

**General Fund  
Six-Year Financial Plan**

**Fiscal Years 2017 to 2022**

**Department of Planning and Budget**

**January 2016**



## Introduction

This “Six-Year Financial Plan” report has been prepared to meet the provisions of § 2.2-1503.1, Code of Virginia. The contents include revenue and appropriation data beginning with the FY 2017 and FY 2018 amounts included in HB/SB 30 Introduced (2016 Session), along with four additional years of financial projections through FY 2022.

### General Fund Financial Plan

**Balances:** The beginning balance for each fiscal year equals the ending balance of the prior fiscal year (difference between resources and spending). If the balance for the prior fiscal year is less than zero, the beginning balance for the next fiscal year is assumed to be zero.

**Revenue:** The general fund revenue estimates for FY 2017 through FY 2022 presented in this plan come from the official six-year revenue forecast reflected in HB/SB 30 Introduced (2016 Session). The year over year revenue changes excluding transfers and balances assumed in the combination of these forecasts are as follows:

+3.0 percent for FY 2017;  
+3.7 percent for FY 2018;  
+4.3 percent for FY 2019;  
+4.2 percent for FY 2020;  
+4.3 percent for FY 2021; and,  
+4.1 percent for FY 2022.

**Sales Tax Transfer:** This transfer consists of the 0.25 percent sales tax increase enacted by the General Assembly during the 2004 special session and the 0.125 percent sales tax moved during the 2013 session from sales tax revenues to the Local Real Estate and Standards of Quality Relief Fund, the balance of which is later transferred to the general fund. These amounts are earmarked for public education. The amounts for fiscal year 2017 and 2018 are equal to the amounts contained in HB/SB 30 Introduced (2016 Session). The projections for this source beyond fiscal year 2018 are consistent with the long-term forecast for sales tax collections embedded in the official forecast of general fund revenues.

**ABC Profits Transfer:** The ABC Profits transfer amount for fiscal years 2017 and 2018 are equals the amount contained in HB/SB 30 Introduced (2016 Session). Projections for FY 2019 through FY 2022 are consistent with the official revenue forecast.

**Other Cash Transfers:** For fiscal years 2017 and 2018 the other cash transfers amount equals the amounts included in HB/SB 30 Introduced (2016 Session). In future years, other transfers equal recurring items consistent with the official revenue forecast.

**Health Care Fund:** The Health Care Fund was created by the General Assembly in the 2004 session and consists of taxes on tobacco products, 41.5 percent of the revenue collected from the agreement with tobacco manufacturers (including the escrow accounts of nonparticipating manufacturers), and Medicaid recoveries. The fund is used to pay for the Medicaid program. The projected total for the fund is the sum of the projections for the individual sources which make up the fund.

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

**Spending:** The spending forecast included in this report is built from information included in HB/SB 30 Introduced (2016 Session). Costs for fiscal years 2019 through 2022 are then built using fiscal year 2018 as a base.

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

**Results:** The comparison of projected general fund resources versus general fund spending is presented in Table 1. The results indicate that projected revenue exceeds projected general fund spending through FY 2022. The estimates of spending include projected increases for core programs based on the current practices and policies of the Commonwealth. It is assumed that the projected balances would be available for other additional operating needs (programmatic changes), capital outlay spending, or future pay increases.

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Table 1-Statewide Summary**

Item	HB/SB 30 Introduced			Projected Amounts		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>Resources:</b>						
Prior Year Balances	\$426.0	\$178.5	\$17.6	\$93.2	\$516.8	\$1,112.0
Adjustments to Balance	\$666.8	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)
Revenue	\$18,860.3	\$19,551.4	\$20,390.6	\$21,253.2	\$22,162.3	\$23,076.8
Sales Tax for Education	\$388.2	\$401.7	\$417.4	\$433.3	\$449.7	\$466.4
ABC Profits Transfer	\$78.9	\$79.5	\$80.0	\$80.0	\$80.0	\$80.0
Other Transfers	\$103.0	\$103.0	\$103.0	\$103.0	\$103.0	\$103.0
Health Care Fund <sup>1</sup>	\$364.7	\$348.1	\$348.0	\$348.0	\$348.0	\$348.0
<b>Total Resources</b>	<b>\$20,887.9</b>	<b>\$20,661.7</b>	<b>\$21,356.1</b>	<b>\$22,310.2</b>	<b>\$23,659.3</b>	<b>\$25,185.7</b>
<b>Spending Items:</b>						
Elementary & Secondary Education (K-12)	\$5,903.0	\$6,211.4	\$6,431.4	\$6,520.3	\$6,764.2	\$6,861.7
Health and Human Resources	\$6,361.3	\$6,466.2	\$6,702.4	\$7,026.4	\$7,316.3	\$7,591.2
Higher and Other Education	\$2,032.0	\$2,038.1	\$2,065.6	\$2,094.1	\$2,122.7	\$2,151.3
Public Safety	\$1,906.9	\$1,902.4	\$1,935.7	\$1,935.0	\$1,949.4	\$1,963.7
Finance	\$2,470.4	\$1,891.9	\$1,945.0	\$1,966.1	\$2,052.9	\$2,043.4
Administration	\$702.3	\$706.7	\$723.3	\$723.4	\$723.5	\$724.5
Judicial	\$480.4	\$480.0	\$482.6	\$485.2	\$487.7	\$490.3
Commerce and Trade	\$252.6	\$259.0	\$228.6	\$226.8	\$227.2	\$226.7
Natural Resources	\$186.2	\$123.9	\$125.6	\$133.2	\$173.9	\$173.9
Legislative	\$78.8	\$78.8	\$78.8	\$78.8	\$78.8	\$78.8
Agriculture and Forestry	\$57.2	\$57.9	\$57.9	\$57.9	\$57.9	\$57.9
Executive Offices	\$35.4	\$35.5	\$35.5	\$35.5	\$35.5	\$35.5
Transportation	\$43.0	\$43.0	\$43.0	\$43.0	\$43.0	\$43.0
Veterans Services and Homeland Security	\$19.2	\$20.4	\$20.4	\$20.4	\$20.4	\$20.4
Technology	\$11.8	\$11.4	\$10.7	\$10.7	\$10.7	\$10.7
Independent	\$0.2	\$0.3	\$0.3	\$0.3	\$0.3	\$0.3
Centrally Funded Items	\$115.9	\$218.9	\$268.0	\$328.1	\$374.7	\$442.1
Capital Outlay	\$52.9	\$98.4	\$108.4	\$108.4	\$108.4	\$108.4
<b>Total Spending/Savings</b>	<b>\$20,709.4</b>	<b>\$20,644.1</b>	<b>\$21,262.9</b>	<b>\$21,793.4</b>	<b>\$22,547.4</b>	<b>\$23,023.6</b>
<b>Balance</b>	<b>\$178.5</b>	<b>\$17.6</b>	<b>\$93.2</b>	<b>\$516.8</b>	<b>\$1,112.0</b>	<b>\$2,162.0</b>

<sup>1</sup> Health Care Fund is shown as part of the general fund spending projection.

\*Figures shown in millions.



