Board
 - Secretary of Public Safety

General Fund Spending Through FY 2012 Transportation

Assumptions about Spending

- ❖ General fund support for the Route 58 Corridor Development Fund is provided in lieu of the deposit of the state recordation taxes to the fund. This is the historical level for this appropriation.
- ❖ The general fund support from recurring sources consists of the following:
 1. Insurance license tax revenue: Chapter 1019 of the 2000 General Assembly provided for the deposit of one-third of the revenue derived from taxes on insurance premiums and licenses into the Priority Transportation Fund. Nevertheless, the 2004-2006 Appropriation Act, as enacted in 2004 did not appropriate those funds for transportation in FY 2005 or FY 2006. However, the amendments to the 2004-2006 appropriation act approved in 2005 (Chapter 951) included an appropriation for FY 2006 of \$107.6 million from the general fund to be deposited in the Priority Transportation Fund. There is also language that stipulates that this amount “represents the share of the insurance premium tax revenues derived from automobile insurance premiums.” The Governor’s introduced budget appropriates one-third of the revenue from the insurance premium and license tax for transportation. Language in the budget stipulates that the amount appropriated to the Department of Transportation (\$228.9 million) be used to pay the debt service on Federal Highway Reimbursement Anticipation Notes (FRANs). This appropriation amounts to approximately 26 percent of the insurance premium tax revenue. The remainder of the revenue from the insurance premium tax dedicated to transportation is appropriated for mass transit purposes (\$56.6 million). The amounts shown are based on the projections by the Department of Taxation of the revenue from the insurance premium tax.
 2. Separate funding of FRAN debt service: The Appropriation Act provided a general fund appropriation of \$37.4 million in both FY 2005 and FY 2006 specifically for debt service for \$317 million in FRANs. As explained in the preceding paragraph, beginning in FY 2007, the appropriation of revenue from the insurance license tax is to serve as a source for FRAN debt service.
- ❖ The amount shown for general fund support from non-recurring sources is the infusion of general fund money included in the Governor’s introduced budget for FY 2007 to support transportation. Because this infusion is intended as a discrete one-time action, no such expenditures are projected for the out-years.

General Fund Spending Through FY 2012 Natural Resources

Assumptions about Spending

- ❖ Funding for the FY 2006 Water Quality Improvement Fund deposits includes \$32.4 million associated with FY 2004 excess general fund revenue collections as well as \$56.6 million associated with FY 2005 excess general fund revenue collections and discretionary year-end general fund balances. It also includes an additional \$65.0 million deposit. FY 2007 funding includes an additional \$200.0 million deposit. Out-year funding includes \$40 million per year in order to fully fund the state's point source goal.
- ❖ Funding for wastewater projects outside the Chesapeake Bay watershed includes \$25 million in FY 2007. Out-year funding was straight-lined at \$5 million per year.
- ❖ Funding for combined sewer overflow projects is one-time funding.
- ❖ Spending for state park operations and staffing needs was straight-lined in the out-years.
- ❖ Spending for the dam safety program in state parks is estimated at \$650,000 per year over the FY 2006-2009 period to complete needed repairs to dams in state parks.
- ❖ Spending for land conservation was straight-lined in the out-years.

All Other Spending Category

- ❖ The "All Other Spending Category" includes estimated general fund expenditures for the agencies and activities listed below based on funding in HB 30 and SB 30, the introduced 2006-2008 budget. Out-year funding is continued at the FY 2008 level.

