

**GOVERNOR KAINE'S RECOMMENDED BUDGET
REDUCTIONS TO THE GENERAL ASSEMBLY
FOR FISCAL YEARS 2008, 2009, 2010**



FEBRUARY 12, 2008

Introduction and Notes

Introduction

The national economy has been showing signs of a broadening slowdown, which has adversely affected revenue collections in most states, including Virginia. In February, the Governor always reassesses the revenue forecast. This year, due to the volatile conditions in January, the Governor requested the advice of the Governor's Advisory Board of Economists and the Governor's Advisory Council on Revenue Estimates, which includes business and legislative leaders. The revised revenue forecast shows that Virginia faces a \$339.3 million shortfall in 2008 and for FY 2009 and FY 2010 the shortfall will be \$520.1 million and \$532.2 million respectively.

In October 2007 the Governor took several actions to address declining revenues as well. Statewide, the general fund reductions and revenue enhancements included in the Governor's October plan equaled \$300.3 million, or just over 5 percent of the General Fund available for reduction. Of this reduction, \$19.3 million was aid to localities, 0.162 percent of total aid to localities. The reductions included in the plan impacted approximately 100 agencies and resulted in the elimination of 386 positions and approximately 74 layoffs of employees.

The following summarizes the Governor's October plan by major types of actions:

Improved business practices and efficiencies.....	\$92.9 M
Reduce discretionary expenses.....	\$54.1 M
Reduce personnel costs	\$38.4 M
Supplant GF with NGF Resources	\$32.2 M
Reduce or eliminate current services.....	\$25.7 M
GF revenue producing items	\$20.3 M
Reduce Aid to Localities	\$19.3 M
Other.....	\$4.9 M
Reduce or eliminate aid to nonstate agencies	\$4.5 M
Reversion of capital outlay balances	\$3.3 M
Transfer of NGF operating balances	\$3.3 M
Reduce or eliminate aid to individuals	\$0.7 M
New fees or change to existing fees	\$0.5 M
TOTAL.....	\$300.3 M

To prepare for the upcoming shortfall, on February 4, 2008 the Governor instructed agencies to take the following preemptive actions to address the revenue shortfall:

- **Hiring:** Any new salaried or hourly positions, other than those pertaining to public safety, health, and higher education pursuant to §4-7.01 of the 2007 Appropriation Act, must be approved by the appropriate Cabinet Secretary. Agencies should only request approval for those positions that are absolutely essential, and will need to certify that this is the case.
- **Staff Augmentation and Consulting Contracts:** As a general rule, agencies should refrain from requesting approval for new consulting or staff augmentation contracts. Each agency should also be prudent in requesting renewal of any existing staff augmentation

contract. In situations where the agency believes that such contract(s) are essential to delivering services, the request must be approved by both the Director of the Department of Planning and Budget and the appropriate Cabinet Secretary.

- **Training and Travel:** Agencies are not to commit to any discretionary training and travel until further notice. All travel requests for non-essential business -- attending conferences, etc. shall be denied.
- **Purchases:** No discretionary purchases of equipment, software, furniture, etc. shall be made until further notice.

Upon receipt of February's official revenue forecast, the Governor developed the following strategies to address the revenue shortfall as detailed in this document. Provided below is a summary table of budget balancing actions recommended by the Governor to address the additional shortfall. Following the table, you will find a brief summary of actions recommended by the Governor.

	FY 2008	FY 2009	FY 2010
Revenue Shortfall	(\$339.3)	(\$520.1)	(\$532.2)
Corrective Actions:			
Revenue Stabilization Fund	\$162.4	\$0.0	\$0.0
Bond existing general fund capital outlay	\$70.0	\$222.6	(\$23.7)
Automatic sales tax adjustment for K-12	\$5.7	\$10.9	\$14.7
Targeted savings strategies	\$83.1	\$199.5	\$300.9
Reduce appropriations to state agencies*	\$21.2	\$102.0	\$102.0
Reduce appropriations to localities**	\$0.0	\$64.7	\$65.9
Total Corrective Actions	\$342.4	\$599.7	\$459.8
Difference between Corrective Actions and Revenue Shortfall	\$3.1	\$79.6	(\$72.4)
Cumulative Difference	\$3.1	\$82.7	\$10.3

*For executive branch agencies other than higher education, 0.5% reduction for FY 2008 and 3% in FY 2009 and FY 2010.