Detailed Spending Projections  
And  
General Fund Spending  
Assumptions  
Through FY 2022





**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Legislative Department**

	HB/SB 30 Introduced			Projected Amounts		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Senate	\$14.6	\$14.7	\$14.7	\$14.7	\$14.7	\$14.7
House of Delegates	\$25.8	\$25.8	\$25.8	\$25.8	\$25.8	\$25.8
Auditor of Public Accounts	\$11.8	\$11.8	\$11.8	\$11.8	\$11.8	\$11.8
Capitol Police	\$8.2	\$8.2	\$8.2	\$8.2	\$8.2	\$8.2
Legislative Services	\$6.6	\$6.6	\$6.6	\$6.6	\$6.6	\$6.6
Legislative Automated Systems	\$3.4	\$3.4	\$3.4	\$3.4	\$3.4	\$3.4
Joint Legislative Audit & Review Commission	\$3.7	\$3.7	\$3.7	\$3.7	\$3.7	\$3.7
All other spending	\$4.5	\$4.5	\$4.5	\$4.5	\$4.5	\$4.5
<b>Total, spending and savings items</b>	<b>\$78.8</b>	<b>\$78.8</b>	<b>\$78.8</b>	<b>\$78.8</b>	<b>\$78.8</b>	<b>\$78.8</b>

\*Figures shown in millions.

**Legislative Department General Fund Spending Assumptions**

- ❖ In the Legislative Department, out-year projections are a continuation of FY 2018 funding level contained in the Governor’s proposed budget for the 2016-2018 biennium.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB30/SB30, for the 2016-2018 biennium. Out-year funding is continued at the FY 2018 level.

- |   |  |  |
|---|--|--|
| <ul style="list-style-type: none"> <li>• Autism Advisory Council</li> <li>• Brown vs. Board of Education</li> <li>• Capital Square Preservation Council</li> <li>• Chesapeake Bay Commission</li> <li>• Sesquicentennial of the Civil War Commission</li> <li>• Commission on Civics Education</li> <li>• Commission on Electric Utility Restructuring</li> </ul> | <ul style="list-style-type: none"> <li>• Commission on the Virginia Alcohol Safety Action Program</li> <li>• Commission on Unemployment Compensation</li> <li>• Commission On Youth</li> </ul> | <ul style="list-style-type: none"> <li>• Commissioners for the Promotion of Uniformity of Legislation in the United States</li> <li>• Dr. M. L. King Memorial Commission</li> <li>• Housing Commission</li> <li>• Joint Commission on Administrative Rules</li> <li>• Joint Commission on Health Care</li> </ul> |
|---|--|--|

- Joint Commission on Technology and Science
- Legislative Reversion Clearing Account
- Manufacturing Development Commission
- Small Business Commission
- State Water Commission
- Virginia Bicentennial of the American War of 1812 Commission
- Virginia Coal/Energy Commission
- Virginia Code Commission
- Virginia Commission on Intergovernmental Cooperation
- Virginia Commission on the Centennial of the Woodrow Wilson Presidency
- Virginia Disability Commission
- Virginia Freedom of Information Advisory Council
- Virginia State Crime Commission

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Judicial**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Criminal Fund	\$123.6	\$123.6	\$126.1	\$128.7	\$131.2	\$133.9
All other spending	\$356.8	\$356.5	\$356.5	\$356.5	\$356.5	\$356.5
<b>Total, spending and savings items</b>	<b>\$480.4</b>	<b>\$480.0</b>	<b>\$482.6</b>	<b>\$485.2</b>	<b>\$487.7</b>	<b>\$490.3</b>

\*Figures shown in millions.

**Judicial Department General Fund Spending Assumptions**

- ❖ Criminal Fund includes the state’s costs for providing for indigent defense through the use of court appointed attorneys. The data for the years beyond FY 2018 are from the forecast made of Criminal Fund needs. All appropriation data include an additional \$4.2 million each year for a special waiver program that authorizes the Executive Secretary of the Supreme Court to make payments beyond the statutory fee caps to court appointed attorneys in atypical cases as well as funding for physical evidence recovery kits (PERK).
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the other government activities of the Judicial Branch. These amounts were straight-lined in the out-years. Such spending would include:
  - Judicial System (other than Criminal Fund)

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Executive Offices**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Governor	\$5.1	\$5.2	\$5.2	\$5.2	\$5.2	\$5.2
Lieutenant Governor	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4
Attorney General	\$22.8	\$22.8	\$22.8	\$22.8	\$22.8	\$22.8
Office of the Inspector General	\$4.6	\$4.6	\$4.6	\$4.6	\$4.6	\$4.6
Secretary of the Commonwealth	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3
All other spending	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
<b>Total, spending and savings items</b>	<b>\$35.4</b>	<b>\$35.5</b>	<b>\$35.5</b>	<b>\$35.5</b>	<b>\$35.5</b>	<b>\$35.5</b>

\*Figures shown in millions.

**Executive Offices General Fund Spending Assumptions**

- ❖ In Executive Offices, out-year projections are a continuation of the FY 2018 funding level.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB30/SB30, for the 2014-2016 biennium. Out-year funding is continued at the FY 2018 level.
  - Interstate Organization Contributions

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Administration**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Consolidated laboratory	\$12.9	\$12.9	\$12.9	\$12.9	\$12.9	\$12.9
Statewide procurement services	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3
Human resource management	\$6.9	\$6.5	\$6.5	\$6.5	\$6.5	\$6.5
Department of Elections	\$9.3	\$8.7	\$14.3	\$14.3	\$14.3	\$14.3
Sheriffs and regional jails	\$452.6	\$457.9	\$457.9	\$457.9	\$457.9	\$457.9
Jail per diems	\$50.1	\$50.1	\$61.2	\$61.3	\$61.4	\$62.4
Other Constitutional Officers	\$166.1	\$166.1	\$166.1	\$166.1	\$166.1	\$166.1
All other spending	\$2.0	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2
<b>Total, spending and savings items</b>	<b>\$702.3</b>	<b>\$706.7</b>	<b>\$723.3</b>	<b>\$723.4</b>	<b>\$723.5</b>	<b>\$724.5</b>

\*Figures shown in millions.

**Administration General Fund Spending Assumptions**

- ❖ Out-year funding for consolidated laboratory and statewide procurement services are at the FY 2018 level.
- ❖ Out-year funding for human resource management is at the FY 2018 level.
- ❖ Out-year projections for the Department of Elections assume the agency will be fully funded with general fund support beginning in FY 2019. Federal Help America Vote Act funds will be depleted before the end of FY 2018.
- ❖ Sheriffs and regional jails include the state's share of the costs of operating local sheriffs' departments and regional jails. Out-year funding is continued at the FY 2018 level.
- ❖ Jail per diem payments include the state's share of the costs of housing local and state responsible prisoners in local and regional jails. Because of the method of budgeting per diem payments, the amount shown for both FY 2017 and FY 2018 are understated. The Appropriation Act stipulates that any projected growth in per diem payments must be based on actual inmate population counts in the first quarter of the affected fiscal year. The first quarter data for FY 2017 will not be available until the fall of 2016, but it is anticipated that the funding needed will be at least equal to, if not more than, the amount projected for FY 2016, which is \$61.4 million. . The amounts for FY 2019, FY 2020, FY 2021, and FY 2022 are based on state and local responsible inmate population projections.
- ❖ Other constitutional officers include the funding for the offices of local finance officers, commissioners of the revenue, treasurers, clerks of court, and Commonwealth's attorneys. No major increases in funding are anticipated for these offices in future years.

- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB/SB 30, for the 2016-2018 biennium. Out-year funding is continued at the FY 2018 level.
- ❖ Secretary of Administration
- ❖ Compensation Board, central administration costs only
- ❖ Department of General Services other than the consolidated laboratory and statewide procurement services

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Agriculture and Forestry**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Governor's Agriculture and Forestry Industries Development Fund	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0
Wildfire Emergency Equipment and Vehicles	\$1.5	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3
Land Conservation Grants (HB 1398, 2013 Session)	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0
All other spending	\$51.7	\$51.6	\$51.6	\$51.6	\$51.6	\$51.6
<b>Total, spending and savings items</b>	<b>\$57.2</b>	<b>\$57.9</b>	<b>\$57.9</b>	<b>\$57.9</b>	<b>\$57.9</b>	<b>\$57.9</b>

\*Figures shown in millions.

**Agriculture and Forestry General Fund Spending Assumption**

- ❖ Spending for the Governor's Agriculture and Forestry Industries Development Fund includes \$2.0 million annually for deposit to the Fund to support grants and loans. Additionally, \$328,835 is provided in each year for program administration. Out-year funding is continued at the FY 2018 level.
- ❖ Funding to replace wildfire emergency equipment through the Master Equipment Lease Purchase program. Out-year funding is continued at the FY 2018 level to support ongoing payments under the program and to provide for future replacements on a rotation schedule.
- ❖ Land Conservation Grants. This represents funding for the Virginia Farmland Preservation Fund. This represents funding for land conservation activities provided for in Chapter 798, 2013 Virginia Acts of Assembly (HB1398). Out-year funding is continued at the FY 2018 level.
- ❖ The "All Other Spending Category" includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB30 and SB30 as introduced for the 2016-2018 biennium and not listed separately. Out-year funding is continued at the FY 2018 level.

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Commerce and Trade**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Commonwealth's Development Opportunity Fund	\$20.8	\$20.8	\$20.8	\$20.8	\$20.8	\$20.8
Governor's Motion Picture Opportunity Fund	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0
Bioscience spinoff company proposals	\$30.0	\$30.0	-	-	-	-
Virginia Investment Partnership, Major Eligible Employer, and Virginia Economic Development Incentive grants	\$9.7	\$11.5	\$11.1	\$9.8	\$10.4	\$9.9
AeroSpace Engine Manufacturer Incentive	\$8.9	\$3.7	\$3.6	\$3.3	\$3.0	\$3.0
Center for Innovative Technology's Commonwealth Research and Commercialization Fund	\$2.8	\$2.8	\$2.8	\$2.8	\$2.8	\$2.8
Advanced Shipbuilding Training Facility Grant	\$7.2	-	-	-	-	-
Fort Monroe Authority	\$5.3	\$5.3	\$5.3	\$5.3	\$5.3	\$5.3
Housing Trust Fund	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0
Health Food Financing Program	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0	\$5.0
GO Virginia Initiative	\$5.7	\$20.2	\$20.2	\$20.2	\$20.2	\$20.2
Virginia Telecommunication Initiative	\$2.8	\$2.8	\$2.8	\$2.8	\$2.8	\$2.8
Promote Tourism between Virginia and China	\$0.5	-	-	-	-	-
Funding for one-time projects	\$0.6	-	-	-	-	-
All other spending	\$140.4	\$144.0	\$144.0	\$144.0	\$144.0	\$144.0
<b>Total, spending and savings items</b>	<b>\$252.6</b>	<b>\$259.0</b>	<b>\$228.6</b>	<b>\$226.8</b>	<b>\$227.2</b>	<b>\$226.7</b>

\*Figures shown in millions.

**Commerce and Trade General Fund Spending Assumptions**

- ❖ Annual spending for the Commonwealth's Development Opportunity Fund is level funded in the out-years.
- ❖ General fund support for the Governor's Motion Picture Opportunity Fund is level funded in the out-years. In addition to the general fund support, revenue generated from a nongeneral fund digital media fee, enacted by the 2009 General Assembly, also supports the Fund.
- ❖ Spending for biotechnology spinoff companies is anticipated to occur only in FY 2017 and FY 2018.
- ❖ Spending for Virginia Investment Partnership, Major Eligible Employer, and Virginia Economic Development Incentive grants is based on payments scheduled to occur, as estimated by the Virginia Economic Development Partnership, in accordance with negotiated company



agreements and consistent with Code of Virginia provisions related to the programs. In FY 2018, a nongeneral fund appropriation in the amount of \$800,000 is also provided for the Virginia Economic Development Incentive Grant program.

- ❖ Spending for the aerospace engine manufacturer incentive to Rolls-Royce is ongoing through FY 2023. Payments are provided for in negotiated company agreements and under provisions in the Code of Virginia related to the incentive grant programs.
- ❖ General fund support for the Center for Innovative Technology’s Commonwealth Research and Commercialization Fund is level funded in the amount of \$2.8 million in the out-years.
- ❖ Advanced Shipbuilding Training Facility Grant. Funding for a grant to the City of Newport News or its industrial development authority is ongoing through FY 2017. The anticipated payment will be \$32.8 million over a five year period; in accordance with a negotiated performance agreement and legislation enacted by the 2011 legislative session.
- ❖ General fund support for the Fort Monroe Authority is the Commonwealth’s share of the estimated annual operating expenses of the authority. Annual spending is level funded in the out-years.
- ❖ Funding for deposit to the Housing Trust Fund is level funded in the out-years
- ❖ Spending to establish a statewide healthy food financing program is level funded in the out-years.
- ❖ Spending for the GO Virginia Initiative includes \$225,000 in each year for administrative costs; the remaining \$5.5 million in FY 2017 and \$20.0 million in FY 2018 is for grants. Spending in the out-years is level funded.
- ❖ Spending for the Virginia Telecommunication Initiative includes \$83,647 in each year for program administration; the remaining \$2.75 million annually is for broadband planning and implementation grants. Spending in the out-years is level funded.
- ❖ Spending to promote tourism between Virginia and China is ongoing through FY 2017.
- ❖ Funding for one-time projects. Funding in FY 2017 includes one-time funding to support the Town of Farmville to support the vice presidential debate to be hosted at Longwood University and one-time funding for the City of Bristol to support an economic development project.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB30 and SB30 as introduced for the 2016-2018 biennium and not listed separately. Out-year funding is continued at the FY 2018 level.

