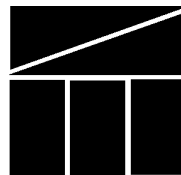


# **Governor McDonnell's Proposed Amendments to the 2010-2012 Biennial Budget**

*A briefing for the Joint Meeting of the Senate Finance Committee,  
House Appropriations Committee, and the House Finance Committee*

***December 17, 2010***



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# Overview of Available Resources

**The current budget, Chapter 874, included a \$2.9 million unappropriated balance, which is the starting point for Governor McDonnell's introduced budget . . .**

	<b>FY 2011</b>	<b>FY 2012</b>
<b>RESOURCES</b>		
Revenues	14,583.5	15,303.1
Transfers	414.3	444.8
Adjustments to Balance	253.8	269.3
Balance from prior year	132.2	6.7
Total	15,383.7	16,024.0
<b>EXPENDITURES</b>		
CH 874 BASE	(15,377.0)	(16,021.2)
<b>BALANCE</b>	<b>6.7</b>	<b>2.9</b>
Annual Balance	6.7	(3.9)

\*Amounts shown in millions

## **Funds available for amendments increase as a result of year end balances . . .**

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- FY 2010 ended with a revenue surplus of \$228.5 million.
- In addition, there was also an unexpended balance of \$174.7 million.
- As a result of the year-end surpluses and other cash in the Treasury, the State Comptroller reported an undesignated general fund cash balance as of June 30, 2010, of approximately \$491.2 million.

# The general fund surplus is completely allocated except for unexpended balances that are reverted . . .

## Where does the FY 2010 General Fund surplus go?

\$ in millions

	Revenues	Unexpended Balances	Total
<b>Surplus Balance</b>	\$ 228.5	\$ 174.7	\$ 403.2
<b>Uses:</b>			
Sales and Use Tax Dedicated to Public Education	18.7		18.7
Three percent bonus to state employees	82.2		82.2
Natural disaster sum sufficient	13.2		13.2
Accelerated Sales Tax for Transportation Trust Fund	27.7		27.7
Virginia Water Quality Improvement Fund - Part A	23.1		23.1
Virginia Water Quality Improvement Fund - Part B	13.4		13.4
Federal portion of Dominion Resources refund	1.2		1.2
Transportation Trust Fund	32.7		32.7
Nonrecurring expenditures	16.3		16.3
Mandatory reappropriations		103.3	103.3
Discretionary reappropriations		71.4	71.4
<b>Subtotal Uses</b>	<b>228.5</b>	<b>174.7</b>	<b>403.2</b>
<b>Less</b>			
Discretionary Reversions	\$ (0.0)	\$ 54.0	\$ 54.0
Mandatory Reversions	-	33.2	33.2
<b>UNALLOCATED BALANCE -TOTAL AMOUNT TO BE REVERTED</b>	<b>(0.0)</b>	<b>87.3</b>	<b>87.3</b>

\*Amounts shown in millions

# The year-end balances have commitments against them that must be recognized before determining the amounts available for appropriation . . .

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## Budget Balance

<b>Undesignated General Fund Balance 6/30/2010</b>		\$	491.2
<b>Add:</b>			
Payroll reserve			83.1
<b>Subtract:</b>			
Amount required for reappropriation of unexpended balances for capital outlay			5.6
Amount required for Central Capital Planning Fund			3.3
Amount required for Communication Sales and Use Tax			37.5
Amount required for Accelerated Sales Tax - Transportation portion			27.7
Amount required for Dominion Power Refund			1.2
Amount required for Water Quality Fund - A			must be appropriated
Amount required for Water Quality Fund - B			must be appropriated
Amount required for Transportation			must be appropriated
Amount required for natural disaster sum sufficient			13.9
Amount Required for 3% Bonus			82.2
Amount required for Mandatory Reappropriation			103.3
Amount required for Discretionary Reappropriation			71.4
Amount Required for Nonrecurring			must be appropriated
	Subtotal		(346.1)
Budget Balance			228.2
Less Amount Anticipated by CH 874			(132.2)
Add Carryforward Amounts to be Reverted			87.3
<b>Revised Budget Balance</b>		<b>\$</b>	<b>183.2</b>

\*Amounts shown in millions

# New revenues also add to the balances available for appropriation . . .

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	FY 2011	FY 2012
Post-GACRE Revenues with Tax Policy Changes	\$ 160.4	\$ 186.1
Technical Adjustments		
Less:	(27.2)	(28.8)
Interest Reductions on Nongeneral Funds	(25.0)	(25.0)
Judicial Branch Balances	-	(1.7)
MCI Revenue	(0.1)	(0.1)
Treasury Fees	(2.0)	(2.0)
Racing Commission Revenue Reduction	(0.2)	-
Plus:	0.8	0.3
Charge Card Rebate	0.5	0.3
Sale of DOF Property	0.2	-
Sale of Abingdon Lab	0.1	-
Transfers	13.2	22.9
<b>TOTAL NEW RESOURCES</b>	<b>\$ 147.1</b>	<b>\$ 180.5</b>

\*Amounts shown in millions

# Total resources available for expenditure exceed the current budget by \$510.8 million for the biennium . . .

	FY 2011	FY 2012
Resources Contained in CH 874	\$ 15,383.7	\$ 16,017.3
Balances from FY 2010	183.2	-
Post-GACRE Revenues with Tax Policy Changes	160.4	186.1
Less:	(27.2)	(28.8)
Interest Reductions on Nongeneral Funds	(25.0)	(25.0)
Judicial Branch Balances	-	(1.7)
MCI Revenue	(0.1)	(0.1)
Treasury Fees	(2.0)	(2.0)
Racing Commission Revenue Reduction	(0.2)	-
Plus:	0.8	0.3
Charge Card Rebate	0.5	0.3
Sale of DOF Property	0.2	-
Sale of Abingdon Lab	0.1	-
Transfers	13.2	22.9
<b>TOTAL RESOURCES AVAILABLE</b>	<b>\$ 15,714.1</b>	<b>\$ 16,197.8</b>
<b>Increase over current budget (CH 874)</b>	<b>\$ 330.3</b>	<b>\$ 180.5</b>
		<b>\$ 510.8</b>

\*Amounts shown in millions



# Summary of Proposed Changes in Spending

## **Governor McDonnell's introduced budget includes \$191.5 million in proposed savings strategies as well as new spending . . .**

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- General fund savings focus on reforming spending to cover high priority needs.
- Agencies were asked to submit 2, 4, and 6 percent savings plans.
- The plans were to focus on eliminating low priority spending and improve efficiencies.
- Agencies were guided by the work of the Governor's government reform commission.

# Targeted savings are proposed to support the reprogramming of critical state funds...

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Description of Action	Biennial Spending	
Reprogram funds provided for composite index hold harmless	(\$57.6)	
Adjust funding for debt service payments	(\$24.5)	
Apply pharmacy drug rebates to managed care	(\$18.2)	
Implement a provider assessment for Intermediate Care Facilities for the Mentally Retarded	(\$8.5)	
Capture excess general fund balances supporting at-risk child care	(\$8.0)	
Increase local match rate for Therapeutic Foster Care services	(\$7.5)	
Require independent assessments for selected community mental health services to avoid conflicts of interest	(\$6.3)	
Capture savings from economic development incentive funding	(\$5.8)	
Eliminate non-mandated services in Comprehensive Services Act	(\$5.0)	
Equalize match rate for all services in the public schools in Comprehensive Services Act	(\$3.9)	(\$145.3) 75.8%
All other targeted savings		(\$46.3) 24.2%
<b>Total Savings</b>		<b>(\$191.5)</b>

\*Amounts shown in millions

## **The introduced budget contains three high priority spending proposals focused on improving Virginia's economic development . . .**

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- **Improve funding available to transportation.**
- **Increase investments in higher education.**
- **Increase investments in economic development.**

# Improve funding available to transportation now – not later . . .

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- \$150 million general fund investment transferred to the Virginia Transportation Infrastructure Bank.
- \$250 million in balances discovered from the recent audit of VDOT transferred to the Virginia Transportation Infrastructure Bank.

# \$50 million investment in higher education . . .

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Goal is to achieve 100,000 additional degrees over 15 years, increasing higher education access, and reducing tuition growth; supports Commission recommendations.