**Higher Education institutions absorbed 5% to 6.4% reductions in October; accordingly, there is no further reduction for FY 2008. 2% reduction in FY 2009 and FY 2010.

***5.4% for FY 2009 and FY 2010. Excludes K-12 and car tax.

Revenue Stabilization Fund

The introduced budget for FY 2008 included a withdrawal from the Revenue Stabilization Fund of \$261.1 million based on the December general fund revenue shortfall. The February revised general fund revenue forecast for FY 2008 increases the anticipated revenue shortfall and thereby increases the amount of money that may be transferred from the Revenue Stabilization

Fund. Current law permits a withdrawal from the Revenue Stabilization Fund of up to one-half of the aggregate revenue shortfall, or a total of \$423.5 million based on the revised February revenue forecast. After subtracting the original proposed withdrawal of \$261.1 million, the additional withdrawal is \$162.4 million.

Bond Existing General Fund Capital Outlay

As of February 8, 2008, the total unexpended general fund balance for all active capital outlay projects was \$951.3 million. The Governor's proposed reduction plan replaces \$300 million of general fund support in some of these projects with debt during FY 2008 and FY 2009. Bond funds will be dispersed among various eligible projects over several years. The Governor's proposed savings plan provides for additional debt service of \$7.4 million in FY 2009 and \$23.7 million in FY 2010 to effect the funding conversion.

Automatic Sales Tax Adjustment for K-12

The revised general fund revenue estimates reduce the sales tax revenues dedicated to public education and paid to localities in FY 2009 and FY 2010. This revenue reduction results in an increase in the state share of basic aid payments.

Targeted Savings Strategies

The Governor has proposed targeted reductions to help realize needed savings. These targeted savings included several of Governor Kaine's initiatives including foster care and adoptive family rates, the Virginia Preschool Initiative, VirginiaShare, the farmland preservation matching grant, career coaches, prisoner transition centers, and support for the Commonwealth Technology Research Fund. The targeted reductions are detailed on the following pages.

Reduce Appropriations to State Agencies

Cabinet secretaries have been instructed to develop targeted reduction plans for FY 2008 and the 2008-2010 biennium. For FY 2008, the targeted amount will result in an approximate 0.5 percent reduction across each Secretariat. This 0.5 percent increase is in addition to the aggregate 5 percent reduction absorbed in October. There will be no further budget reduction this fiscal year for institutions of higher education. For the 2008-2010 biennium, Cabinet secretaries will submit a three percent (two percent for higher education) reduction plan for discretionary dollars across their secretariat.

Secretarial targets are due on the following:

Key Dates

FY 2008 Reduction Plan: Monday, March 3, 2008

2008-2010 Reduction Plan: Monday, March 31, 2008

Reduce Appropriations to Localities

In the October budget adjustments, aid to localities was only impacted 0.162 percent. Under the Governor's plan local governments will incur a 5.4 percent reduction on selected programs considered aid to localities in 2008-2010. Car tax

funding and K-12 funding are excluded from this reduction strategy. Localities may allocate the 5.4 percent reduction across the remaining programs as they deem appropriate.

Productivity Savings

The Governor has asked the Secretary of Technology, also with the Department of General Services, the Department of Human Resource Management, and the Virginia Information Technologies Agency to examine potential productivity savings in the areas of procurement, information technology, and personnel management to help agencies reach their 3 percent target with as little impact on services as possible.

Notes and Definitions

2008 Appropriation. Total legislative appropriations for secretarial areas participating in the reduction plan. The legislative appropriation is the amount included for agencies in Chapter 847, the 2007 Appropriation Act.

GF Available For Reduction. The total general fund amount not exempted from reductions.

Reduction/NGF Amount. For general fund, the amount shown is the proposed reduction to the item's general fund appropriation. Under nongeneral fund, the amount shown is the increase or decrease to the item's nongeneral fund appropriation as a result of the budget action.