- |   |   |
|---|---|
| • Secretary of Commerce and Trade                     | • Economic Development Incentive            |
| • Department of Housing and Community Development     | • Payments                                  |
| • Department of Labor and Industry                    | • Fort Monroe Authority                     |
| • Department of Mines, Minerals and Energy            | • Virginia Economic Development Partnership |
| • Department of Small Business and Supplier Diversity | • Virginia Employment Commission            |
|   | • Virginia Tourism Authority                |

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Elementary and Secondary Education (K-12)**

Item	HB/SB 30 Introduced			Projected Amounts		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Standards of Quality (SOQ)	\$4,265.8	\$4,324.6	\$4,583.8	\$4,606.7	\$4,790.9	\$4,814.9
VRS Rate Changes	\$17.9	\$67.8	\$50.9	\$50.8	\$40.2	\$40.1
Retiree Health Care Credit Rate Changes	\$1.5	\$5.1	\$4.1	\$4.1	\$4.1	\$4.1
Group Life Rate Changes	(\$0.2)	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3
Sales Tax revenues for SOQ	\$1,393.3	\$1,443.3	\$1,499.1	\$1,556.0	\$1,615.0	\$1,674.8
Categorical grants	\$58.2	\$58.8	\$59.6	\$60.4	\$61.2	\$62.1
Incentive Programs	\$68.6	\$214.0	\$131.1	\$131.1	\$131.1	\$131.1
Supplemental Education	\$27.4	\$28.1	\$34.9	\$43.3	\$53.8	\$66.8
Department of Education - Central Office	\$59.9	\$58.2	\$56.3	\$56.3	\$56.3	\$56.3
School for Deaf & Blind	\$10.6	\$10.3	\$10.3	\$10.3	\$10.3	\$10.3
All other spending	-	-	-	-	-	-
<b>Total, spending and savings items</b>	<b>\$5,903.0</b>	<b>\$6,211.4</b>	<b>\$6,431.4</b>	<b>\$6,520.3</b>	<b>\$6,764.2</b>	<b>\$6,861.7</b>

\*Figures shown in millions.

**Elementary & Secondary Education (K-12) General Fund Spending Assumptions**

- ❖ The Standards of Quality for public education are fully funded across all six years presented in this plan.
- ❖ Standards of Quality programs for FY 2017 and FY 2018 are set according to the Governor's proposed budget for the 2016-2018 biennium, House Bill 30/Senate Bill 30, 2016 General Assembly Session. Based on projected increases in costs, out-year spending assumes growth rates of 4.0 percent the first year and 0.5 percent the second year for the 2018-2020 biennium and the 2020-2022 biennium. The first year growth rate of 4.0 percent is applied on the base year of the previous biennium to the first year in the next biennium. The second year rate of 0.5 percent is applied to account for the estimated growth in enrollment only over the prior year. Per pupil amounts are grown with the rebenchmarking of each biennium and are the same for each year of a biennium, accounting for the large growth seen in the first year of each biennium, with growth in the second year reflecting enrollment growth only. The estimated amount has been adjusted to account for the anticipated Direct Aid savings resulting from the basic aid offset from expected increases in sales tax revenues.

- ❖ Funding is adjusted for the Standards of Quality programs for FY 2019 through FY 2022 to account for anticipated rate adjustments for the Virginia Retirement System, health care costs, group life insurance, and retiree health care credit costs. Retirement, group life, and retiree health care credit rates are based on the Virginia Retirement System's Estimated Employer Contribution Rates, updated 12/17/15.
- ❖ The one and one-eighth cent sales tax revenue estimates for FY 2019 through FY 2022 are based on the official general fund revenue forecast provided by the Department of Taxation as of December 2015.
- ❖ Out-year spending for Categorical Programs assumes a 1.34 percent annual increase based on a five year growth average.
- ❖ In FY 2019, \$83 million provided for a 2 percent salary increase under Incentive Programs in FY 2018 is removed from the Incentive Programs amount and applied to the base for Standards of Quality. Out-year spending for Incentive Programs is kept level from FY 2019 through FY 2022.
- ❖ Out-year spending for Supplemental Education funding assumes a 24.2 percent annual increase based on a five year growth average.
- ❖ The out-year amounts for the Department of Education – Central Office are held constant at the FY 2018 level after removing one time funding of \$1.6 million for computer adaptive testing and \$300,000 for redesign of the school performance report card.
- ❖ The out-year amounts for the School for the Deaf and Blind are based on maintaining existing requirements such as Standards of Learning testing and additional Board of Education standards placed on the school for the education of its students and are held constant at the FY 2018 level.

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Higher and Other Education**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Educational and General Programs *	\$1,453.4	\$1,453.0	\$1,478.0	\$1,503.0	\$1,528.0	\$1,553.0
Other Higher Education (VPI-VSU Ext & VIMS)	\$94.4	\$94.4	\$94.4	\$94.4	\$94.4	\$94.4
Higher Education Research	\$51.8	\$50.9	\$50.9	\$50.9	\$50.9	\$50.9
Student Financial Assistance	\$210.5	\$210.5	\$213.3	\$216.2	\$219.0	\$222.0
Workforce Credentialing and Pathway Initiative	\$9.6	\$16.6	\$16.6	\$16.6	\$16.6	\$16.6
Cyber Security Initiatives	\$6.6	\$8.4	\$8.4	\$8.4	\$8.4	\$8.4
Tuition Assistance Grant (TAG) - SCHEV	\$65.8	\$65.8	\$66.5	\$67.1	\$67.8	\$68.5
Two-Year College Transfer Grant - SCHEV	\$2.9	\$2.9	\$2.9	\$2.9	\$2.9	\$2.9
Military Survivors and Dependents - SCHEV	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0
Virginia Degree Completion Network	\$4.4	\$3.7	\$3.7	\$3.7	\$3.7	\$3.7
Higher Ed Centers and Institutes	\$17.0	\$16.9	\$15.9	\$15.9	\$15.9	\$15.9
Museums and Cultural Agencies	\$58.0	\$57.9	\$57.9	\$57.9	\$57.9	\$57.9
All other spending	\$55.6	\$55.3	\$55.3	\$55.3	\$55.3	\$55.3
<b>Total, spending and savings items</b>	<b>\$2,032.0</b>	<b>\$2,038.1</b>	<b>\$2,065.6</b>	<b>\$2,094.1</b>	<b>\$2,122.7</b>	<b>\$2,151.3</b>

\*Includes only two-year and four-year institutions of higher education.

\*Figures shown in millions.

**Higher Education and Other Education General Fund Spending Assumptions**

- ❖ Amounts for Educational and General (E&G) Programs include core funding for instructional, student service and administrative operations of colleges and universities, excluding those amounts set out below. Also included in the amounts is funding each year to support the Office of Civil Rights (OCR) programs and activities at Virginia State and Norfolk State Universities. The amounts included support each institution's six-year plan, consistent with the objectives of the Higher Education Opportunity Act of 2011. Amounts in FY 2020 through FY 2022 are increased by \$25.0 million each year over the previous year as a future investment in higher education by providing base operating funding, enrollment growth, degree completion and other initiatives.
- ❖ Other higher education agencies include the Virginia Tech and Virginia State Extension Divisions and the Virginia Institute of Marine Science. The FY 2018 amount is continued in the out-years.