- *Enhance student enrollment, retention, and graduation with a focus on increasing the number of students majoring in science, technology, engineering, and math (STEM) as well as health care: \$33.0*
- *Support undergraduate financial aid: \$13.0*
- *Enhance on-line course availability: \$3.0*
- *Target academic transformation through the use of technology: \$1.0*

# Increase investments in economic development . . .

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## Budget Impacts from the Governor's Commission on Economic Development and Job Creation

	<b>FY 2012</b>
<u>Includes:</u>	
Invest funds to grow research and technology	25.0
Expand small business financing	5.0
Increase tourism development and marketing	5.0
Revitalize and redevelop urban and rural areas	5.9
Provide opportunities for training workers in community colleges and local schools	3.1
Provide tax credits or incentives for research and development, use of Virginia ports, and wine and vineyards development	10.3
<b>Total recommendations to stimulate economy</b>	<b>\$54.3</b>

\*Amounts shown in millions

# Seven of the top ten spending increases address requirements to continue the business of state government...

Description of Action (does not include capital)	Biennial Spending		
Provide additional appropriation to transportation from general fund balances	\$150.0		
Fund Medicaid utilization and inflation	\$69.5		
Provide funding for increased information technology costs due to new rate structure	\$58.2		
Provide additional funding for public school teacher retirement contributions	\$53.2		
Fund Higher Education Commission initiatives	\$50.0		
Adjust sales tax revenue for Direct Aid to Public Education payments	\$40.5		
Provide general fund deposit to the Water Quality Improvement Fund	\$36.4		
Establish Virginia Research and Technology Investment Fund (VRTIF)	\$25.0		
Increase funding for the sexually violent predator program	\$24.4		
Restore sheriffs' funding to replace public safety fee	\$16.6	\$524.0	89.9%
All other spending		\$59.0	10.1%
<b>Total Operating Spending</b>		<b>\$582.9</b>	

\*Amounts shown in millions



# The introduced budget contains \$509.6 million in savings, new spending, and resource recommendations . . .

	FY 2011	FY 2012
Savings	\$ 35.0	\$ 156.6
Spending		
Economic Development/Job Creation	-	(54.3)
Transportation	(150.0)	-
Higher Education	-	(77.1)
Reform Package	-	(50.0)
Other Initiatives	-	(27.1)
K-12 Public Education	24.8	25.3
VRS Contribution	-	(53.2)
Other	24.8	78.6
Medicaid	99.8	(174.4)
Other Health and Human Resources	(12.5)	(72.7)
VITA Rates	(28.1)	(30.2)
Employee Compensation	-	(64.5)
VRS Contribution	-	(122.9)
Employee Pay/Retirement Tradeoff	-	58.3
Other Operating	(56.4)	(127.7)
Capital	-	(3.3)
<b>Total Spending and Resource Changes</b>	<b>\$ (87.4)</b>	<b>\$ (422.2)</b>
		<b>\$ (509.6)</b>

\*Amounts shown in millions

# The introduced budget combines new revenues, savings, and new spending to yield an unappropriated general fund balance of \$4.1 million ...

	FY 2011	FY 2012	Biennium
<b>RESOURCES</b>			
Resources Contained in CH 874	\$ 15,383.7	\$ 16,017.3	31,401.0
Balances from FY 2010	183.2	-	183.2
Post-GACRE Revenues with Tax Policy Changes	160.4	186.1	346.5
Adjustments to revenue	(26.5)	(28.5)	(55.0)
Transfers	13.2	22.9	36.1
<b>Total Resources</b>	<b>15,714.1</b>	<b>16,197.8</b>	<b>31,911.9</b>
<b>SPENDING</b>			
Base in CH 874	(15,377.0)	(16,021.2)	(31,398.1)
Net New Spending	(87.4)	(422.2)	(509.6)
<b>Total Spending</b>	<b>(15,464.4)</b>	<b>(16,443.4)</b>	<b>(31,907.8)</b>
<b>BALANCE</b>	<b>\$ 249.7</b>	<b>\$ (245.6)</b>	<b>\$ 4.1</b>

\*Amounts shown in millions

# Summary of budget changes . . .

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- Year-end balances and revenue growth provide resources to address growth in mandatory and other required spending.
- Savings strategies reprioritize discretionary spending to key areas targeted to generate economic growth or address core needs.
- Key spending items include:
  - *Increasing support for transportation;*
  - *Supporting economic development and job creation;*
  - *Investing in higher education;*
  - *Investing in retirement system;*
  - *Funding actual technology costs.*
- The unappropriated balance grows from \$2.9 million to \$4.1 million.
- The revenue reserve of \$50.0 million remains available.

# Summary of Major Language Changes

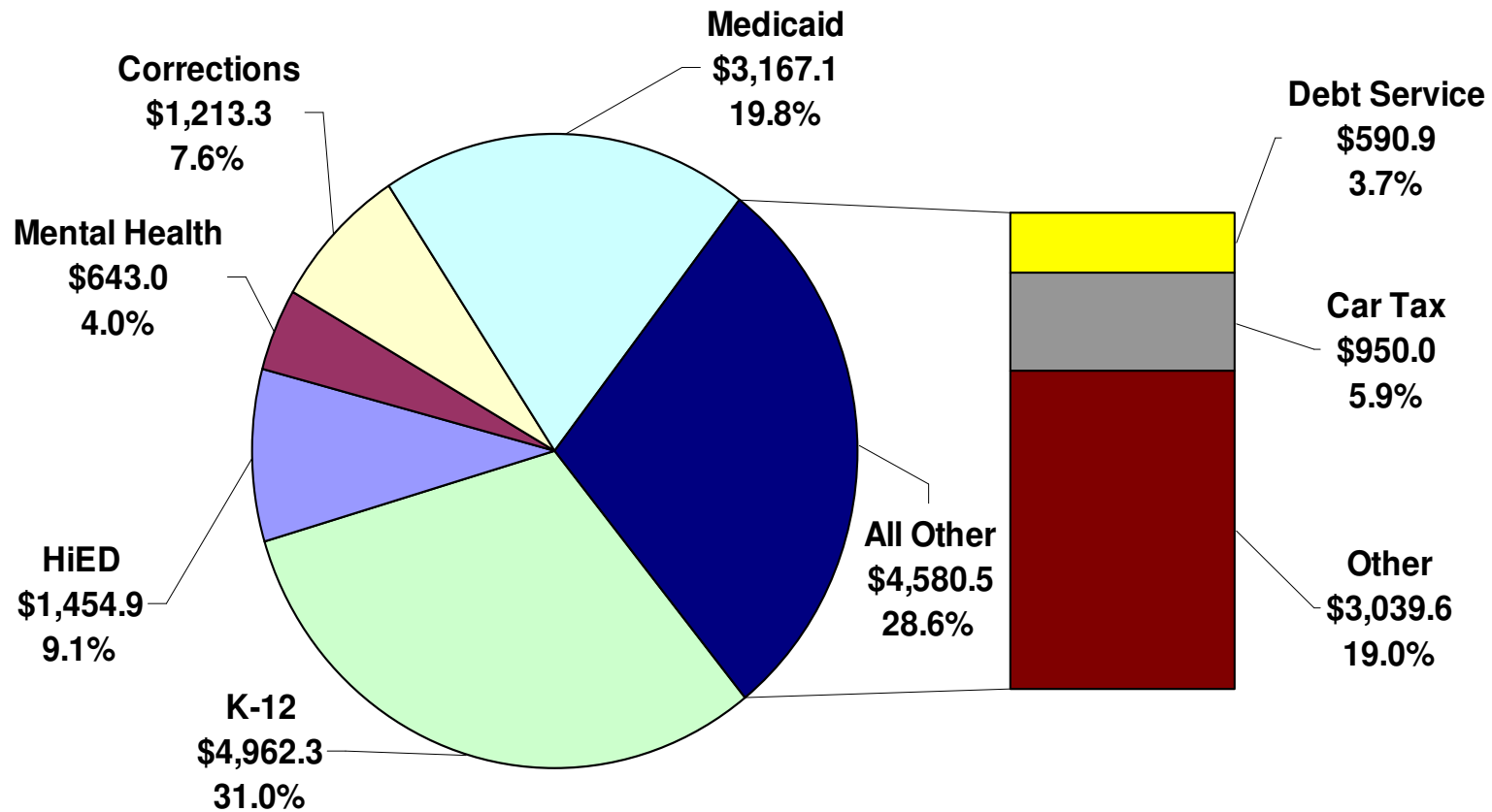
## **Significant policy changes to language embedded within the budget affect very few areas . . .**

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- Mandatory reappropriations – proposes to remove all language requiring the mandatory carryover of certain unexpended balances in executive branch agencies. The language pertaining to legislative and judicial agencies as well as the institutions of higher education are not impacted.
- Use of reserve funds – proposes that the reserve funds provided to make an early payment toward the Revenue Stabilization Fund may also be used to address unfunded federal mandates or natural disasters.
- 2% bonus – a two percent contingent bonus is proposed based on the gainsharing concept that the bonus will be dependent upon state agencies saving sufficient funds to pay for the bonus.