Revenue/Cash Transfers. Any dollar amount shown here reflects cash transfers to the general fund or increased revenue as a result of the budget action.

Total Impact. For general fund, the total impact is the combination of savings and revenue enhancements. For the nongeneral fund, it is the sum of the nongeneral fund appropriation changes.

Percent reduction. This is the percent reduction from the total General Fund amount not exempted from reductions.

Total Positions. This term refers to full- and part-time classified employees, faculty, and appointed positions being eliminated as a result of the budget action. It does not include wage or contract employees. Position reductions do not always result in a layoff, since agencies may eliminate vacant positions.

GOVERNOR'S RECOMMENDED TARGETED REDUCTIONS

Revenues

Revenues

Capture select nongeneral fund interest for one quarter in FY 2008 and all of FY 2009

This strategy would capture the interest paid to certain nongeneral funds for one quarter in FY 2008 and all of FY 2009. These savings would be deposited to the general fund. Higher education and transportation funds are not impacted by this action.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	\$0
GF Resources:	\$5,000,000	\$16,000,000	\$0

TOTALS FOR REVENUES

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	\$0
GF Resources:	\$5,000,000	\$16,000,000	\$0
Total GF Impact:	\$5,000,000	\$16,000,000	\$0
Position Level:	0.00	0.00	0.00

Administration

Department of General Services

Proceeds from the sale of real surplus property

This strategy captures the proceeds from the sale of several properties owned by the Commonwealth.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	\$0
GF Resources:	\$0	\$1,750,000	\$0

TOTALS FOR ADMINISTRATION

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	\$0
GF Resources:	\$0	\$1,750,000	\$0
Total GF Impact:	\$0	\$1,750,000	\$0
Position Level:	0.00	0.00	0.00

Agriculture and Forestry

Department of Agriculture and Consumer Services

Reduce additional funding for farmland preservation matching grants

Reduces additional funding provided for farmland preservation matching grants. The reduction leaves \$2 million each year to help local efforts to provide financial incentives for farm families to permanently protect working lands.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$1,000,000)	(\$1,000,000)

TOTALS FOR AGRICULTURE AND FORESTRY

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$1,000,000)	(\$1,000,000)
GF Resources:	\$0	\$0	\$0
Total GF Impact:	\$0	\$1,000,000	\$1,000,000
Position Level:	0.00	0.00	0.00

Education

Direct Aid to Public Education

Reduce funding for Virginia Preschool Initiative

This proposal reduces expansion funding for the Virginia Preschool Initiative by changing the eligibility from 100% of free lunch and 100% of reduced price lunch students for each local school division to 100% of free lunch and 75% of reduced price lunch students. Funding for support components of the program are also reduced in the second year under the Department of Social Services. This includes a reduction of \$500,000 for the Quality Rating and Improvement System (QRIS), \$1,500,000 for professional development, and \$500,000 for the Virginia Early Childhood Foundation.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$4,554,425)	(\$5,539,892)

Reduce funding for school construction

Reduces general fund support for grants to local school divisions for school construction, additions, infrastructure, site acquisition, technology and other nonrecurring expenditures related to modernizing classroom equipment, safety equipment or renovations and debt service on some school projects.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$27,500,002)	(\$27,499,996)

Transfers fifty percent of local Lottery distributions to support state basic aid payments

Transfers fifty percent of distributions to localities to support the state share of basic aid payments to local school divisions. Permits all remaining lottery payments to local school divisions to be used for operating costs, thereby eliminating the requirement that half must be spent on school construction.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$82,844,347)	(\$82,842,432)

Virginia School For the Deaf and the Blind At Staunton

Decrease staffing added due to consolidation

Adjusts funding for staffing needed to accommodate students with multiple disabilities being transferred from the Virginia School for the Deaf, Blind and Multi-disabled at Hampton. Fewer students are now anticipated to be transferred.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$327,848)	(\$123,484)
Position Level:	0.00	(6.00)	(6.00)

GOVERNOR'S RECOMMENDED TARGETED REDUCTIONS

Virginia Community College System

Eliminate half of proposed additional funding for Career Coaches and Middle College