- ❖ Funding of \$51.8 million is included in FY 2017 and \$50.9 million in FY 2018 to support various research initiatives at six institutions of higher education and the Eastern Virginia Medical School. The FY 2018 amount is continued in the out-years. Included in the research funding totals is \$20.0 million in each year of the biennium to provide one-time incentive packages to high performing researchers who successfully commercialize their research, and establishes centers of excellence where researchers can collaborate and receive support in commercializing their research. The goal of this initiative is to develop spin off companies from research being conducted in the Commonwealth that will accelerate the growth and strength of Virginia's cyber security, bioscience, and other industries.
- ❖ Funding of \$210.5 million is included in FY 2017 and \$210.5 million in FY 2018 to support student financial assistance at the seventeen public institutions of higher education and the Virginia Institute of Marine Science. This includes \$1.1 million in each year of the biennium dedicated to financial assistance for individuals pursuing industry-based certifications. The projections for student financial assistance for FY 2020 to FY 2022 factor in projected growth in enrollment based on historical trends.
- ❖ Funding of \$9.6 million is included in FY 2017 and \$16.6 million in FY 2018 for various Workforce Development programs and programs to increase the capacity of existing noncredit workforce programs for professions with the greatest need for workers. The FY 2018 amount is continued in the out-years.
- ❖ Funding of \$6.6 million is included in FY 2017 and \$8.4 million in FY 2018 to support various cyber security enhancements at the public institutions of higher education, including a cyber-security range, scholarship funding for students pursuing cyber security degrees, development of pathways to attract and train veterans for cyber security careers, and funding to help the four-year institutions qualify as federal cyber security centers of excellence.
- ❖ Funding of \$65.8 million is included each year to support the Tuition Assistance Grant (TAG) program. The funding supports the TAG award to \$3,400 for undergraduates and up to \$2,200, depending on enrollment, for graduate health and medical students attending not-for-profit independent institutions in each year of the biennium. TAG funding of \$375,700 for students attending Eastern Virginia Medical School (EVMS) is included in the appropriation for the medical school. These students are no longer eligible for TAG funding through the State Council of Higher Education for Virginia. The projections for the out-years factor in projected growth in enrollment, based on historical trends for enrollments at private colleges and universities.
- ❖ Funding of \$2.9 million is included in FY 2017 and \$2.9 million in FY 2018 to continue implementing the Two-Year College Transfer Grant program. The funding, included under the State Council of Higher Education appropriation, provides eligible transfer students with a \$1,000 award, and an additional \$1,000 award for science, technology, education, math or nursing majors. Students must meet financial aid criteria to be eligible for this program. An additional award of \$1,000 can also be provided to students transferring to Norfolk State University, Old Dominion University, Radford University, University of Virginia's College at Wise, Virginia Commonwealth University, and Virginia State University. The FY 2018 amount is continued in the out-years.
- ❖ Funding of \$2.0 million the first year and \$2.0 million the second year is included to support the Virginia Military Survivors and Dependents program. The funding, included under the State Council of Higher Education appropriation, provides an annual stipend to offset the costs of room, board, books and supplies for qualified survivors and dependents of military service members. The present funding provides an annual stipend of up to \$1,800, depending on enrollment. The FY 2018 amount is continued in the out-years.
- ❖ Funding of \$4.4 million is included in FY 2017 and \$3.7 million in FY 2018 to support the Virginia Degree Completion Network (VDCN) to begin January 1, 2017. The network will provide adults learners and nontraditional student competency-based online degree completion

programs and a support network targeted toward nontraditional students and individuals who have some credit but who are not currently enrolled in college courses. Once created, the VDCN will allow all Virginia public institutions of higher education to offer programs through the network. The FY 2018 amount is continued in the out-years.

- ❖ Amounts for the higher education centers and institutes include funding each year to support the operations at the New College Institute, the Institute for Advanced Learning and Research, Roanoke Higher Education Authority, Southern Virginia Higher Education Center, Southwest Virginia Higher Education Center, and Jefferson Science Associates, LLC. The FY2018 amount is continued in the out-years, with the exception of \$1.0 million which is one-time funding for Jefferson Science Associates, LLC to support the design proposal that will be submitted to the United States Department of Energy (USDOE) for the approximately \$1.0 billion electron ion collider (EIC) project.
- ❖ Amounts for museums and cultural agencies include funding in each year to support operations at the Virginia Museum of Fine Arts, Science Museum of Virginia, Gunston Hall, Frontier Culture Museum, Jamestown-Yorktown Foundation, Commission for the Arts, and the Library of Virginia. The FY 2018 amount is continued in the out-years.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding proposed in amendments to the budget found in the introduced budget for the 2016-2018 biennium. Out-year funding is continued at the FY 2018 level.
  - Secretary of Education (other than Virginia Degree Completion Network)
  - State Council of Higher Education for Virginia (other than TAG/Military Survivors/Two-Year Transfer Grant/some cyber security initiatives)
  - Eastern Virginia Medical School (other than research and financial aid)
  - Unique Military Activities funding for Virginia Military Institute and Virginia Tech
  - Base support for Workforce Development in the community college system (not included in new Workforce Development funding noted above)

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Finance**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Debt Service	\$734.9	\$766.3	\$819.3	\$840.4	\$873.5	\$846.3
Financial assistance to localities	\$49.6	\$49.6	\$49.6	\$49.6	\$49.6	\$49.6
Revenue Stabilization Fund	\$605.6	-	-	-	\$53.7	\$71.4
Personal Property Tax Relief	\$950.0	\$950.0	\$950.0	\$950.0	\$950.0	\$950.0
All other spending	\$130.4	\$126.1	\$126.1	\$126.1	\$126.1	\$126.1
<b>Total, spending and savings items</b>	<b>\$2,470.4</b>	<b>\$1,891.9</b>	<b>\$1,945.0</b>	<b>\$1,966.1</b>	<b>\$2,052.9</b>	<b>\$2,043.4</b>

\*Figures shown in millions.

**Finance General Fund Spending Assumptions**

- ❖ The Department of the Treasury's estimates for debt service are based on actual debt service for all previously issued fixed-rate debt, estimated debt service for future issues of authorized and unissued debt, and any variable rate issues. Debt service estimates have been budgeted using current interest rate assumptions. Future issues were projected with consideration to past spending practices and draw schedules provided to Treasury in 2015, and include issuance projections for certain capital projects and bonded debt authorized in Chapter 665, 2015 Acts of Assembly, and capital projects included in the introduced budget for the 2016-2018 biennium. The continuation of funding for the Higher Education Equipment Trust program through the Virginia College Building Authority and the \$50 million research initiative is not assumed beyond FY 2018.
- ❖ Out-year spending for financial assistance to localities, including recordation tax distribution, is continued at the FY 2018 level.
- ❖ Revenue Stabilization Fund payments are based on revenue projections provided by the Department of Taxation. Based on those projections, a mandatory deposit is required in FY 2017, FY 2021, and FY 2022, but is not required in FY 2018, FY 2019, or FY 2020.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB/SB 30, for the 2016-2018 biennium. Out-year funding is continued at the FY 2018 level.
- ❖
  - ❖ Secretary of Finance
  - ❖ Department of Taxation
  - ❖ Department of Accounts
  - ❖ Department of Planning and Budget
  - ❖ Department of the Treasury
  - ❖ Council on Virginia’s Future