# Summary of Changes in Budget Drivers

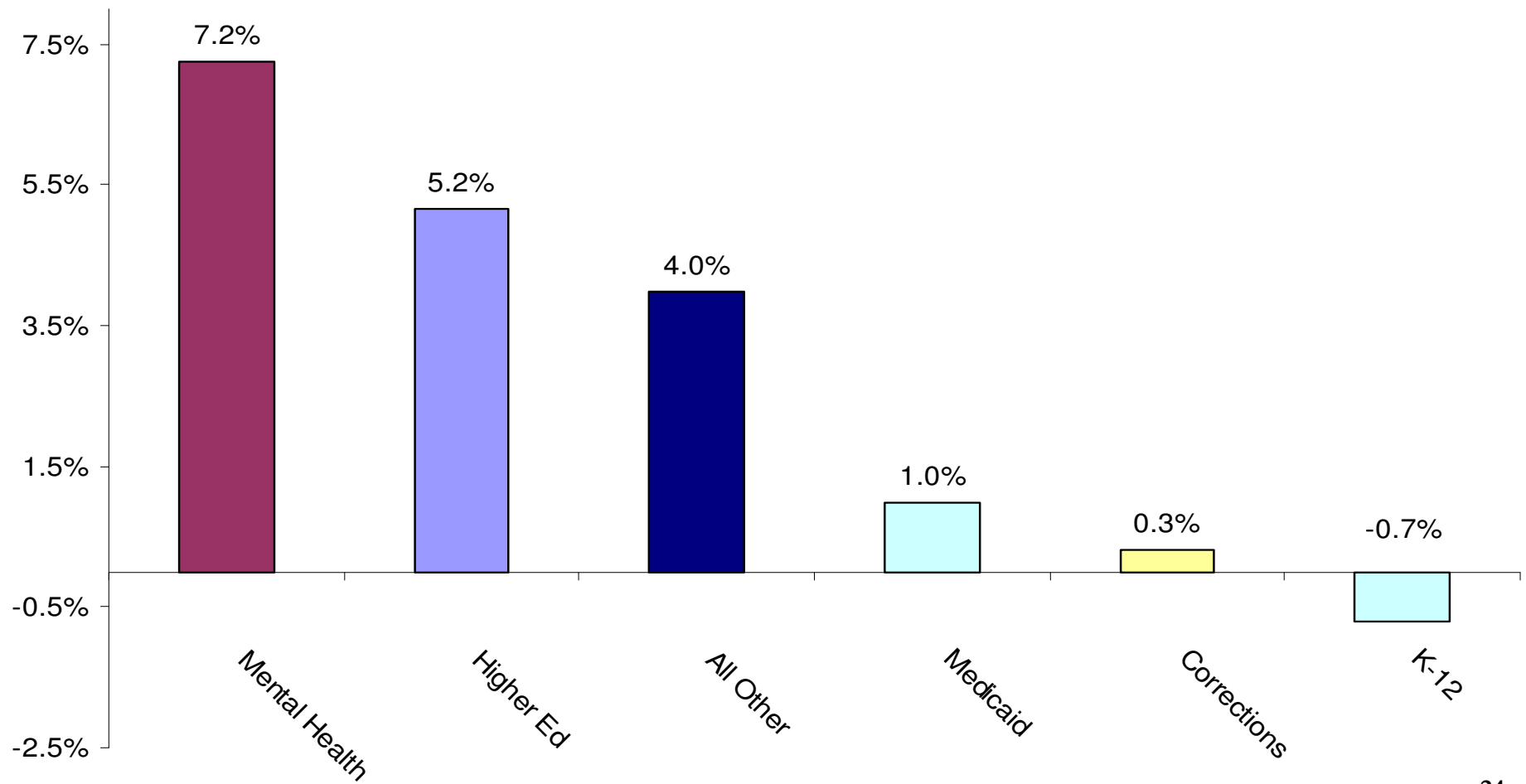
# Five budget drivers make up 71.4 percent of the FY 2012 general fund budget in Chapter 874. . .



\*Amounts shown in millions

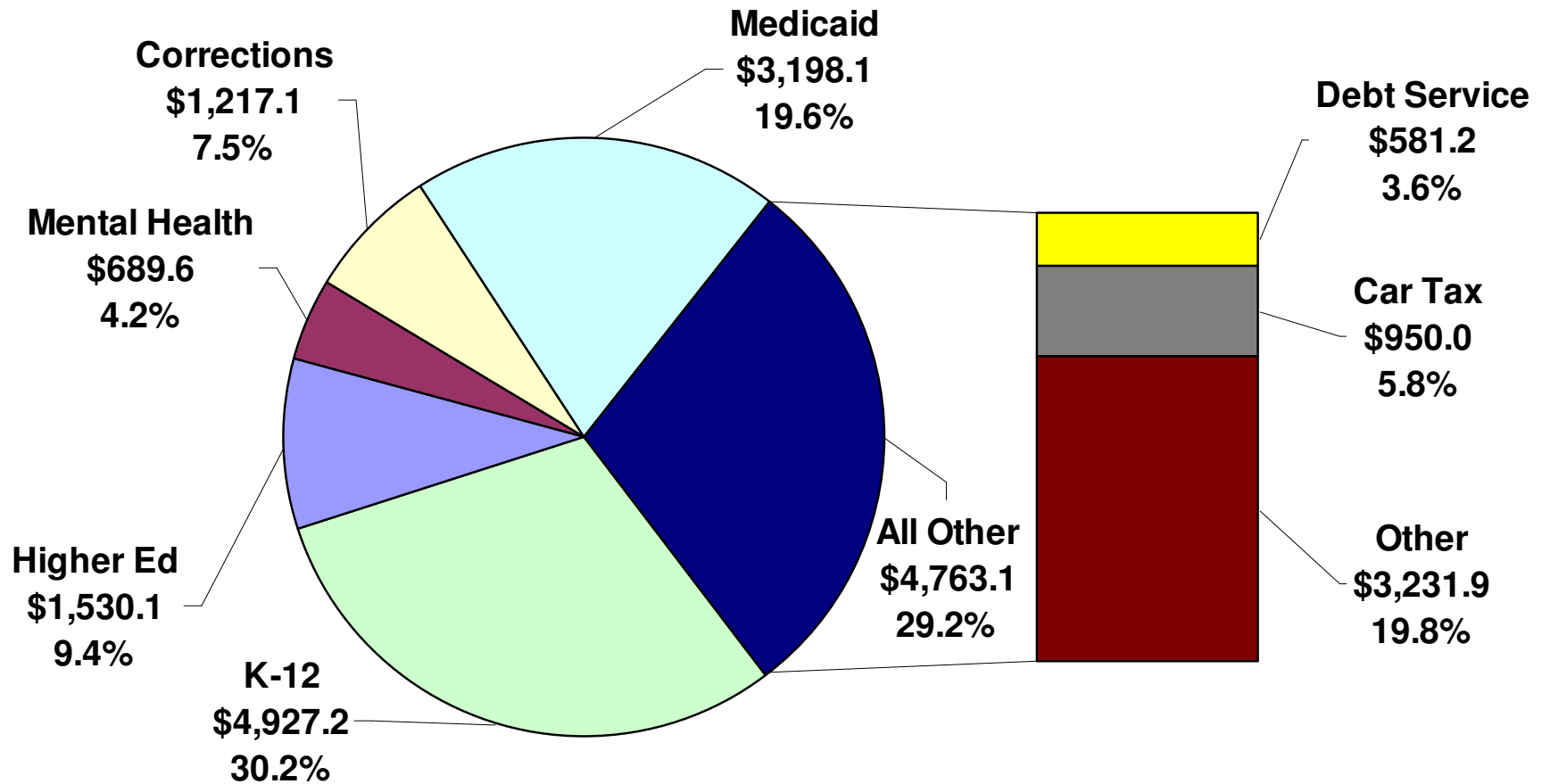
# Net general fund spending changes in budget drivers range from 7.2 percent to -0.7 percent in FY 2012...

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# The same budget drivers drop to 70.8 percent of the FY 2012 general fund budget in HB 1500/SB 800...



\*Amounts shown in millions

# **Summary of Changes by Secretarial Area**

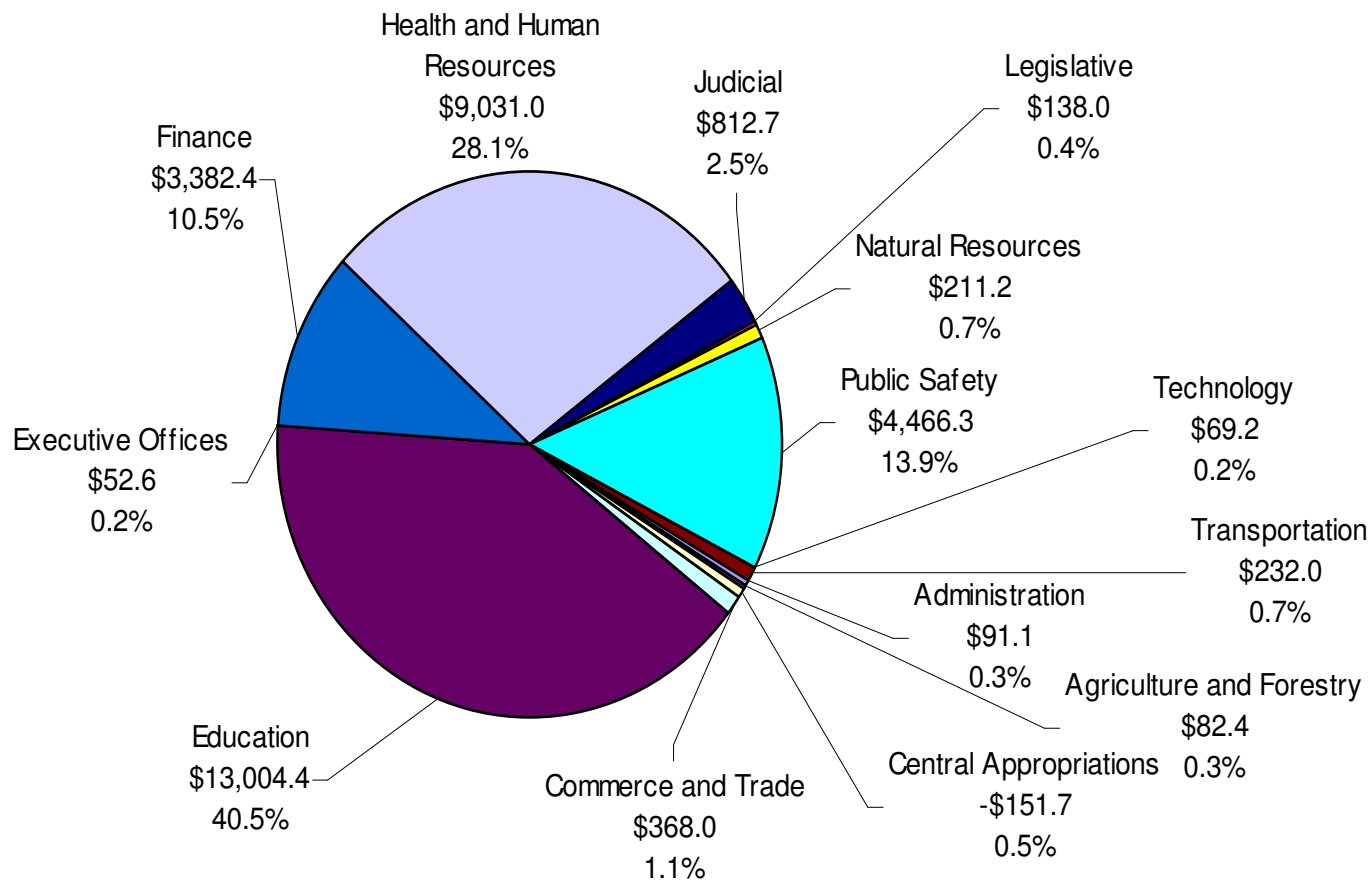
# Most secretarial areas will experience a net increase in appropriation...

