

HOW VIRGINIA'S BUDGET IS DEVELOPED AND ADOPTED

Virginia has a biennial (two-year) budget system. The biennial budget is enacted into law in even-numbered years, and amendments to it are enacted in odd-numbered years. For example, the current budget for the 2006-2008 biennium was adopted by the 2006 General Assembly, Special Session I. Amendments to this two-year budget were considered by the General Assembly during its 2007 session.



Governor Kaine will present the 2008-2010 biennial budget in the following pages. The General Assembly will adopt the budget during the 2008 session.

Developing the Commonwealth's budget is a process that takes many months, involving participation from state agencies, the legislature, and the public. The process includes five distinct phases: agency budget preparation, budget development, Governor's review, legislative action, and budget implementation.

Phase 1 - Agency Budget Preparation

Each executive branch agency analyzes its programs and needs through a strategic planning process that includes a review of its mission and how well it serves constituents through customer satisfaction surveys or other methods of public comment. This review also encompasses alignment to key objectives and key measures designated by the Governor during strategic plan development. Agencies are required to report data on a quarterly basis for all key measures and other essential measures. This data is housed and reported on the Virginia Performs website

- (www.vaperforms.virginia.gov).

Based on this analysis, every agency prepares and submits its requests for funding to the Department of Planning and Budget (DPB), in early fall.

Phase 2 - Budget Development

DPB analyzes the budget requests of agencies to verify costs. It confirms the need for services, investigates alternatives for funding, and identifies policy issues for the Governor's consideration. This analysis also occurs in the fall following receipt of budget proposals.

Subsequently, the Governor and his cabinet secretaries collaborate to prepare a proposed budget that allocates resources among state activities based on consideration of the administration's priorities and alignment to key objectives and key measures. DPB provides staff support.

The Governor submits his proposed budget to the General Assembly on or before December 20 in the form of a bill. (In 2007, the Governor will present his budget proposals on December 17.) A budget document is also distributed by the DPB explaining the proposed budget.

Phase 3 – Legislative action

The General Assembly convenes annually on the second Wednesday of January. In each house, the budget bill is referred to committees which hold public hearings and committee discussions. In the House of Delegates, the House Appropriations Committee reviews the budget bill. In the Senate, the budget bill is referred to the Senate Finance Committee. The committees may introduce amendments to the budget bill.

After review by each of these committees, the amended budget bill is brought to the floor of each house, where other amendments may be made. Each house votes on the amended budget bill. After each house votes on its own version of the budget bill, the bill "crosses over" to the other house where it is again debated and voted on. Before the General Assembly session adjourns, a conference committee resolves any differences between the versions passed by the two houses.

The General Assembly then sends the enrolled Budget Bill to the Governor for his signature.

Phase 4 – Governor's Review

The Governor reviews the bill passed by the General Assembly. He may sign it, veto the entire bill or certain line items, or recommend amendments. If the Governor vetoes the bill or any items of the bill, it goes back to the General Assembly during a reconvened session in the spring. If he recommends amendments, the bill is returned to the reconvened session for consideration and action by the General Assembly on the Governor's proposed amendments.

Phase 5 – Budget Implementation

The budget passed by the General Assembly and enacted into law goes into effect on July 1 in even-numbered years and on the date of passage in odd-numbered years. The Commonwealth's 2008-2010 budget will go into effect on July 1, 2008. Any amendments to it that may be passed by the 2009 General Assembly will become effective upon passage.

The Capital Budget Process

The process for determining the Commonwealth's capital budget follows a slightly different path from development of the operating budget.

Every two years, all state agencies with physical facilities develop a six-year capital outlay plan in which they identify long-term capital requirements. Agencies rank the projects in priority order and justify the need for each with respect to programs and services.

The long-range capital plan assists the Commonwealth in staying within the limits of its self-imposed debt capacity limits. It distinguishes between immediate capital needs and longer-term demands, assesses the state's ability to meet its highest priority capital requirements, and outlines an approach for addressing priorities in terms of costs, benefits, and financing.

DPB analyzes the programmatic need for the projects and assesses the impact that each project will have on future operating costs. The Department of General Services (DGS) reviews budgets and the technical aspects of the requested projects.

After review of agency six-year capital plan submissions and analysis of the need

for each project, the Governor and his cabinet secretaries work together to prepare a capital budget in the same way they prepare an operating budget. The Governor's proposed capital and operating recommendations are contained in the same budget bill which undergoes legislative action.

Key Dates for Development of the 2008-2010 Biennial Budget	
October 2007	Instructions are issued to agencies on preparing and submitting their proposed budget amendments.
October 31, 2007	Agencies submit their proposed budget amendments to DPB.
December 17, 2007	Governor submits recommended budget to the General Assembly.
January 9, 2008	General Assembly convenes.
February 3, 2008 (tentative date)	Money committees report budgets.
February 7, 2008 (tentative date)	Budget bill crossover occurs.
March 8, 2008 (tentative date)	General Assembly adjourns.
April 4, 2008 (tentative date)	Reconvened General Assembly session is conducted.