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Health and Human Resources**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Comprehensive Services Act (special education & foster care)	\$235.4	\$234.5	\$239.2	\$244.0	\$248.9	\$253.8
Medicaid utilization and inflation	\$4,054.6	\$4,058.9	\$4,202.6	\$4,428.8	\$4,666.3	\$4,916.5
Medicaid expansion population	\$19.2	\$144.2	\$178.7	\$241.3	\$294.2	\$304.9
Indigent health care	\$101.8	\$101.1	\$101.1	\$101.1	\$101.1	\$101.1
Medicaid (all other)	\$194.4	\$204.8	\$252.5	\$277.0	\$285.7	\$297.6
Virginia Health Care Fund	\$364.7	\$348.1	\$348.0	\$348.0	\$348.0	\$348.0
State behavioral health/intellectual disability facilities	\$330.7	\$329.2	\$328.2	\$327.2	\$306.2	\$296.2
Community behavioral health/intellectual disability programs	\$315.5	\$303.5	\$303.5	\$303.5	\$303.5	\$303.5
Civil Commitment of Sexually Violent Predators	\$34.9	\$34.9	\$38.3	\$41.6	\$45.0	\$48.4
Community health programs	\$137.3	\$137.0	\$137.0	\$137.0	\$137.0	\$137.0
TANF income benefits *	\$39.3	\$39.3	\$39.3	\$39.3	\$39.3	\$39.3
Mandated child care *	\$24.1	\$24.1	\$24.1	\$24.1	\$24.1	\$24.1
Foster care (Title IV-E) maintenance *	\$24.2	\$24.2	\$25.4	\$26.7	\$28.0	\$29.4
Adoption subsidy obligations *	\$72.3	\$72.3	\$74.5	\$76.7	\$79.0	\$81.4
All other spending	\$412.9	\$410.1	\$410.1	\$410.1	\$410.1	\$410.1
<b>Total, spending and savings items</b>	<b>\$6,361.3</b>	<b>\$6,466.2</b>	<b>\$6,702.4</b>	<b>\$7,026.4</b>	<b>\$7,316.3</b>	<b>\$7,591.2</b>

\*Amounts reflect the general fund portion of these programs.

\*Figures shown in millions.

**Health & Human Resources General Fund Spending Assumptions**

- ❖ Amounts for the Comprehensive Services Act reflect flat funding from FY 2016 – FY 2018. There will be a significant shortfall in FY 2016 of approximately \$18.0 million, which can be mostly attributed to an uncharacteristic growth in special education private day placements in FY 2015, with a higher than usual amount of FY 2015 services being paid for with FY 2016 funds. This is followed by a modest annual growth of two percent from FY 2019 through FY 2022.



- ❖ Medicaid utilization and inflation reflects the consensus forecast of Medicaid expenditures completed in November 2015 by the Department of Planning and Budget and the Department of Medical Assistance Services, and budget actions included in 2016 introduced budget. Medicaid growth remains relatively modest (3.8 percent in FY 2017 and 2.9 percent in FY 2018) and the forecast does not reflect any significant change in growth trends. Increased costs be mainly attributed to a higher than anticipated enrollment of approximately 11,000 low-income parents in FY 2015 which led to increased costs that rippled through the biennium. Since Virginia has not yet expanded Medicaid, this “woodwork effect” was not anticipated for adults. The 2014 forecast did not anticipate these costs and as such they are not reflected in 2016-2018 biennial base appropriation. The amount also incorporates anticipated cost reductions associated with the expansion of Medicaid. The out-year projections assume a five percent rate of growth for the program.
- ❖ The Medicaid expansion amounts reflect the medical cost of expanding Medicaid on January 1, 2017, to non-elderly adults with incomes up to 133 percent of the federal poverty level. This action would result in over 350,000 Virginians gaining access to health care. The increasing general fund cost is primarily associated with the lowering of the federal matching percentage beginning in FY 2017. The newly eligible expansion population is supported with 95 percent federal in calendar year 2017, 94 percent in calendar year 2018, 93 percent in calendar year 2019, and 90 percent in calendar years 2020 and beyond. State savings associated enhanced Medicaid support for indigent care costs, services provided by Community Services Boards, and inpatient hospital costs for incarcerated individuals are accounted for in separate items. In addition, increased administrative costs for the Departments of Medical Assistance Services and Social Services are assumed in other lines. The net general fund savings to the Commonwealth is approximately \$59.2 million in FY 2017 and \$97.7 in FY 2018.
- ❖ The Medicaid (all other) line includes the funding for all non-Medicaid programs in the Department of Medical Assistance Services and the Medicaid costs of state intellectual disability and mental health facilities. The amounts reflect a projected savings for the Family Access to Medical Insurance Security (FAMIS) and Medicaid Children's Health Insurance programs based on the November 2015 consensus forecast. The savings is primarily a result of lower than expected managed care costs. In addition, the estimates account for a temporary (from October 2015 to October 2019) reduction in state match for these programs, from 35 to 12 percent, pursuant to the federal Affordable Care Act. The out-years reflect a projected 5.0 percent average annual growth rate for both programs. The Medicaid costs of state intellectual disability facilities are projected to decrease over time as state facilities close due to individuals transitioning to community-based services as part of the settlement agreement with the U.S. Department of Justice. The all other amounts also include administrative costs associated with the expansion of Medicaid. Otherwise, the other programs included in this line are straight-lined.
- ❖ Funding for indigent health care provided by the Virginia Commonwealth University Health System and the University of Virginia Health System is based on the consensus forecast completed in November 2015 and budget actions approved by the General Assembly as reflected in the Governor’s introduced budget.
- ❖ The Health Care Fund reflects the latest revenue estimate included in the introduced budget (2016 General Assembly). This fund includes revenue from the Master Settlement Agreement with tobacco companies, tobacco taxes, and Medicaid recoveries. The budget assumes that MSA revenue remains constant. A modest \$2.2 million annual increase is assumed for tobacco taxes, while Medicaid recoveries are lowered by \$1.7 million and \$1.5 million in FY 2017 and FY 2018 respectively. The FY 2017 estimate is augmented by a \$17.4 million cash balance that is carried over from FY 2016. The out-years assume flat revenue projections.
- ❖ The introduced budget includes authority for the Department of Medical Assistance Services to require the payment of an assessment on certain private acute care hospitals operating in Virginia. The assessment cannot exceed 3.0 percent of a hospital’s annual net patient revenue. This revenue will be deposited and accounted separately in the Virginia Health Care Fund and reserved for 1) the non-federal share of future

Medicaid costs such that the provisions of the Patient Protection and Affordable Care Act can be accomplished at no additional general fund cost to the Commonwealth; 2) increased payments to hospitals, including rural hospitals; 3) graduate medical education; and 4) the cost of administering the assessment. The six year plan for HHR does not reflect any assessment spending, as any deposited revenue will be reserved for the activities specified above. Nongeneral fund appropriation (\$32.2 million in FY 2017 and \$162.8 million in FY 2018) is included in centrally funded items for potential costs associated with expanding Medicaid. The value of a full three percent assessment is estimated at \$443.4 million annually.