## HB 1500 / SB 800 General Fund Operating Changes

Secretarial Area	Savings		Spending		Net Change	
	FY 2011	FY 2012	FY 2011	FY 2012	FY 2011	FY 2012
Administration	(\$0.1)	(\$2.4)	\$16.1	\$10.1	\$16.0	\$7.7
Agriculture and Forestry	(\$0.1)	(\$0.8)	\$0.3	\$1.2	\$0.1	\$0.4
Central Appropriations	\$0.0	\$0.0	\$0.0	(\$39.7)	\$0.0	(\$39.7)
Commerce and Trade	(\$0.4)	(\$7.4)	(\$2.0)	\$68.2	(\$2.4)	\$60.8
Education	(\$0.5)	(\$61.4)	(\$24.3)	\$113.5	(\$24.9)	\$52.0
Executive Offices	(\$0.4)	(\$0.1)	\$0.0	\$0.0	(\$0.4)	(\$0.1)
Finance	(\$12.4)	(\$16.4)	\$0.0	\$4.4	(\$12.4)	(\$12.0)
Health and Human Resources	(\$19.5)	(\$63.8)	(\$87.4)	\$247.1	(\$106.9)	\$183.3
Judicial	\$0.0	\$0.0	\$5.6	\$5.6	\$5.6	\$5.6
Natural Resources	(\$0.4)	(\$1.8)	\$36.7	\$2.1	\$36.3	\$0.4
Public Safety	(\$1.0)	(\$2.1)	(\$0.7)	\$16.7	(\$1.7)	\$14.6
Technology	(\$0.1)	(\$0.2)	\$28.1	\$31.2	\$28.0	\$31.0
Transportation	\$0.0	\$0.0	\$150.0	\$0.0	\$150.0	\$0.0
<b>Grand Total</b>	<b>(\$35.0)</b>	<b>(\$156.6)</b>	<b>\$122.4</b>	<b>\$460.6</b>	<b>\$87.4</b>	<b>\$304.0</b>

# Education, health and human resources, and public safety compose the three largest areas of general fund spending in the 2010-2012 biennium . . .

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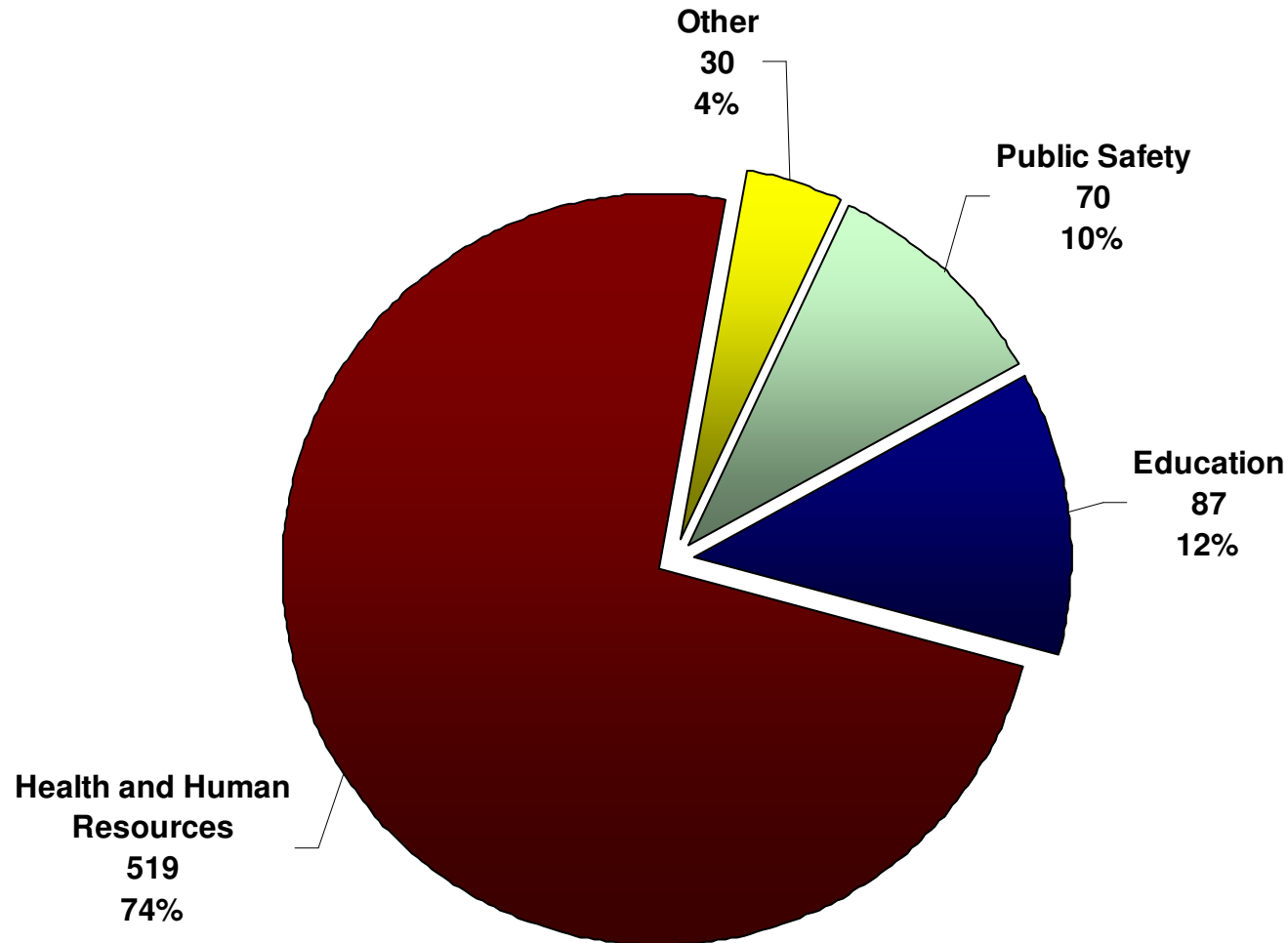


# 706 new positions have been proposed in the introduced budget and 61 positions have been eliminated for a net change of 645 positions...

Secretarial Area	Chapter 874 Positions (FY 2012)	HB 1500 Net Position Changes (FY 2012)	HB 1500 Proposed Layoffs
Legislative	609.0	0	0
Judicial	3,290.7	0	0
Executive Offices	414.5	2	0
Administration	862.5	0	1
Agriculture and Forestry	794.0	-1	0
Commerce and Trade	1,657.0	0	0
Education	53,943.1	87	4
Finance	1,314.5	-4	3
Health and Human Resources	16,243.7	519	16
Natural Resources	2,170.0	-1	3
Public Safety	20,955.1	70	7
Technology	376.0	-50	0
Transportation	9,797.0	0	0
Central Appropriations	0.0	0	0
Independent Agencies	1,612.1	23	1
<b>Totals</b>	<b>114,039.2</b>	<b>645</b>	<b>35</b>

# 74 percent of the proposed additional positions are in Health and Human Resources...

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# **Appendix**

## **Highlights of Detailed Spending Changes**

# Education – 2010-2012 Biennium

## Chapter 874 - General fund appropriation base

\$12,977.2 million

41.3 percent of the total general fund operating appropriation

### HB 1500/SB 800 - FY 2011

- Proposed general fund appropriation  
\$6,461.3 million
- Change over base
  - *Savings: -\$0.5 million*
  - *Initiatives: -\$24.3 million*
  - *Net Change: -\$24.9 million*
- -0.4 percent change
- -28.4 percent of total net general fund operating changes

### HB 1500/SB 800 - FY 2012

- Proposed general fund appropriation  
\$6,543.1 million
- Change over base
  - *Savings: -\$61.4 million*
  - *Initiatives: \$113.5 million*
  - *Net Change: \$52.0 million*
- 0.8 percent change
- 17.1 percent of total net general fund operating changes



# Education

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## New GF Spending

- Two and four-year institutions of higher education      \$57.8
  - *Higher Education Innovation and Performance: \$50.0 in FY 2012*
    - Consistent with the Governor's goals of achieving 100,000 additional degrees over 15 years, increasing higher education access, and reducing tuition growth; supports Commission recommendations.
    - Enhances student enrollment, retention, and graduation with a focus on increasing the number of students majoring in science, technology, engineering, and math (STEM) as well as health care: \$33.0
    - Supports undergraduate financial aid: \$13.0
    - Enhancement of on-line course availability: \$3.0
    - Targets to academic transformation through the use of technology: \$1.0

# Education

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## Higher education spending (cont.)