Eliminates half of the proposed program enhancements at the Virginia Community College System for the Career Coaches, which assist high school students in planning their career after high school, and the middle college, which assists 18-24 year olds with receiving a GED and post high school training.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$924,137)	(\$924,137)

Virginia Museum of Fine Arts

Reduce positions associated with staffing museum expansion

This strategy removes two of the eight program positions provided for the Museum of Fine Arts facility expansion.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$145,278)	(\$145,278)
Position Level:	0.00	(2.00)	(2.00)

State Council Of Higher Education For Virginia

Reduce funding for the Virginia Women's Leadership Institute at Mary Baldwin College

Reduces the average amount of support per student in the Virginia Women's Institute for Leadership program at Mary Baldwin College from \$7,943 to \$5,000.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$211,899)	(\$211,899)

Jamestown-Yorktown Foundation

Provide NGF appropriation in lieu of GF for Yorktown Museum planning costs.

This strategy eliminates general fund support included in the budget for planning costs for a new Yorktown Museum and replaces it with nongeneral fund spending authority.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	(\$1,500,000)

Institute for Advanced Learning and Research

Reduce additional funding provided for IALR operations

Reduces the amount of additional program funding provided to the Institute for Advanced Learning and Research next biennium from \$650,025 per year to \$500,000 per year.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$150,025)	(\$150,025)

Higher Education Research Initiative

Reduce support for the Commonwealth Technology Research Fund

This strategy captures the remaining balance of the Commonwealth Technology Research Fund (CTRF) after grant awards have been made in FY 2008. For the 2008-2010 biennium, a \$6.5 million reduction in FY 2010 results in level funding of \$2 million each year for the CTRF.

	FY 2008	FY 2009	FY 2010
GF Savings:	(\$1,154,000)	\$0	(\$6,500,000)

Reduce support for the Jefferson Lab's research facilities

This strategy reduces the Commonwealth's share for an upgrade of the Lab's nuclear physics research facilities by \$1.5 million in FY 2010. This action would provide \$6.0 million in state support in the next biennium.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	(\$1,500,000)

TOTALS FOR EDUCATION

	FY 2008	FY 2009	FY 2010
GF Savings:	(\$1,154,000)	(\$116,657,961)	(\$126,937,143)
GF Resources:	\$0	\$0	\$0
Total GF Impact:	\$1,154,000	\$116,657,961	\$126,937,143
Position Level:	0.00	(8.00)	(8.00)

Finance

Treasury Board

Capture additional debt service savings

This strategy captures additional debt service savings attributable to lower than anticipated interest rates and earnings on debt service payments held by bond trustees.

	FY 2008	FY 2009	FY 2010
GF Savings:	(\$2,154,700)	\$0	\$0

Reduce debt service for research equipment financed through the higher education trust fund

The introduced budget includes \$15 million in higher education research equipment to be financed through the Virginia College Building Authority in both FY 2009 and FY 2010. The debt service for this equipment in FY 2010 is \$3.4 million from the general fund. This strategy will reduce the amount of equipment financed in FY 2009 and FY 2010 by one-half. The debt service on the \$7.5 million is \$1.7 million in FY 2010; this results in a savings in FY 2010 of \$1.7 million.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	(\$1,700,000)

TOTALS FOR FINANCE

	FY 2008	FY 2009	FY 2010
GF Savings:	(\$2,154,700)	\$0	(\$1,700,000)
GF Resources:	\$0	\$0	\$0
Total GF Impact:	\$2,154,700	\$0	\$1,700,000
Position Level:	0.00	0.00	0.00

GOVERNOR'S RECOMMENDED TARGETED REDUCTIONS

Health & Human Resources

Department Of Mental Health, Mental Retardation and Substance Abuse Services

Recoup planning funds for replacement facilities

This strategy will sweep a portion of the project planning funds for the replacement of Southeastern Virginia Training Center, Central Virginia Training Center, and Western State Hospital. These planning funds have been in place for over two years, and this reduction leaves sufficient funds in place to continue planning. As the option to replace the training centers is not being actively pursued at this time, the reduction in funding is consistent with current plans. This reduction would leave approximately \$1.5 million across the three projects for the agency to continue planning as needed.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	\$0
GF Resources:	\$4,000,000	\$0	\$0