- ❖ Projections for community behavioral health and intellectual disability programs include only those general fund dollars appropriated in the Department of Behavioral Health and Developmental Services (DBHDS). Growth in Medicaid waiver programs is reflected in the Medicaid utilization figures. The projections for FY 2017 and beyond include \$29.1 million in savings assumed at the Community Services Boards as a result of Medicaid expansion. These figures also reflect additional funds included in the introduced budget for crisis stabilization and other services required for implementation of the settlement agreement with the U.S. Department of Justice. There is likely to be a demand for additional funds for community mental health services as a result of a pending report from a legislative mental health reform commission, the item is showed level funded going forward as the amount of funding necessary is not yet known.
- ❖ State intellectual disability facility expenditures are anticipated to decline significantly as facilities are downsized and closed pursuant to the state's agreement with the U.S. Department of Justice. Because savings are not realized until after facilities have closed, the figures show a slow decline until FY 2021, when four of the five training centers are scheduled to be closed. The projections only capture the changes in general fund currently appropriated at the Department of Behavioral Health and Developmental Services and include offsets for separation costs for current state employees whose positions will be eliminated due to facility closures as well as an offset to replace lost revenue at behavioral health facilities. These figures also include funds for the continued operation of Hancock Geriatric Facility as a general fund supported facility.
- ❖ The projections for the program to treat civilly committed sexually violent predators for FY 2017 through FY 2022 assume previously adopted legislative changes. The figures include funds that were transferred in the introduced budget from surpluses in other DBHDS facilities. Projections for FY 2019 and beyond assume the addition of 48 new residents per year at a cost of \$70,000 per resident. The existing facility should be at or near capacity by the end of FY 2017, and there are capital costs to expand the facility that are not included in the operational spending figures.
- ❖ The Community Health Services line represents spending in the Virginia Department of Health for supporting and providing services in local health departments (programs: communicable disease control, state health services, community health services, financial assistance to community human services, and environmental health services). Out-year funding is continued at FY 2018 levels.
- ❖ The introduced budget includes \$81.2 million (total funds) in FY 2017 and FY 2018 for Temporary Assistance for Needy Families (TANF) cash assistance payments. This estimate reflects a continued caseload decline in the TANF cash assistance program over the last several years. The amounts shown in the six-year projections are only the general fund share of TANF payments (necessary for federal maintenance of effort (MOE) requirements); the remaining costs are funded with federal TANF dollars. Therefore, the general fund amount would stay constant, while the allocation of TANF resources would change related to the overall cash assistance need.
- ❖ Expenditures associated with mandated child care provided to participants in the Virginia Initiative for Employment not Welfare (VIEW) are expected to increase from prior years (\$64.1 million in FY 2017 and FY 2018) due to new day home regulations, effective July 1, 2017, for

child care providers. The general fund share of mandated child care costs are expected remain constant at \$24.1 million while the remaining nongeneral funds (TANF and CCDF) will be adjusted to meet actual expenditures.

- ❖ The six year amounts for foster care only reflect general fund spending. However total spending can be estimated by doubling these amounts since the federal government provides a match of approximately fifty percent. The projections assume a modest five annual increase in spending through 2020. The projections include a mandated foster family rate increase of two percent.
- ❖ The amounts in the six-year spending plan reflect anticipated expenditures for both Title IV-E adoptions (federally mandated) as well as special needs adoption subsidies (state mandated). The amounts shown only represent the general fund provided for these programs. Title IV-E adoption expenditures also receive a fifty percent federal match. New Federal mandates are shifting expenditures from state-funded special needs adoption subsidies to Title IV-E adoptions.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in Chapter 2, 2014 Acts of Assembly, Special Session I, and not listed separately in the table. Out-year funding is continued at the FY 2016 level.

- ❖ Virginia Department for the Deaf and Hard of Hearing

- ❖ Virginia Department of Health

- ❖ Department of Social Services

- ❖ Department of Behavioral Health and Developmental Services (such as Central Office)

- ❖ Department for Aging and Rehabilitative Services

- ❖ Department for the Blind and Vision Impaired

- ❖ Board for People with Disabilities

- ❖ Tobacco Settlement Foundation

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Natural Resources**

Item	HB/SB 30 Introduced			Projected Amounts		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Water Quality Improvement Fund deposit	\$61.7	-	\$1.7	\$9.3	\$50.0	\$50.0
Land Conservation Grants (HB 1398, 2013 Session)	\$18.0	\$18.0	\$18.0	\$18.0	\$18.0	\$18.0
Improve connectivity in the state parks	\$0.7	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
All other spending	\$105.8	\$105.8	\$105.8	\$105.8	\$105.8	\$105.8
<b>Total, spending and savings items</b>	<b>\$186.2</b>	<b>\$123.9</b>	<b>\$125.6</b>	<b>\$133.2</b>	<b>\$173.9</b>	<b>\$173.9</b>

\*Figures shown in millions.

**Natural Resources General Fund Spending Assumptions**

- ❖ FY 2017 includes \$61.7 million for deposit to WQIF, and represents the mandatory deposit to the Fund from FY 2015 year-end surplus balances. The projections do not include any assumptions regarding funding beyond FY 2017. Out-year estimates for WQIF deposits assume 10 percent of the prior year general fund balance capped at \$50 million for the purposes of this estimate.
- ❖ Land Conservation Grants. FY 2017 and FY 2018 include \$2.0 million for deposit to the Virginia Battlefield Preservation Fund, and \$16.0 million for deposit to the Virginia Land Conservation Fund. Out-year funding is continued at the FY 2018 level.
- ❖ Spending to provide connectivity in approximately 20 of the state parks is level funded in the amount of \$48,000 in the out-years. Additionally, the introduced budget bill includes \$250,000 in nongeneral fund appropriation in FY 2017 to develop a comprehensive plan to further expand connectivity within the state park system.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB30 and SB30 as introduced for the 2016-2018 biennium and not listed separately. Out-year funding is continued at the FY 2018 level.
- ❖
  - ❖ Secretary of Natural Resources
  - ❖ Department of Conservation and Recreation
  - ❖ Department of Environmental Quality

❖ Department of Historic Resources

❖ Marine Resources Commission

❖ Virginia Museum of Natural  
History

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Public Safety and Homeland Security**

Item	HB/SB 30 Introduced			Projected Amounts		
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Operation of adult prisons	\$910.6	\$923.1	\$929.1	\$935.1	\$941.1	\$947.1
Savings from federal participation in cost of inmate medical services	(\$9.9)	(\$24.7)	(\$24.7)	(\$24.7)	(\$24.7)	(\$24.7)
Operation of juvenile correctional facilities	\$64.5	\$64.5	\$64.5	\$64.5	\$64.5	\$64.5
Local juvenile detention facilities	\$33.8	\$33.8	\$33.8	\$33.8	\$33.8	\$33.8
State Police	\$274.6	\$274.4	\$294.0	\$279.5	\$279.5	\$279.5
Forensic science	\$43.2	\$43.6	\$43.6	\$43.6	\$43.6	\$43.6
HB599	\$179.1	\$179.1	\$186.8	\$194.7	\$203.1	\$211.4
All other spending	\$410.9	\$408.5	\$408.5	\$408.5	\$408.5	\$408.5
<b>Total, spending and savings items</b>	<b>\$1,906.9</b>	<b>\$1,902.4</b>	<b>\$1,935.7</b>	<b>\$1,935.0</b>	<b>\$1,949.4</b>	<b>\$1,963.7</b>

\*Figures shown in millions.