Secretary of Natural Resources
Chippokes Plantation Farm Foundation
Department of Conservation and Recreation
Department of Environmental Quality
Department of Historic Resources
Marine Resources Commission
Virginia Museum of Natural History

General Fund Spending Through FY 2012 Economic Development

Assumptions about Spending

- ❖ Funding for Base Realignment and Closure Assistance is straight-lined in the out-years.
- ❖ Funding to support a community development financial institution will not be needed after FY 2008.
- ❖ Spending for regional economic development grants is one-time spending.
- ❖ Spending for regional research and development centers includes ongoing costs for four centers.
- ❖ Funding for rural access to broadband technology is one-time funding.
- ❖ Biennial spending for the Governor's Development Opportunity Fund is straight-lined in the out-years.
- ❖ Spending for the Governor's Motion Picture Opportunity Fund is one-time spending.
- ❖ Spending for semiconductor manufacturing performance grants is based on estimates provided by the Virginia Economic Development Partnership.
- ❖ The Commonwealth's commitment related to the semiconductor education grants will be met in the FY 2006-08 biennium.
- ❖ Spending for Virginia Investment Partnership grants is based on estimates provided by the Virginia Economic Development Partnership, in accordance with negotiated company agreements and consistent with Code of Virginia provisions related to the program.
- ❖ Spending for enterprise zone incentive grants is straight-lined in the out-years.

All Other Spending Category

- ❖ The "All Other Spending Category" includes estimated general fund expenditures for the agencies and activities listed below based on funding in HB 30 and SB 30, the introduced 2006-2008 budget. Out-year funding is continued at the FY 2008 level.

Secretary of Commerce and Trade
Department of Business Assistance
Department of Housing and Community Development
Department of Labor and Industry
Department of Mines, Minerals and Energy
Department of Minority Business Enterprise
Virginia Economic Development Partnership
Virginia Employment Commission
Virginia Tourism Authority

General Fund Spending Through FY 2012 Agriculture and Forestry

All Other Spending Category

- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB 30 and SB 30, the introduced 2006-2008 budget. Out-year funding is continued at the FY 2008 level.

Secretary of Agriculture and Forestry
Department of Agriculture and Consumer Services
Department of Forestry

General Fund Spending Through FY 2012

General Government

Assumptions about Spending

- ❖ Treasury's estimates for debt service are based on actual debt service for all previously issued fixed-rate debt and estimated debt service for future issues and any variable rate issues. Debt service estimates have been budgeted using the most recent interest rate assumptions. Future issues were projected with consideration to past spending practices and the latest draw schedules provided to Treasury. The proposed debt issuance schedule through the biennium is consistent with the Capital Implementation Plan.

The estimate assumes that authorized debt (all types) will be issued incrementally through FY 2009. This results in a leveling off of debt service by FY 2011. The amount includes debt service on additional Higher Education Equipment Trust Fund authorizations - \$51.7 million authorization in FY 2007 and FY 2008 (included in HB 30 and SB 30), and \$50 million annually thereafter. The estimate also includes debt service to finance additional STARS authorization, mental health and regional jail projects all of which will be considered by the 2006 General Assembly.

- ❖ In Executive Offices, out-year projections for the Office of the Governor, Office of the Lieutenant Governor, Office of the Attorney General, and remaining executive office agencies are a continuation of 2006-08 funding levels.
- ❖ In Technology, out-year projections for the Virginia Information Technologies Agency (VITA) and the Innovative Technology Authority are continued at 2006-08 funding levels.
- ❖ Out-year funding for the Enterprise Applications PPEA assumes that the Commonwealth governance and technical involvement remain at high levels through the 2010-2012 biennium, that areas of improvement remain Administrative, Financial, Supply Chain and Human Resource Management, that significant product procurements occur in the 2008-2010 biennium, and that infrastructure costs will be funded by VITA.
- ❖ No funding is included in the out-years for Nonstate Agencies. Nonstate agencies funding are provided on a one-time basis and cannot be anticipated.
- ❖ In the Legislative Department, out-year projections for the General Assembly, Auditor of Public Accounts, the Joint Legislative Audit and Review Commission, and remaining legislative agencies are a continuation of 2006-08 funding levels.
- ❖ Car Tax Relief funding assumes the \$950 million cap each year.