Woodrow Wilson Rehabilitation Center

Eliminate food services contract

This request would eliminate the contract for food services provided at Woodrow Wilson Rehabilitation Center and would bring food services in-house. Based on a review of similar organizations, it is estimated that the agency will save \$100,000 per year.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$100,000)	(\$100,000)
Position Level:	0.00	2.00	2.00

Department Of Medical Assistance Services

Reduce funding for VirginiaShare initiative

This strategy reduces funding for the VirginiaShare initiative. This new program to provide premium assistance for uninsured Virginians will begin as a smaller, regional pilot program.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$1,643,511)	(\$4,143,511)

Eliminate Medicaid inflation adjustment for nursing facilities in FY 2009

This strategy will eliminate the annual inflation adjustment normally provided to nursing facilities in the Medicaid program.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$12,500,000)	(\$12,700,000)

Eliminate Medicaid inflation adjustment for hospitals in FY 2009

This strategy will eliminate the annual inflation adjustment normally provided to hospitals in the Medicaid program.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$24,400,000)	(\$26,400,000)

Eliminate funding for PACE site in Northern Virginia

Eliminates a one-time grant of \$250,000 in FY 2008 to develop a PACE (Program for the All-inclusive Care of the Elderly) site in Northern Virginia. Development of a site in Northern Virginia is not moving forward as quickly as previously projected and the funding is not necessary at this time.

	FY 2008	FY 2009	FY 2010
GF Savings:	(\$250,000)	\$0	\$0

Supplant state funds for Medicaid with increase in recoveries from Merck settlement

This strategy reflects the revenue expected to be received as a Medicaid recovery due to a settlement with Merck over Medicaid overpayments for prescription drugs. The settlement will be deposited in the Virginia Health Care Fund which is used as state match for federal Medicaid funds. The increase of \$6.0 million in resources for the fund offsets general fund dollars that were budgeted for Medicaid and would have been used as state match.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$6,000,000)	\$0

Department of Social Services

Reduce scholarships for early childhood workers

This strategy will reduce the amount of funding provided in the introduced budget for early childhood workers to receive education and training scholarships. These scholarships would have been provided to teachers, assistant teachers, and program directors who are seeking to earn associate and bachelor degrees and/or specialized training in early childhood education.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	(\$1,500,000)

Reduce funding for Quality Rating and Improvement System for early childhood programs

This strategy reduces funding provided in the introduced budget for the implementation of a voluntary quality rating and improvement system (QRIS). This system will be a means of assessing, rating, and supporting improvement in the quality of early childhood education programs.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	(\$500,000)

Reduce funding for the Virginia Early Childhood Foundation

This strategy reduces a portion of the additional funding provided to the Virginia Early Childhood Foundation (VECF) in the introduced budget. The budget still contains \$4.5 million to increase capacity of local communities to develop delivery systems of high quality early childhood development.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	(\$500,000)

Reduce funding for child welfare worker training

This strategy reduces funding provided in the introduced budget aimed at enhancing the current child welfare worker training throughout the state.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$1,081,974)	(\$1,096,205)
Position Level:	0.00	(1.00)	(1.00)

Reduce the budgeted increase in foster care and adoptive families rates

This strategy reduces funding provided in the introduced budget to raise payments made to foster and adoptive family homes on behalf of foster children. The budget currently raises rates by 15 percent in the first year and by an additional 10 percent in the second year and beyond. The strategy would raise rates by 10 percent in FY 2009 and an additional 10 percent in FY 2010.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$1,503,866)	(\$2,173,770)

GOVERNOR'S RECOMMENDED TARGETED REDUCTIONS

TOTALS FOR HEALTH & HUMAN RESOURCES

	FY 2008	FY 2009	FY 2010
GF Savings:	(\$250,000)	(\$47,229,351)	(\$49,113,486)
GF Resources:	\$4,000,000	\$0	\$0
Total GF Impact:	\$4,250,000	\$47,229,351	\$49,113,486
Position Level:	0.00	1.00	1.00