- *Higher Education Restructuring: \$7.8 in FY 2012*
  - Provides the estimated interest earned on tuition and fees and other nongeneral fund education and general revenues deposited to the state treasury: \$6.5
  - Supports the pro rata amount of the rebate paid to the Commonwealth on credit card purchases not exceeding \$5,000 during the previous fiscal year: \$1.3
  
- Virginia Commonwealth University \$5.0
  - *Support for Massey Cancer Center*
    - Strengthens the center's research capabilities and designation with the National Cancer Institute, making it more competitive for federal and private research funding.

# Education

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## Higher education spending (cont.)

- Old Dominion University \$5.0
  - *Base Funding for Institutional Operations*
    - Provides additional state support to address the university's low base adequacy attainment rate in comparison to Virginia's other higher education institutions. These additional funds will increase the rate from 75 percent to approximately 78 percent.
  
- Virginia Community College System \$3.0
  - *Workforce Development Enhancement*
    - Addresses the 30 percent mandate for non-credit courses by providing additional support for strong workforce training and development programs in the community college system. This is a recommendation of the Governor's Commission on Economic Development and Job Creation.

# Education

## Higher education spending (cont.)

- State Council of Higher Education for Virginia \$2.5
  - *Tuition Assistance Grant*
    - Increases average undergraduate grant awards to Virginia residents attending accredited private, non-profit higher education institutions in the Commonwealth from \$2,600 to \$2,700.
  
- University of Mary Washington \$1.0
  - *Support for the Dahlgren Education and Research Center*
    - Provides funding and positions for the operations and maintenance of the center. The university acts as the property manager for the center and generates no revenue from the operation of the facility.
  
- Extension Services \$1.0
  - *Virginia State University: \$0.5*
    - Funds to support the 100 percent match requirement for federal funds.
  - *Virginia Polytechnic Institute and State University: \$0.5*
    - Supports the implementation of the restructuring plan, as required by the 2010 General Assembly.

# Education

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## Higher education – GF Reductions

- State Council of Higher Education for Virginia (\$0.3)
  - *Reduce graduate financial aid (\$0.04)*
    - Reduces funding for the optometry program based on current utilization.
  - *Reduce operational support (\$0.2)*
    - Reduces support for the Higher Education, Fiscal, and Facility Planning and Coordination program and two positions.
  - *Language authorizing the automatic reappropriation of June 30 general fund balances has been removed.*

# Education

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Other education budget actions \$5.6

- Eastern Virginia Medical School

- *Medical Education: \$5.0*

- Support for the core instructional requirements for medical and health professions students.

- Secretary of Education

- *Incentive Grants for College Lab Schools: \$0.6*

- Support college partnership laboratory schools throughout the Commonwealth.

# Education

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## Other education budget reduction actions

- Secretary of Education (\$2.1)
  - *Two-year phase out of Public Broadcasting funding*
    - Provides for a phase-out of public broadcasting funding, which includes funding for public television, public radio, educational telecommunications, and radio reading services.
- Museums/cultural and education (\$0.4)
- related agencies
  - *Library of Virginia: (\$0.2)*
    - Represents various operational reductions.
  - *Virginia Museum of Fine Arts: (\$0.2)*
    - Represents personnel and operational reductions.

# Education

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## K-12 Public Education

- Technical and mandated adjustments (\$52.4)
  - *Adjust for sales tax revenue: \$40.5*
  - *Standards of Quality Account Updates: (\$43.2)*
  - *Transfer general fund supported programs to Lottery Service Area: (\$33.0)*
  - *Update costs for Composite-Index Hold Harmless: (\$8.4)*
  - *Updates to categorical and incentive programs: (\$8.0)*
  - *Update costs for National Board Certification grants: (\$0.3)*



# Education

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K-12 Public Education – New GF Spending           \$59.8

- Support VRS rate increase                                 \$53.2

- Establish pilot pay for performance program         \$3.0

- Other Actions   \$3.6

- *Correct Free and Reduced Lunch calculation and a technical correction to State Fiscal Stabilization Fund.*

# Education

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K-12 Public Education – GF Reductions (\$57.6)

- Reprogram funds provided for composite index hold harmless
  - *Funds used to support teacher retirement and pilot teacher performance pay programs.*

# Education

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- Department of Education (Central Office) (\$1.1)
  - *Support VSDB-Hampton campus closure: \$125,000*
  - *Support for Career Pathways program: \$100,000*
    - This is a recommendation of the Governor's Commission on Economic Development and Job Creation.
  - *Implement various savings strategies (\$1.3)*
    - Strategies generally include using supplanting with nongeneral funds sources and reducing administrative expenses.
  
- Virginia School for the Deaf and Blind \$0.1
  - *Maintenance Costs for Buildings*
    - Provide support for maintenance and utility costs associated with new and renovated buildings.

# Health and Human Resources – 2010-2012 Biennium

## Chapter 874 - General fund appropriation base

\$8,954.6 million

28.5 percent of the total general fund operating appropriation

### • **HB 1500/SB 800 - FY 2011**

- Proposed general fund appropriation  
\$4,100.7 million
- Change over base
  - *Savings: -\$19.5 million*
  - *Initiatives: -\$87.4 million*
  - *Net Change: -\$106.9 million*
- -2.5 percent change
- -122.3 percent of total net general fund operating changes

### • **HB 1500/SB 800 - FY 2012**

- Proposed general fund appropriation  
\$4,930.2 million
- Change over base
  - *Savings: -\$63.8 million*
  - *Initiatives: \$247.1 million*
  - *Net Change: \$183.3 million*
- 3.9 percent change
- 60.3 percent of total net general fund operating changes

# Health and Human Resources

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## New GF Spending

- Department of Behavioral Health and Developmental Services \$52.2
  - *Expansion of Community Options: \$12.3*
    - Expansion of behavioral health services (Tidewater/Eastern State Hospital): \$2.4
    - Establishment of crisis intervention programs for individuals with co-occurring intellectual disability and behavioral disorders: \$5.0
    - Expansion of crisis stabilization programs statewide: \$4.0
    - Positions at state training centers to work with families to transition residents into community settings: \$400,000
    - Addition of six licensing positions: \$463,000
    - Also funded but not included in the above total is the addition of 275 Intellectual Disability Medicaid waiver slots funded at the Department of Medical Assistance Services.

# Health and Human Resources

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## New GF Spending (con't)

- Department of Behavioral Health and Developmental Services (con't)
  - *Sexually Violent Predator program: \$25.0*
    - Provide funds for the continued operation of the expanding facility. Includes funding to reopen the temporary facility in Petersburg as necessary. The funds include the shortfall in FY 2011, which will be handled with a second year to first year transfer: \$24.4
    - Provide funds for the conditional release program operated through the central office: \$612,000
    - Also includes bond funding for an additional facility.

# Health and Human Resources

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## New GF Spending (con't)

- Department of Behavioral Health and Developmental Services (con't)
  - *Quality of care in state facilities: \$14.9*
    - Funds to address staffing ratio issues at training centers identified by the Inspector General: \$7.1
    - Establish a statewide medical director and a quality management position in Central Office: \$182,000
    - Contract with consultants to provide training at state facilities: \$200,000
    - Replace federal funds lost at Hancock geriatric due to decertification from the Medicaid program: \$5.2
    - Provide funds at Hancock Geriatric to address critical issues necessary for recertification: \$197,000
    - Maintain operation of the Southwestern Virginia Mental Health Institute geriatric unit: \$2.0

# Health and Human Resources

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## New GF Spending (con't)

- Department of Social Services \$17.6
  - *Child Support Enforcement: \$13.5*
    - Fund anticipated operational costs for child support enforcement due to lost federal support.
  - *Auxiliary Grant: \$2.4*
    - Restores funding to meet federal eligibility requirements associated with Health Care Reform. A separate amendment captures a small amount of savings related to caseload declines.
  - *Mandated welfare activities: \$1.3*
    - Funding is adjusted for adult and child welfare activities to meet anticipated demands for the biennium.



# Health and Human Resources

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## New GF Spending (con't)

- Department of Medical Assistance Services \$93.2
  - *Medicaid Utilization and Inflation: \$68.5*
    - Growth of 8.1 percent in FY 2011 and 4.7 percent in FY 2012.
    - Reflects \$265 million in additional federal stimulus in FY 2011.
    - Includes adjustment for Health Care Fund revenue.
  - *Intellectual disability waiver slots: \$9.8*
    - 275 new slots on July 1, 2010.
  - *Nursing facility operating rates: \$5.0*
    - Reduces the July 1, 2011 rate reduction from 3.0 to 1.9 percent.

# Health and Human Resources

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## New GF Spending (con't)

- Department of Medical Assistance Services (Con't)
  - *Health Information Technology: \$5.9*
    - Creates the linkages for Health Information Exchange for providers and health plans.
    - Medicaid Provider Incentive program will allow Virginia providers to access nearly \$300 million in federal dollars for electronic health records.
    - Creates an web portal for eligibility determination in preparation of 2014 expansion of the Medicaid population due to Federal Health care Reform.
    - Federal match is 90 percent of state costs.
  - *Other adjustments: \$4.0*
  
- Department of Health \$11.3
  - *Provide general fund support to the AIDS Drug Assistance Program: \$7.2*
  - *Restore general fund support to the Office of the Chief Medical Examiner, Division of Shellfish Sanitation, and Marina Program: \$2.7*
  - *Other adjustments: \$1.4*
  
- Other Health and Human Resource agencies (\$3.9)

# Health and Human Resources

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## GF Reductions

- Department of Social Services (\$17.0)
  - *Administrative Funding: (\$1.5)*
    - Includes a 7.7 percent cut to overall administration and efficiencies realized by bringing the department's training program in-house.
  - *Supplant general fund dollars: (\$14.6)*
    - Continued support for the impacted programs, which include child care, Healthy Families, and domestic violence grants, will be contingent upon the availability of nongeneral funds in the 2012 - 2014 biennium.