- ❖ Spending for financial assistance to localities assumes a continuation of the freeze on distributions of ABC profits and wine tax collections at the budgeted FY 2004 levels. Estimates for future years assume such a freeze continues and are straight-lined.
- ❖ Out-year funding for Line of Duty Act payments is based on estimates provided by the Department of Accounts.
- ❖ Out-year projections for group life insurance, retiree health credit, and sickness and disability for state employees are continued at 2006-08 funding levels.
- ❖ State employee retirement contributions for the 2006-2008 biennium used a 30 year amortization period and an investment assumption of eight percent: for state employees (5.74 percent) and the calculated rate for the other programs (State Police =16.71 percent VaLORS = 14.96 percent, Judges =36.47 percent.)
- ❖ Retirement contribution rates reflect amounts above the 2006-2008 biennium base budget rates. Out year rates are shown in the following table. All projections are based upon 30-year amortization period and eight percent investment assumption.

	2008-2010	2010-2012
State employees	6.63 percent	5.49 percent
State police	17.89 percent	16.79 percent
VaLORS	6.29 percent	16.15 percent
Judges	38.58 percent	38.01 percent

- ❖ State employee health insurance premiums beyond FY 2008 assume a 10 percent overall increase each year.
- ❖ FY 2007 salary increases assume a three percent increase for state employees on November 25, 2006, and a three percent increase state-supported local employees on December 1, 2006.
- ❖ Future salary increases assume a two percent increase for state employees, and faculty on November 25 of each year and a two percent increase for teachers and state-supported local employees on December 1 of each year.
- ❖ Consolidated laboratory, veterans' services, statewide procurement services, human resource management, and Board of Elections include out-year funding at the FY 2008 level.

All Other Spending Category

The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below based on funding in HB 30 and SB 30, the introduced 2006-2008 budget. Out-year funding is continued at the FY 2008 level.

Secretary of Administration

Compensation Board

- ❖ circuit court clerks
- ❖ treasurers
- ❖ commissioners of the revenue
- ❖ finance directors

Public TV & Radio

Human Rights Council

Employee Dispute Resolution

Department of Charitable Gaming

Secretary of Finance

Department of Taxation

Department of Accounts

Department of Planning and Budget

Department of the Treasury

Recordation Tax Distribution

Economic Contingency Accounts

General Fund Spending Through FY 2012 Revenue Stabilization Fund

Assumptions About Spending

- ❖ Revenue Stabilization Fund payments are based on revenue projections provided by the Department of Taxation and exclude the effects of tax reform for the sales tax (1/2 percent increase and repeal of the Public Service Corporation exemption). The FY 2006 appropriation includes deposits based on both FY 2004 and FY 2005 revenue collections. The mandatory deposit of \$268.9 million based on FY 2004 revenue collections is adjusted to reflect the \$87.0 million deposit made in FY 2004. An additional deposit may be required in FY 2008 based upon the recalculation of the fund maximum and revenue performance in FY 2006. Based on current projections, no deposits would be required in FY 2011 and FY 2012.

General Fund Spending Through FY2012 Capital Outlay

Assumptions About Spending

- ❖ Maintenance reserve is funded at the FY 2008 level in the out-years to address the maintenance backlog at state facilities.
- ❖ Funding for necessary repairs and improvements is a central account reserve for repairs and improvements. In the out-years, it is funded at \$2.5 million in each biennium.
- ❖ Funding for all other capital outlay aligns with the Governor's six year capital plan. It maximizes the use of cash to fund that plan.

APPENDIX B

Detailed Tables
For
General Fund Spending
Through Fiscal Year 2012

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Elementary & Secondary Education (K-12)