Natural Resources

Department of Conservation and Recreation

Reduce general fund support for the agricultural best management practices

Reduces the general fund portion of the deposit to the Water Quality Improvement Fund to support agricultural best management practices. A general fund deposit of \$3 million and the nongeneral fund deposit (\$14 million) from the reserve fund and interest earnings remains.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$3,000,000)	\$0

Reduce additional funding for Virginia Outdoors Foundation

Reduces the funding provided.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$200,000)	(\$200,000)

Department of Environmental Quality

Eliminate remaining deposit to the Water Quality Improvement Fund

Because the Water Quality Improvement Fund currently has significant balances, the water treatment facility upgrade projects will take several years, and the General Assembly has authorized \$250 million in bond financing for the projects, it is possible to eliminate the remaining supplemental deposit for FY 2008 (\$15 million).

	FY 2008	FY 2009	FY 2010
GF Savings:	(\$15,000,000)	\$0	\$0

TOTALS FOR NATURAL RESOURCES

	FY 2008	FY 2009	FY 2010
GF Savings:	(\$15,000,000)	(\$3,200,000)	(\$200,000)
GF Resources:	\$0	\$0	\$0
Total GF Impact:	\$15,000,000	\$3,200,000	\$200,000
Position Level:	0.00	0.00	0.00

Public Safety

Department Of Corrections

Transfer balances from drug assessment fund

A portion of court costs and fees is required to be deposited into the Drug Assessment and Treatment Fund. The revenues in the fund are to be used to support assessment of inmates and offenders on probation and parole for substance abuse problems. The Department of Corrections (DOC) has been appropriated about \$1.2 million from this fund to support substance abuse assessment positions. Over the last two years, the revenues have exceeded projections. For the current year, the revenues are on track to exceed the projection. Therefore, balances have accumulated that could be transferred to the general fund without endangering the appropriation for DOC.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	\$0
GF Resources:	\$2,000,000	\$0	\$0

Bond funding for Craigsville wastewater treatment plant

The introduced budget includes \$1.5 million in general fund support to reimburse the town of Craigsville for the state share of a new wastewater treatment plant that the town is planning to build. It is proposed that Virginia Public Bond Authority bond proceeds be used to provide these funds in lieu of the general fund.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	(\$1,500,000)

Record additional revenue for holding illegal immigrants

The federal government provides payments to states and localities for housing illegal immigrants who have been convicted of crimes (known as SCAAP payments). The payments are made to the Department of Corrections, but the Appropriation Act requires those payments to be paid "immediately" into the general fund. For FY 2008, the total general fund revenue shown in the Appropriation Act assumed the state would receive \$1.0 million in SCAAP payments. However, the actual receipt was \$1.6 million. This strategy captures that additional general fund revenue.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	\$0
GF Resources:	\$633,223	\$0	\$0

Remove support positions associated with prison transition centers

Removes the program support positions associated with the three prison transition centers proposed in the introduced budget. These centers will be used to help transition inmates who have served their time and are to be released back into the community. The intent is to help reduce the likelihood that these individuals will commit new crimes upon their release. The Department of Corrections can provide clerical and other administrative support for these centers from existing prison resources.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$113,097)	(\$150,798)
Position Level:	0.00	(3.00)	(3.00)

TOTALS FOR PUBLIC SAFETY

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$113,097)	(\$1,650,798)
GF Resources:	\$2,633,223	\$0	\$0
Total GF Impact:	\$2,633,223	\$113,097	\$1,650,798
Position Level:	0.00	(3.00)	(3.00)

GOVERNOR'S RECOMMENDED TARGETED REDUCTIONS

Transportation

Department of Motor Vehicles

Transfer unneeded nongeneral fund balance to general fund

This action captures one-time savings reflected from an updated project schedule for the agency's systems redesign project.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	\$0
GF Resources:	\$2,500,000	\$0	\$0

TOTALS FOR TRANSPORTATION

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	\$0
GF Resources:	\$2,500,000	\$0	\$0
Total GF Impact:	\$2,500,000	\$0	\$0
Position Level:	0.00	0.00	0.00

Central Appropriations

Central Capital Outlay

Revise maintenance reserve funding

The Governor's introduced budget included \$50 million in added maintenance reserve funding for FY 2008 to address deferred maintenance needs. This strategy delays this additional funding to FY 2009 and reduces the amount available to state agencies and institutions of higher education to \$30 million.