# Health and Human Resources

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## GF Reductions (con't)

- Comprehensive Services Act (\$17.4)
  - *Equalization of match rates proposed in the Governor's budget: (\$11.5)*
    - Equalization of match rates for all residential services by returning therapeutic foster care to the residential categorization: (\$7.5).
    - Equalization of match rates for all services provided in the public schools by reclassifying all services in the public schools as educational services: (4.0)
  - *Controlling costs by eliminating non-mandated services: (\$5.0)*
    - These services are not required to be funded by either statute or budget language. Only 60 percent of all localities have chosen to access these funds.

# Health and Human Resources

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## GF Reductions (con't)

- Department of Medical Assistance Services (\$60.2)
  - *Medicaid Expansion and Involuntary Mental Commitment forecasts: (\$9.6)*
    - Enrollment and managed care rate increases are less than previously projected.
  - *Pharmacy rebates from managed care: (\$18.2)*
    - Federal Health Care Reform requires pharmaceutical companies to provide rebates for drugs paid for under Medicaid managed care.

# Health and Human Resources

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## GF Reductions (con't)

- Department of Medical Assistance Services (con't)
  - *Federal bonus payment (\$9.0)*
    - Two new enrollment provisions qualify Virginia for a bonus payment in FY 2012.
  - *Provider assessment for ICF-MRs: (\$8.5)*
  - *Community mental health services: (\$6.4)*
    - Requires independent assessments of a child's need for these services.
  - *Expand care coordination: (\$3.5)*
    - Improves the appropriate utilization of services and quality of care for clients.
  - *Other adjustments: (\$5.0)*

# Health and Human Resources

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## GF Reductions (con't)

- Department of Health (\$4.8)
  - *Continue restrictions on discretionary spending: (\$2.9)*
  - *Reduce general fund support in the State Health Services program: (\$1.0)*
  - *Other adjustments: (\$0.9)*

# Health and Human Resources

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## New positions by agency

- Department of Behavioral Health and Developmental Service 399.0
- Virginia Department of Health 67.0
- Department of Social Services 44.0
- Department of Medical Assistance Services 19.0
- Department of Rehabilitative Services 2.0



# Public Safety – 2010-2012 Biennium

## Chapter 874 - General fund appropriation base

\$3,280.4 million

10.4 percent of the total general fund operating appropriation

### • **HB 1500/SB 800 - FY 2011**

- Proposed general fund appropriation  
\$1,658.1 million
- Change over base
  - *Savings: -\$1.0 million*
  - *Initiatives: -\$0.7 million*
  - *Net Change: -\$1.7 million*
- -0.1 percent change
- -2.0 percent of total net general fund operating changes

### • **HB 1500/SB 800 - FY 2012**

- Proposed general fund appropriation  
\$1,635.2 million
- Change over base
  - *Savings: -\$2.1 million*
  - *Initiatives: \$16.7 million*
  - *Net Change: \$14.6 million*
- 0.9 percent change
- 4.8 percent of total net general fund operating changes

# Public Safety

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## New GF Spending (con't)

- State Police \$5.9
  - *Advancement of start of trooper schools and STARS maintenance.*
  
- Corrections \$12.1
  - *Increased inmate medical costs: \$8.1*
  - *Probation officers and probation preparation staff: \$2.2*
  - *Funding and positions transferred from Correctional Education: \$1.8*
  
- Veterans' Services \$0.5
  - *Veterans' cemeteries: \$0.4*
    - Meet standards for national shrines.
    - Other adjustment: \$0.1

# Public Safety

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## GF Reductions

- Correctional Education (\$2.6)
  - *Unobligated balances and caseload reductions: (\$0.8)*
  - *Funding and positions transferred to DOC: (\$1.8)*
  
- Juvenile Justice (\$1.1)
  - *Unobligated GF balance.*
  
- Forensic Science (\$0.8)
  - *Equipment replacement: (\$0.7)*
    - Purchases will be financed, reducing need for appropriation now.
  
- Other Public Safety Agencies (\$1.2)

# Commerce and Trade – 2010-2012 Biennium

## Chapter 874 - General fund appropriation base

\$309.6 million

1.0 percent of the total general fund operating appropriation

### • **HB 1500/SB 800 - FY 2011**

- Proposed general fund appropriation  
\$161.2 million
- Change over base
  - *Savings: -\$0.4 million*
  - *Initiatives: -\$2.0 million*
  - *Net Change: -\$2.4 million*
- -1.5 percent change
- -2.7 percent of total net general fund operating changes

### • **HB 1500/SB 800 - FY 2012**

- Proposed general fund appropriation  
\$206.7
- Change over base
  - *Savings: -\$7.4 million*
  - *Initiatives: \$68.2million*
  - *Net Change: \$60.8 million*
- 41.6 percent change
- 20.0 percent of total net general fund operating changes

# Commerce and Trade

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## New GF Spending

- Economic Development Incentive Payments \$36.9
  - *Establish Virginia Research and Technology Investment Fund: \$25.0*
    - Capitalizes the fund in anticipation of legislation to be considered during the Session. The fund will foster development and commercialization of research-based technologies. This is a recommendation of the Governor's Commission on Economic Development and Job Creation.
  - *Assist localities impacted by previous Base Realignment and Closure Commission Recommendations: \$7.5*
  - *Increase funds for the Governor's Motion Picture Opportunity Fund: \$2.0*
    - This is a recommendation of the Governor's Commission on Economic Development and Job Creation.
  - *Provide funds for commitments under the Semi-conductor Manufacturing Incentive Grant and Virginia Investment Partnership Grant programs: \$2.4*

# Commerce and Trade

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## New GF Spending (con't)

- Virginia Employment Commission \$8.9
  - *Provide funding for interest payments owed on federal loans.*
    - Provides an appropriation for a payment owed to the federal government by September 30, 2011, of interest on loans used to pay mandatory unemployment compensation benefits. An additional nongeneral fund appropriation of \$3.0 is also provided for the interest payments.

# Commerce and Trade

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## New GF Spending (con't)

- Department of Business Assistance \$7.4
  - *Recapitalize Virginia Small Business Financing Authority economic development and small business loan programs: \$5.0*
    - These additional funds will be used for the Loan Guarantee, Capital Access, and State Economic Loan funds. This is a recommendation of the Governor's Commission on Economic Development and Job Creation.
  - *Establish Tourism Development Revolving Micro Loan Fund: \$2.0*
    - This is a recommendation of the Governor's Commission on Economic Development and Job Creation.
  - *Support small business with economic development needs: \$0.4*

# Commerce and Trade

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## New GF Spending (con't)

- Department of Housing and Community Development \$7.6
  - *Provide funding to promote economic revitalization: \$4.5*
    - Funds will be deposited to the Virginia Removal or Rehabilitation of Derelict Structures Fund and provide grants to localities for the acquisition, demolition, removal, rehabilitation, or repair of derelict structures. Also, increases funding for the Virginia Main Street Program. This is a recommendation of the Governor's Commission on Economic Development and Job Creation.
  - *Provide pass-through funds for the operation of the Fort Monroe Authority: \$1.9*
  - *Increase funding for the Virginia Enterprise Zone (EZ) Program: \$1.0.*
    - This is a recommendation of the Governor's Commission on Economic Development and Job Creation.
  - *Other actions: \$0.2*



# Commerce and Trade

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## New GF Spending (con't)

- Other Commerce and Trade Agencies \$5.6
  - *Virginia Tourism Authority: \$2.0*
    - Provides funds to: expand the tourism marketing partnership grant fund, a recommendation of the Governor's Commission on Economic Development and Job Creation; and, promote OpSail Virginia 2012.
  - *Virginia Economic Development Partnership: \$1.5*
    - Provides funds: to improve efforts through regional collaboration, a recommendation of the Governor's Commission on Economic Development and Job Creation; for the Virginia Commercial Space Flight Authority; to continue marketing efforts at the current level.
  - *Department of Mines, Minerals and Energy: \$1.7*
    - Provides funds to reimburse for the Dominion Power rebate, restores funds to ensure coal mine safety, and honors a commitment to a company under the Solar Photovoltaic Incentive Grant Program.

# Commerce and Trade

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## GF Reductions

- Economic Development Incentive Payments (\$5.8)
  - *Capture savings from economic development incentive funding*
    - Captures funding provided for Project Ignite, as the project will not locate in the Commonwealth. Also, captures anticipated savings provided for a payment under the Biofuels Production Incentive Grant Program, based on the most recent payment estimate.
  
- Virginia Economic Development Partnership (\$1.7)
  - *Reduces funding for the Virginia Biotechnology Wet-Laboratory Program (\$0.6)*
  - *Captures savings through efficiencies (\$1.1)*
    - Captures turnover and vacancy savings and savings in administration and information technology.
    - Reduces pass-through funding to the Virginia National Defense Industrial Authority.