<u>Item</u>	Caboose Bill			Introduced Budget Bill				Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2009	FY2010	FY2011	FY2012
SOQ related and incentive-based programs	\$3,132.7	\$3,605.5	\$3,658.9	\$4,000.8	\$4,118.0	\$4,520.5	\$4,653.4	\$4,000.8	\$4,118.0	\$4,520.5	\$4,653.4
Sales tax distribution	1,133.3	1,266.5	1,336.5	1,402.1	1,465.6	1,530.3	1,591.5	1,402.1	1,465.6	1,530.3	1,591.5
Lottery proceeds distribution	433.5	426.1	426.1	426.1	426.1	426.1	426.1	426.1	426.1	426.1	426.1
Fringe benefits for SOQ related positions	162.0	246.5	249.3	257.7	257.7	252.9	252.9	257.7	257.7	252.9	252.9
Categorical grants	138.8	134.0	137.1	141.2	145.4	149.8	154.3	141.2	145.4	149.8	154.3
All other direct aid	(1.8)	2.4	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9
Department of Education - Central Office	61.0	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8	63.8
Schools for Deaf & Blind	13.9	13.7	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8	13.8
All other spending	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total, spending and savings items	\$5,074.6	\$5,758.6	\$5,887.4	\$6,307.4	\$6,492.4	\$6,959.1	\$7,157.6	\$6,307.4	\$6,492.4	\$6,959.1	\$7,157.6

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Higher and Other Education

<u>Item</u>	Caboose Bill			Introduced Budget Bill				Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2009	FY2010	FY2011	FY2012
Educational and General Programs	\$1,189.4	\$1,253.5	\$1,256.9	\$1,256.9	\$1,256.9	\$1,256.9	\$1,256.9	\$1,256.9	\$1,256.9	\$1,256.9	\$1,256.9
Enrollment and Degree Completion/Base Adequacy	123.4	224.8	224.8	262.4	300.0	337.6	375.2	262.4	300.0	337.6	375.2
Faculty salary increases	16.6	32.1	45.2	45.2	45.2	45.2	45.2	45.2	45.2	45.2	45.2
Higher Education Research Initiative	8.7	87.5	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7	15.7
Student Financial Assistance	96.6	107.4	107.4	108.9	110.3	111.8	113.3	108.9	110.3	111.8	113.3
Tuition Assistance Grant (TAG)-State Council of Higher Education	45.1	49.6	54.0	54.5	55.1	55.6	56.2	54.5	55.1	55.6	56.2
Military Tuition waivers	2.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5	4.5
Office for Civil Rights Accord (Norfolk State & Virginia State Universities)	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Establish New College Institute in Southside	1.0	2.1	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Higher Ed Centers and Institutes	7.8	8.5	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6	8.6
Museums and Cultural Agencies	54.4	61.6	63.0	62.7	62.7	62.7	62.7	62.7	62.7	62.7	62.7
Eastern Virginia Medical School academic programs	12.5	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7	16.7
Operation and Maintenance of New Facilities ¹	5.5	8.6	12.2	20.2	22.5	26.2	29.7	20.2	22.5	26.2	29.7
Jamestown-Yorktown 2007 Commemoration	0.7	1.2	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
All other spending	22.0	28.2	28.9	28.9	28.9	28.9	28.9	28.9	28.9	28.9	28.9
Total, spending and savings items	\$1,602.9	\$1,903.3	\$1,858.0	\$1,904.6	\$1,946.5	\$1,989.9	\$2,033.0	\$1,904.6	\$1,946.5	\$1,989.9	\$2,033.0