	FY 2008	FY 2009	FY 2010
GF Savings:	(\$50,000,000)	\$30,000,000	\$0

Sweep unobligated capital outlay balances

This strategy removes cash balances from capital projects that have been identified as either closed or no longer needed.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	\$0
GF Resources:	\$448,219	\$0	\$0

Central Appropriations

Make a portion of the FY 2010 public employee salary increase contingent upon revenue growth

Removes a portion of the funding provided for public employee salary increases in FY 2010. Appropriation for amounts that would fund a 2.5 percent increase for public school teachers would be retained while the remaining one percent would be removed contingent upon revenue growth. For all other public employees, a two percent increase would be retained and one percent would be contingent on revenues.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	(\$80,157,183)

Reduce new funding for the productivity investment fund

Reduces the new funding provided to the productivity investment fund. This fund provides grants and loans to state agencies for projects aimed at increasing efficiency and effectiveness in state government.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	(\$500,000)

Delay phase-in of OPEB for the state employee health insurance program

This strategy delays the phase-in of funding for Other Post Employment Benefits (OPEB) for the state employee health insurance program by removing the additional \$5 million in general fund dollars provided in the introduced budget bill. This strategy removes the new funding but leaves funding provided in FY 2008 for OPEB.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$4,969,321)	\$0

Suspend the cash match on state employee deferred compensation accounts

This strategy suspends the cash match for the deferred compensation program for state employees. This is voluntary retirement savings program that allows employees to defer/save a portion of their semi-monthly pay on a pre-tax basis in a variety of investment options. The Commonwealth currently provides a cash match by contributing 50 percent of the employee's semi-monthly contribution or \$20.00, whichever is less.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$10,000,000)	(\$10,000,000)

Change the retirement amortization period from 24 to 30 years

This strategy changes the retirement amortization period from 24 to 30 years. The introduced budget included retirement rates that were based on an amortization period of 24 years. Increasing the amortization period spreads the liabilities of the pension plan over a greater number of years which lessens the cost in a single given year. The savings of this change (over the amounts included in the introduced budget) is as follows: public school teachers; \$15.2 million in 2009 and \$15.4 million in 2010, state employees; \$6.5 million in 2009 and \$6.7 million in 2010, Constitutional Officers; \$1.4 million in each year, state judges; \$0.7 million in each year, state troopers; \$1.2 million in each year, and other law enforcement officers; \$2.4 million in each year.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	(\$27,282,670)	(\$27,910,083)

TOTALS FOR CENTRAL APPROPRIATIONS

	FY 2008	FY 2009	FY 2010
GF Savings:	(\$50,000,000)	(\$12,251,991)	(\$118,567,266)
GF Resources:	\$448,219	\$0	\$0
Total GF Impact:	\$50,448,219	\$12,251,991	\$118,567,266
Position Level:	0.00	0.00	0.00

Independent Agencies

State Corporation Commission

Capture unobligated balances

This strategy captures unobligated year-end nongeneral fund balances from the State Corporation Commission.

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	\$0
GF Resources:	\$0	\$1,250,000	\$1,750,000

GOVERNOR'S RECOMMENDED TARGETED REDUCTIONS

TOTALS FOR INDEPENDENT AGENCIES

	FY 2008	FY 2009	FY 2010
GF Savings:	\$0	\$0	\$0
GF Resources:	\$0	\$1,250,000	\$1,750,000
Total GF Impact:	\$0	\$1,250,000	\$1,750,000
Position Level:	0.00	0.00	0.00

STATEWIDE TOTALS

	FY 2008	FY 2009	FY 2010
GF Savings:	(\$68,558,700)	(\$180,452,400)	(\$299,168,693)
GF Resources:	\$14,581,442	\$19,000,000	\$1,750,000
Total GF Impact:	\$83,140,142	\$199,452,400	\$300,918,693
Position Level:	0.00	(10.00)	(10.00)