# Commerce and Trade

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## GF Reductions (con't)

- Housing and Community Development (\$0.6)
  - *Child Service Coordinator Program (\$0.2)*
  - *Administrative savings (\$0.4)*
  
- Mines, Minerals and Energy (\$0.3)
  - *Administrative savings*
    - Captures savings from turnover and vacancy and maximizes the use of nongeneral fund dollars.

# Commerce and Trade

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## GF Reductions (con't)

- Virginia Tourism Authority (\$0.3)
  - *Reduce funding for tourism promotion*
    - Reduces funding for radio and television advertising and tourism promotion through the Outdoor Advertising Association, Virginia Association of Public Television and Radio, and the “See Virginia First” program.
  
- Other Commerce and Trade Agencies (\$0.1)
  - *Labor and Industry*

# Natural Resources – 2010-2012 Biennium

## Chapter 874 - General fund appropriation base

\$174.5 million

0.6 percent of the total general fund operating appropriation

### • **HB 1500/SB 800 - FY 2011**

- Proposed general fund appropriation  
\$124.0 million
- Change over base
  - *Savings: -\$0.4 million*
  - *Initiatives: \$36.7 million*
  - *Net Change: \$36.3 million*
- 41.4 percent change
- 41.5 percent of total net general fund operating changes

### • **HB 1500/SB 800 - FY 2012**

- Proposed general fund appropriation  
\$87.2 million
- Change over base
  - *Savings: -\$1.8 million*
  - *Initiatives: \$2.1 million*
  - *Net Change: \$0.4 million*
- 0.4 percent change
- 0.1 percent of total net general fund operating changes

# Natural Resources

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## New GF Spending

- Department of Conservation and Recreation and the Department of Environmental Quality \$36.4
  - *Deposits to the Water Quality Improvement Fund (WQIF), including a set-aside of \$14.0 to the Natural Resources Commitment Fund: \$36.4*
    - Provides funding for point source \$3.64 and nonpoint source \$32.8 water quality improvements in accordance with Virginia's Phase 1 Watershed Implementation Plan.
- Department of Conservation and Recreation \$2.0
  - *Funding for land conservation: \$2.0*
    - Deposit to the Virginia Land Conservation Fund: \$1.0
    - Transfer to the Department of Historic Preservation for deposit to the Civil War Site Preservation Fund: \$1.0
- Other Natural Resources spending \$0.5

# Natural Resources

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## GF Reductions

- Department of Environmental Quality (\$1.3)
  - *Reduce fund balance in the Air Mobile Source Inspection Program: (\$0.8)*
  - *Capture staffing efficiencies: (\$0.3)*
  - *Reduce water quality monitoring: (\$0.2)*
- Department of Conservation and Recreation (\$0.7)
  - *Capture vacancy savings: (\$0.3)*
  - *Reduce state park visitor center funding: (\$0.2)*
  - *Reduce information technology expenses: (\$0.2)*
- Other Natural Resources Agencies (\$0.5)

\*Amounts shown in millions

# Agriculture and Forestry – 2010-2012 Biennium

## Chapter 874 - General fund appropriation base

\$81.9 million

**0.3 percent of the total general fund operating appropriation**

### • **HB 1500/SB 800 - FY 2011**

- Proposed general fund appropriation  
\$41.0 million
- Change over base
  - *Savings: -\$0.1 million*
  - *Initiatives: \$0.3 million*
  - *Net Change: \$0.1 million*
- 0.3 percent change
- 0.2 percent of total net general fund operating changes

### • **HB 1500/SB 800 - FY 2012**

- Proposed general fund appropriation  
\$41.4 million
- Change over base
  - *Savings: -\$0.8 million*
  - *Initiatives: \$1.2 million*
  - *Net Change: \$0.4 million*
- 0.9 percent change
- 0.1 percent of total net general fund operating changes



# Agriculture and Forestry

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## New GF Spending

- Agriculture and Consumer Services \$1.2
  - *Increase wine liter tax collections: \$0.6*
    - Reflects increased wine sales
  - *Preserve working farms and forest lands through purchase of development rights: \$0.4*
  - *Help farmers meet water quality standards and maintain profitability: \$0.2*
    - Helps with Phase I Watershed Implementation Plan.
  - *Meet federal dairy regulation requirements: \$0.1*
  
- Forestry \$0.3
  - *Purchase over \$1.0 million in equipment through Master Equipment Lease Purchase Program: \$0.3*

# Agriculture and Forestry

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## GF Reductions

- Department of Forestry (\$0.4)
  - *Reduce personnel cost: (\$0.4)*
    - Captures turnover and vacancy and eliminates four positions.
  
- Agriculture and Consumer Services (\$0.6)
  - *Restructure consumer protection enforcement and administration, meat and poultry inspection management, and the Commissioner's Office: (\$0.3)*
    - Transfers positions to maximize the use of nongeneral fund dollars, captures savings from vacancies, and reclassifies a position.
  - *Reduce funding for the State Fair, the Agricultural Statistics Service, and the Wine Distribution Corporation: (\$0.1)*

# Agriculture and Forestry

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## GF Reductions (con't)

- Agriculture and Consumer Services (con't)
  - *Captures administrative savings: (\$0.2)*
    - Captures savings by moving the Office of Charitable Gaming to the Oliver Hill Building, charges the Milk Commission's nongeneral funds for administrative expenses, eliminates the contract with a third-party vendor for the bingo manager/caller licensing system, and reduces the amount of rent assistance provided to the National Agricultural Statistics Service.

# Technology – 2010-2012 Biennium

## Chapter 874 - General fund appropriation base

\$10.3 million

0.03 percent of the total general fund operating appropriation

### • **HB 1500/SB 800 - FY 2011**

- Proposed general fund appropriation  
\$32.9 million
- Change over base
  - *Savings: -\$0.1 million*
  - *Initiatives: \$28.1 million*
  - *Net Change: \$28.0 million*
- 572.9 percent change
- 32.0 percent of total net general fund operating changes

### • **HB 1500/SB 800 - FY 2012**

- Proposed general fund appropriation  
\$36.4 million
- Change over base
  - *Savings: -\$0.2 million*
  - *Initiatives: \$31.2 million*
  - *Net Change: \$31.0 million*
- 575.4 percent change
- 10.2 percent of total net general fund operating changes

# Technology

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## New GF Spending

- Address increased IT costs \$59.6
  - *Impacts of new information technology rates: \$58.2*
    - Covers unbudgeted changes in costs resulting from a new rate structure implemented on July 1, 2010. These increases reflect the persistent disparity between information technology costs and budgets, attributable to the implementation of decentralized rates in FY 2007 as well as historical underfunding of agencies' information technology requirements.
  - *Eliminate double count of IT operational efficiencies: \$1.4*
    - Reduces savings for IT operational efficiency actions that are already accounted for in the new rate structure.

# Technology

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## GF Reductions

- VITA/Implement savings actions (\$0.3)
  - *Captures turnover and vacancy savings within the Enterprise Applications Division: (\$0.1)*
  - *Shifts funding for a portion of a policy oversight position and nonpersonal services to nongeneral funds: (\$0.1)*
  - *Funds a portion of an enterprise applications position with a federal grant: (\$46,000)*
  
- IEIA/Implement savings actions (\$0.1)
  - *Innovation and Entrepreneurship Investment Authority /Reduces contractual costs for federal government advocacy.*

# Finance – 2010-2012 Biennium

## Chapter 874 - General fund appropriation base

\$3,406.7 million

10.9 percent of the total general fund operating appropriation

### • **HB 1500/SB 800 - FY 2011**

- Proposed general fund appropriation  
\$1,634.3 million
- Change over base
  - *Savings: -\$12.4 million*
  - *Initiatives: \$0.0 million*
  - *Net Change: -\$12.4 million*
- -0.8 percent change
- -14.2 percent of total net general fund operating changes

### • **HB 1500/SB 800 - FY 2012**

- Proposed general fund appropriation  
\$1,748.1 million
- Change over base
  - *Savings: -\$16.4 million*
  - *Initiatives: \$4.4 million*
  - *Net Change: -\$12.0 million*
- -0.7 percent change
- -3.9 percent of total net general fund operating changes

# Finance

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## New GF Spending

- Treasury Board \$3.2
  - *Provide debt service for new and currently authorized projects.*
  
- Department of Taxation \$1.2
  - *Relocate tax processing facility.*
    - Provides funds for the installation of major equipment and the net increase in rent.



# Finance

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## GF Reductions

- Treasury Board (\$24.5)
  - *Capture debt service savings.*
    - Captures savings realized from the issuance of recent Virginia College Building Authority and Virginia Public Building Authority bonds: at lower interest rates than anticipated; as Build America Bonds resulting in more favorable rates; and, at later issuance dates than originally planned.

# Finance

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## GF Reductions (con't)

- Department of Taxation (\$3.6)
  - *Reduce the use of contractors for information technology and security: (\$1.5)*
    - Replaces information technology consultants with full-time staff and reduces the private security presence at agency locations.
  - *Reduce disaster recovery costs: (\$0.8)*
  - *Reduce full-time personnel and wage staff: (\$0.6)*
    - Eliminates four positions throughout the agency and reduces the use of wage staff in tax processing and the warehouse.
  - *Implement new electronic filing requirement for withholding tax and eliminate the requirement to mail tax forms: (\$0.5)*
  - *Reduce administrative costs: (\$0.1)*
    - Eliminates a floor of office space and reduces discretionary communications equipment.