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Health and Human Resources

<u>Item</u>	Caboose Bill	Introduced Budget Bill		Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Comprehensive Services Act (special education & foster care)	\$202.1	\$210.4	\$227.2	\$245.4	\$265.0	\$286.2	\$309.1
Medicaid utilization and inflation	1,692.0	1,894.7	2,049.6	2,228.4	2,422.6	2,624.9	2,842.3
Medicaid (all other)	201.3	202.4	198.6	195.0	192.0	192.2	192.4
Indigent health care	89.1	94.5	100.0	100.0	100.0	100.0	100.0
Health Care Fund ¹	317.0	329.7	341.4	341.4	344.0	344.0	344.0
State mental health/mental retardation facilities	245.7	272.1	272.1	265.1	258.6	258.6	258.6
Community mental health/mental retardation programs	168.2	213.9	216.5	229.7	239.7	239.7	239.7
Mental Retardation Community-Based Waiver	170.6	202.3	219.3	236.0	253.4	266.3	279.9
Civil Commitment of Sexually Violent Predators	5.8	5.8	5.8	6.4	7.0	7.7	8.5
Community health programs	84.7	104.3	103.8	103.8	103.8	103.8	103.8
TANF income benefits	58.1	55.9	55.9	58.7	61.6	64.7	67.9
Mandated child care ²	20.0	25.5	28.8	53.5	56.2	59.0	61.9
Foster care (Title IV-E) maintenance	35.2	38.9	38.9	40.8	43.9	47.2	50.7
Special needs adoption subsidy obligations	40.4	47.1	51.0	54.8	58.9	63.4	68.1
All other spending	319.4	341.8	342.0	342.0	342.0	342.0	342.0
Total, spending and savings items	\$3,649.5	\$4,039.3	\$4,250.9	\$4,501.0	\$4,748.7	\$4,999.6	\$5,269.0

¹ Dedicated Special Fund (NGF)

² Increased spending beginning in FY 2009 reflects anticipated workforce requirements associated with TANF reauthorization.

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Public Safety

<u>Item</u>	Caboose Bill			Introduced Budget Bill				Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2009	FY2010	FY2011	FY2012
Operation of adult prisons	\$673.5	\$744.7	\$792.0	\$792.0	\$792.0	\$792.0	\$792.0	\$792.0	\$792.0	\$792.0	\$792.0
Operation of juvenile correctional facilities	74.7	82.7	83.2	83.2	83.2	83.2	83.2	83.2	83.2	83.2	83.2
Local juvenile detention facilities	31.3	35.2	34.3	34.3	34.3	34.3	34.3	34.3	34.3	34.3	34.3
State Police	189.5	196.6	197.0	197.0	197.0	197.0	197.0	197.0	197.0	197.0	197.0
Local deputy sheriffs	347.4	376.9	382.5	385.5	388.5	391.5	394.5	385.5	388.5	391.5	394.5
Local jail per diems	68.7	70.5	70.5	75.3	81.9	85.2	92.0	75.3	81.9	85.2	92.0
Criminal Fund	82.1	87.4	88.7	91.4	94.3	97.2	100.2	91.4	94.3	97.2	100.2
HB 599	191.3	202.9	213.6	225.3	236.2	247.7	259.9	225.3	236.2	247.7	259.9
Forensic Science	27.3	32.5	32.1	32.1	32.1	33.6	33.6	32.1	32.1	33.6	33.6
All other spending	594.9	665.1	652.9	652.9	652.9	652.9	652.9	652.9	652.9	652.9	652.9
Total, spending and savings items	\$2,280.7	\$2,494.5	\$2,546.8	\$2,569.1	\$2,592.3	\$2,614.6	\$2,639.6	\$2,569.1	\$2,592.3	\$2,614.6	\$2,639.6

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Natural Resources

<u>Item</u>	Caboose Bill			Introduced Budget Bill				Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2009	FY2010	FY2011	FY2012
Virginia Water Quality Improvement Fund	\$154.0	\$200.0	\$0.0	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0
Non-Chesapeake Bay watershed wastewater projects	0.0	25.0	0.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Combined sewer overflow projects	4.0	7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
State park operations & staffing needs	26.1	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7	27.7
Repair dams in state parks	0.7	0.7	0.7	0.7	0.0	0.0	0.0	0.7	0.0	0.0	0.0
Land Conservation	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
All other spending	63.4	69.6	70.9	70.9	70.9	70.9	70.9	70.9	70.9	70.9	70.9
Total, spending and savings items	\$250.5	\$333.0	\$101.8	\$146.8	\$146.1	\$146.1	\$146.1	\$146.8	\$146.1	\$146.1	\$146.1