# Finance

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## GF Reductions (con't)

- Other Finance Agencies (\$0.6)
  - *Department of the Treasury: (\$0.3)*
  - *Department of Accounts: (\$0.3)*
  - *Department of Planning and Budget: (\$41,000)*

# Administration – 2010-2012 Biennium

Chapter 874 - General fund appropriation base

\$1,240.7 million

4.0 percent of the total general fund operating appropriation

- **HB 1500/SB 800 - FY 2011**

- Proposed general fund appropriation  
\$641.7 million

- Change over base
  - *Savings: -\$0.1 million*
  - *Initiatives: \$16.1 million*
  - *Net Change: \$16.0 million*

- 2.6 percent change

- 18.3 percent of total net general fund operating changes

- **HB 1500/SB 800 - FY 2012**

- Proposed general fund appropriation  
\$622.5 million

- Change over base
  - *Savings: -\$2.4 million*
  - *Initiatives: \$10.1 million*
  - *Net Change: \$7.7 million*

- 1.2 percent change

- 2.5 percent of total net general fund operating changes

# Administration

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## New GF Spending

- Department of General Services \$0.9
  - *Warranties for laboratory equipment maintenance: \$0.7*
    - Extends warranties to maintain laboratory equipment at the Division of Consolidated Laboratory Services.
  - *Reconfigure Division of Laboratory Services server room: \$0.2*
    - Provides funding to house agency laboratory servers in industry standard environment and configurations.
  
- State Board of Elections \$0.1
  - *Provide additional funding for Campaign Finance System.*
  
- Compensation Board \$25.3
  - *Per diem payments for local and regional jails: \$7.4*
    - FY 2011 only. FY 2012 will be addressed next session.
  - *Restoration of funding for sheriffs' offices: \$16.6*
  - *New regional jail beds: \$1.3*
    - Operation of Blue Ridge Regional Jail's Amherst facility.

# Administration

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## GF Reductions

- Department of Human Resource Management (\$0.2)
  - *Allocate personnel management information technology system costs to state agencies.*
  
- State Board of Elections (\$0.2)
  - *Reduce financial assistance to localities for general registrars salaries.*

# Administration

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## GF Reductions (con't)

- Department of General Services (\$0.3)
  - *Capture proceeds from sale of Abingdon Laboratory: (\$0.1)*
  - *Redistribute maintenance costs to nongeneral fund: (\$90,000)*
  - *Reduce personnel costs in director's office:(\$80,000)*
  
- Compensation Board (\$1.7)
  - *State support for costs of liability insurance.*
  
- All other actions (\$0.2)

# Central Appropriations – 2010-2012 Biennium

## Chapter 874 - General fund appropriation base

(\$112.0) million

-0.4 percent of the total general fund operating appropriation

### • **HB 1500/SB 800 - FY 2011**

- Proposed general fund appropriation  
-\$55.3 million
- Change over base
  - *Savings: \$0.0 million*
  - *Initiatives: \$0.0 million*
  - *Net Change: \$0.0 million*
- 0.0 percent change
- 0.0 percent of total net general fund operating changes

### • **HB 1500/SB 800 - FY 2012**

- Proposed general fund appropriation  
-\$96.4 million
- Change over base
  - *Savings: \$0.0 million*
  - *Initiatives: -\$39.7 million*
  - *Net Change: -\$39.7 million*
- 69.9 percent change
- -13.1 percent of total net general fund operating changes



# Central Appropriations

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## New GF Spending

- State Employer Retirement Contributions
  - *Increases the employer contribution for defined benefit retirement plans by four percent. This action results in a \$122.9 million general fund resource reduction but an estimated increase (all funds) of approximately \$153.8 million for state employee retirement system.*
- Line of Duty Payments \$0.4
  - *Provides the state agency share of a rate increase for the Line of Duty program which provides death and other benefits for public safety officers.*

# Central Appropriations

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## New GF Spending (con't)

- Operational Efficiency Proposals \$0.3
  - *Funds the evaluation of operational efficiency proposals submitted by citizens, state agencies, and state employees that may result in savings and improved service delivery.*
  
- Performance Budgeting System \$0.2
  - *Operating Costs*
    - Funds the general fund share of the operating costs of the Commonwealth's performance budgeting system, an enterprise application.

# Central Appropriations

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## GF Reductions

- State Employee Retirement Contributions (\$33.0)
  - *Requires state employees to pay a five percent share of defined benefit retirement contributions. As a partial offset, a three percent salary increase is provided effective July 1, 2011.*
- Employer Optional Retirement Plan Contributions (\$7.1)
  - *Reduces the employer contribution for optional retirement plans from 10.40 percent to 8.5 percent.*
- Reduce or eliminate organizational memberships (\$0.4)
  - *Reflects savings associated with the elimination of organizational memberships held by state agencies and institutions of higher education or the negotiated reduction in annual membership dues.*

# Executive Offices – 2010-2012 Biennium

Chapter 874 - General fund appropriation base

\$53.2 million

0.2 percent of the total general fund operating appropriation

- **HB 1500/SB 800 - FY 2011**

- Proposed general fund appropriation  
\$26.1 million

- Change over base
  - *Savings: -\$0.4 million*
  - *Initiatives: \$0.0 million*
  - *Net Change: -\$0.4 million*

- -1.5 percent change

- -0.5 percent of total net general fund operating changes

- **HB 1500/SB 800 - FY 2012**

- Proposed general fund appropriation  
\$26.5 million

- Change over base
  - *Savings: -\$0.1 million*
  - *Initiatives: \$0.0 million*
  - *Net Change: -\$0.1 million*

- -0.4 percent change

- 0.04 percent of total net general fund operating changes

# Executive Offices

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## New GF Spending

- Interstate Organization Contributions \$35,005
  - *Increased FY 2011 and FY 2011 membership dues for the Southern Governor's Association.*

## GF Reductions

- Office of the Governor, Lieutenant Governor and Cabinet (\$71,087)
  - *Reduce discretionary expenses.*
- Office of the Attorney General (\$500,000)
  - *Freeze Senior Counsel position in FY 2011: (\$200,000)*
  - *Fund grants manager with indirect cost recoveries: (\$200,000)*
  - *Fund additional agency support services with indirect cost recoveries: (\$100,000)*
- Interstate Organization Contributions (\$20,439)
  - *Eliminate membership in the Southern Governor's Association as of FY 2012.*

# Judicial – 2010-2012 Biennium

## Chapter 874 - General fund appropriation base

\$801.4 million

2.6 percent of the total general fund operating appropriation

### • **HB 1500/SB 800 - FY 2011**

- Proposed general fund appropriation  
\$406.3 million
- Change over base
  - *Savings: \$0.0 million*
  - *Initiatives: \$5.6 million*
  - *Net Change: \$5.6 million*
- 1.4 percent change
- 6.5 percent of total net general fund operating changes

### • **HB 1500/SB 800 - FY 2012**

- Proposed general fund appropriation  
\$406.3 million
- Change over base
  - *Savings: \$0.0 million*
  - *Initiatives: \$5.6 million*
  - *Net Change: \$5.6 million*
- 1.4 percent change
- 1.9 percent of total net general fund operating changes

# Judicial

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## New GF Spending

- General District Courts \$2.4
  - *Criminal Fund: \$2.1*
    - *Increase funding for the payment of court costs and allowances for indigent persons in criminal cases.*
  - *Involuntary Mental Commitment Fund: \$0.3*
    - *Increase funding for the payment of expenditures pursuant to the conduct of various types of hearings in the involuntary mental commitment (IMC) process.*
  
- Juvenile Domestic Relations District Courts \$3.0
  - *Criminal Fund*
    - *Increase funding for the payment of court costs and allowances for indigent persons in criminal cases.*

# Judicial

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## New GF Spending (con't)

- Judicial reversion clearing account \$1.7
  - *Reduce savings for judge vacancies.*
    - Savings from judge vacancies recalculated to be \$4.8 in FY 2012 versus the \$6.5 originally calculated.

## GF Reductions (\$5.0)

- Virginia State Bar
  - *Revert year end balances.*
    - Reverts accumulated year end balances.



# Transportation – 2010-2012 Biennium

Chapter 874 - General fund appropriation base

\$82.0 million

0.3 percent of the total general fund operating appropriation

- **HB 1500/SB 800 - FY 2011**

- Proposed general fund appropriation

\$163.0 million

- Change over base

- *Savings: \$0.0 million*

- *Initiatives: \$150.0 million*

- *Net Change: \$150.0 million*

- 1,155.6 percent change

- 171.6 percent of total net general fund operating changes

- **HB 1500/SB 800 - FY 2012**

- Proposed general fund appropriation

\$69.0 million

- Change over base

- *Savings: \$0.0 million*

- *Initiatives: \$0.0 million*

- *Net Change: \$0.0 million*

- 0.0 percent change

- 0.0 percent of total net general fund operating changes

# Transportation

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## New GF Spending

- State Transportation Infrastructure Bank      \$150.0
  - *Two-thirds of the FY 2010 general fund surplus: \$32.7*
    - As designated in § 2.2-1514, Code of Virginia, for deposit into the Transportation Trust Fund.
  - *One-third of the FY 2010 general fund surplus: \$16.4*
    - As designated in § 2.2-1514, Code of Virginia, to be used for nonrecurring expenditures.
  - *General fund balances from FY 2010: \$100.9*
    - General fund dollars unobligated at the FY 2010 year-end.