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Economic Development

<u>Item</u>	Caboose Bill			Introduced Budget Bill				Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2009	FY2010	FY2011	FY2012
Base Realignment and Closure Assistance	0.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Community development financial institution support	0.5	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regional economic development grants	0.0	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Regional research and development centers	0.0	0.7	1.8	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Rural access to broadband technology	0.0	3.7	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Governor's Development Opportunity Fund	9.0	21.0	0.0	14.0	7.0	14.0	7.0	14.0	7.0	14.0	7.0
Governor's Motion Picture Opportunity Fund	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Semiconductor manufacturing performance grants	6.7	14.2	23.0	17.8	8.8	12.9	6.3	17.8	8.8	12.9	6.3
Semiconductor education grants	2.0	3.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Virginia Investment Partnership grants	0.0	0.4	1.1	4.7	6.1	5.8	9.8	4.7	6.1	5.8	9.8
Enterprise zone incentive grants	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5	13.5
All other spending	133.1	94.1	89.2	89.2	89.2	89.2	89.2	89.2	89.2	89.2	89.2
Total, spending and savings items	\$164.8	\$166.9	\$146.8	\$156.5	\$141.8	\$152.7	\$143.0	\$156.5	\$141.8	\$152.7	\$143.0

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Agriculture & Forestry

<u>Item</u>	Caboose Bill		Introduced Budget Bill		Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	
All other spending	\$0.5	\$45.7	\$45.0	\$45.0	\$45.0	\$45.0	\$45.0	
Total, spending and savings items	\$0.5	\$45.7	\$45.0	\$45.0	\$45.0	\$45.0	\$45.0	

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
General Government Consolidated

	Caboose Bill			Introduced Budget Bill				Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2009	FY2010	FY2011	FY2012
Legislative	\$53.9	\$57.3	\$57.3	\$57.3	\$57.3	\$57.3	\$57.3	\$57.3	\$57.3	\$57.3	\$57.3
Executive Offices	23.2	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4	26.4
Administration	128.6	144.5	145.2	145.2	145.2	145.2	145.2	145.2	145.2	145.2	145.2
Finance	481.3	533.7	591.0	635.3	665.6	668.2	661.6	635.3	665.6	668.2	661.6
Technology	9.5	6.9	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6	7.6
Central Accounts	886.5	1,093.0	1,123.0	1,307.7	1,523.7	1,710.4	1,893.2	1,307.7	1,523.7	1,710.4	1,893.2
Independent Agencies	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total, spending and savings items	\$1,583.3	\$1,862.2	\$1,950.9	\$2,179.8	\$2,426.2	\$2,615.4	\$2,791.7	\$2,179.8	\$2,426.2	\$2,615.4	\$2,791.7

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Administration

<u>Item</u>	Caboose Bill		Introduced Budget Bill		Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	
Consolidated laboratory	\$9.5	\$10.3	\$10.3	\$10.3	\$10.3	\$10.3	\$10.3	
Statewide procurement services	4.0	3.8	3.8	3.8	3.8	3.8	3.8	
Statewide human resource management	4.7	5.1	5.1	5.1	5.1	5.1	5.1	
Veterans services	13.8	16.8	17.8	17.8	17.8	17.8	17.8	
Board of Elections	10.3	10.9	10.9	10.9	10.9	10.9	10.9	
All other spending	86.3	97.6	97.3	97.3	97.3	97.3	97.3	
Total, spending and savings items	\$128.6	\$144.5	\$145.2	\$145.2	\$145.2	\$145.2	\$145.2	

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Finance

<u>Item</u>	Caboose Bill			Introduced Budget Bill				Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2009	FY2010	FY2011	FY2012
Debt Service	\$310.5	\$358.5	\$413.2	\$454.0	\$479.8	\$476.7	\$462.7	\$454.0	\$479.8	\$476.7	\$462.7
Financial assistance to localities	54.8	54.8	54.8	54.8	54.8	54.8	54.8	54.8	54.8	54.8	54.8
Line of Duty Act (DOATP)	5.3	7.3	10.0	13.4	17.9	23.7	31.0	13.4	17.9	23.7	31.0
All other spending	110.8	113.1	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0	113.0
Total, spending and savings items	\$481.3	\$533.7	\$591.0	\$635.3	\$665.6	\$668.2	\$661.6	\$635.3	\$665.6	\$668.2	\$661.6

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Technology

<u>Item</u>	Caboose Bill		Introduced Budget Bill		Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	
Innovative Technology Authority	\$6.1	\$7.1	\$6.2	\$6.2	\$6.2	\$6.2	\$6.2	
VITA	2.9	(0.7)	0.9	0.9	0.9	0.9	0.9	
All other spending	0.5	0.5	0.5	0.5	0.5	0.5	0.5	
Total, spending and savings items	\$9.5	\$6.9	\$7.6	\$7.6	\$7.6	\$7.6	\$7.6	

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Central Accounts

<u>Item</u>	Caboose Bill	Introduced Budget Bill	Projected				
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Car Tax Relief	\$706.2	\$950.0	\$950.0	\$950.0	\$950.0	\$950.0	\$950.0
Group life insurance for state employees	0.0	8.4	8.7	8.7	8.7	8.7	8.7
State employee retirement contributions	0.0	21.1	22.1	38.1	39.8	27.2	28.3
State employee health credit contributions	0.0	3.4	3.6	3.6	3.6	3.6	3.6
VSDP rate increase for state employees	0.0	2.6	2.7	2.7	2.7	2.7	2.7
State employee health insurance	0.0	34.8	36.3	72.7	112.7	156.8	205.2
FY2007 salary increases - state employees	0.0	38.9	71.7	71.7	71.7	71.7	71.7
FY2007 salary increases - state supported locals (excludes sheriffs)	0.0	5.6	9.5	9.5	9.5	9.5	9.5
Future salary increases (beyond FY2008 @+2.0%)	0.0	0.0	0.0	88.8	249.0	415.9	590.0
Enterprise Applications PPEA	3.3	18.1	9.0	50.0	75.0	52.5	22.5
Reengineering/efficiency and effectiveness funding	0.0	4.5	1.0	3.5	1.0	3.5	1.0
State agency energy cost increases	7.8	0.0	0.0	0.0	0.0	0.0	0.0
All other spending	169.2	5.7	8.3	8.3	0.0	8.3	0.0
Total, spending and savings items	\$886.5	\$1,093.0	\$1,123.0	\$1,307.7	\$1,523.7	\$1,710.4	\$1,893.2

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Revenue Stabilization Fund

<u>Item</u>	Caboose Bill			Introduced Budget Bill				Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2009	FY2010	FY2011	FY2012
Revenue Stabilization Fund payments	\$584.2	\$0.0	\$0.0	\$174.2	\$11.1	\$0.0	\$0.0	\$174.2	\$11.1	\$0.0	\$0.0
Total, spending and savings items	\$584.2	\$0.0	\$0.0	\$174.2	\$11.1	\$0.0	\$0.0	\$174.2	\$11.1	\$0.0	\$0.0

Note: An additional deposit may be required in FY 2008 based upon the recalculation of the fund maximum and revenue performance in FY 2006.

General Fund Financial Plan - FY 2006 - 2012
Based on 2006 Introduced Budget (HB/SB 29 and HB/SB 30)
Capital Outlay

<u>Item</u>	Caboose Bill			Introduced Budget Bill				Projected			
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2009	FY2010	FY2011	FY2012
Maintenance reserve	\$22.7	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0	\$75.0
Necessary repairs and improvements	0.0	1.0	0.0	1.0	1.5	1.0	1.5	1.0	1.5	1.0	1.5
Cost overruns	27.9	134.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equipment for existing projects	18.9	38.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
All other Capital (including planning)	43.3	361.3	244.6	24.0	248.5	161.7	370.2	24.0	248.5	161.7	370.2
Total, spending and savings items	\$112.8	\$610.6	\$319.6	\$100.0	\$325.0	\$237.7	\$446.7	\$100.0	\$325.0	\$237.7	\$446.7