**Public Safety and Homeland Security General Fund General Fund Spending Assumptions**

- ❖ Operation of Adult Prisons includes all the costs of operating secure adult correctional facilities. There is an additional \$6 million included for each year after FY 2018 for projected increases in inmate medical costs.
- ❖ Savings from federal participation in cost of inmate medical services includes the projected savings that would result from expanding Medicaid eligibility. No major increase in savings is projected for the future.
- ❖ Operation of Juvenile Correctional Facilities includes all the costs of operating the state's facilities for juvenile offenders. No major increases in the costs for this activity are projected for the years beyond FY 2018.
- ❖ Local juvenile detention facilities include the state's share of the costs of operating local secure detention facilities. Due to the planned transformation of the delivery of services for juveniles, it is likely that some funding for the agency will be shifted from that provided for operation of juvenile correctional facilities to local juvenile detention facilities.
- ❖ State Police includes all the costs of operating the department. Separation from VITA will result in additional costs for the agency, which are included in the projections. For FY 2019, the initial separation costs are expected to be \$ 19.3 million, of which \$ 14.2 million would be one-

time costs for equipment. In FY 2020 and succeeding years, the annual recurring cost is expected to be \$ 5.1 million. No other major increases in the costs for this agency are projected for the future.

- ❖ Forensic Science includes all the costs of operating the department. No major increases in the costs for this agency are projected for the future.
- ❖ HB599 includes the funds provided to localities with police departments. Because state law ties the funding level for this activity to changes in the general fund revenue forecast, funding amounts for the years beyond FY 2018 are based on currently projected increases in GF revenue, as follows: FY 2019, + 4.3 percent; FY 2020, + 4.2 percent, FY 2021, + 4.3 percent, and FY 2022, + 4.1 percent.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the other government activities of the Public Safety Secretariat. These amounts were straight-lined in the out-years. Such spending would include:
  - ❖ Department of Corrections -  
Central Administration
  - ❖ Department of Corrections-  
Community Corrections
  - ❖ Department of Juvenile Justice-  
Central Administration
  - ❖ Department of Juvenile Justice-  
Community Corrections
  - ❖ Department of Military Affairs
  - ❖ Commonwealth’s Attorneys  
Services Council
  - ❖ Department of Criminal Justice  
Services (other than the HB 599  
program)
  - ❖ Department of Emergency  
Management
  - ❖ Virginia Parole Board
  - ❖ Department of Fire Programs
  - ❖ Secretary of Public Safety and  
Homeland Security

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Technology**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Innovation & Entrepreneurship Investment Authority	\$8.4	\$8.4	\$7.6	\$7.6	\$7.6	\$7.6
VITA	\$2.8	\$2.5	\$2.5	\$2.5	\$2.5	\$2.5
All other spending	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6
<b>Total, spending and savings items</b>	<b>\$11.8</b>	<b>\$11.4</b>	<b>\$10.7</b>	<b>\$10.7</b>	<b>\$10.7</b>	<b>\$10.7</b>

\*Figures shown in millions.

**Technology General Fund Spending Assumptions**

- ❖ Innovation & Entrepreneurship Investment Authority funding is adjusted downward after FY 2018 due to removing funding for Information Sharing and Analysis Organization (\$750,000 per year).
- ❖ VITA out-year funding is level funded at the FY 2018 level.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the Secretary of Technology based on funding in the Governor’s introduced bill for the 2016-2018 biennium. Out-year funding is continued at the FY 2018 level.



**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Transportation**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Port localities road maintenance	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
Route 58 Support	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0
Port of Virginia Economic and Infrastructure Development Zone Grant Fund	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0
All other spending	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
<b>Total, spending and savings items</b>	<b>\$43.0</b>	<b>\$43.0</b>	<b>\$43.0</b>	<b>\$43.0</b>	<b>\$43.0</b>	<b>\$43.0</b>

\*Figures shown in millions.

**Transportation General Fund Spending Assumptions**

- ❖ General fund support for the Route 58 Corridor Development Fund is provided in lieu of the deposit of the state recordation taxes to the fund. For each fiscal year of the 2016-18 biennium, and the years after FY 2018, \$40 million is provided.
- ❖ The amount shown for port localities road maintenance is a supplemental payment to localities surrounding Virginia-owned ports. The budget directs this funding to be used for road maintenance within these localities. Because this infusion was originally intended as an on-going commitment to account for lost real estate revenues to these localities, expenditures are shown as continuing in the out-years.
- ❖ General fund support of \$2.0 million in both FY 2017 and FY 2018 is provided for the Port of Virginia Economic and Infrastructure Development Zone Grant Fund, created by the 2012 General Assembly to incentivize private firms with grants to invest in the Port of Virginia Economic and Infrastructure Development Zone. This funding is continued in the out years.

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Veterans and Defense Affairs**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Veterans Services	\$17.9	\$19.1	\$19.1	\$19.1	\$19.1	\$19.1
All other spending	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3	\$1.3
<b>Total, spending and savings items</b>	<b>\$19.2</b>	<b>\$20.4</b>	<b>\$20.4</b>	<b>\$20.4</b>	<b>\$20.4</b>	<b>\$20.4</b>

\*Figures shown in millions.

**Veterans and Defense Affairs General Fund Spending Assumptions**

- ❖ Veterans Services includes the entire appropriation for the Department of Veterans Services. No significant increases in spending are anticipated for this agency.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the other government activities of the secretariat. These amounts were straight-lined in the out-years. Such spending would include:
  - Secretary of Veterans Affairs and Homeland Security

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Centrally Funded Items**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
State employee retirement contributions	\$11.5	\$12.0	(\$4.7)	(\$4.7)	(\$15.3)	(\$15.3)
State employee health insurance	\$51.5	\$91.7	\$139.3	\$190.7	\$246.3	\$306.2
Other state employee benefits	\$6.1	\$6.3	\$9.6	\$9.6	\$10.1	\$10.1
State employee compensation adjustments	-	\$60.6	\$66.1	\$66.1	\$66.1	\$66.1
State-supported local compensation adjustment	-	\$15.6	\$18.7	\$18.7	\$18.7	\$18.7
Workers' compensation	-	-	\$2.0	\$2.4	\$2.8	\$3.3
Economic Contingency and Legal Defense	\$1.8	\$1.8	\$1.8	\$1.8	\$1.8	\$1.8
Transition Costs	-	-	-	-	-	\$2.1
In-State Undergraduate Seats	\$5.1	\$5.1	\$5.1	\$5.1	\$5.1	\$5.1
VITA rate adjustments	\$5.3	\$2.9	\$7.3	\$11.8	\$16.4	\$21.2
Lumpkins Pavilion and Slave Trail	\$2.0	-	-	-	-	-
Agency IT security funding	\$3.0	\$3.2	\$3.2	\$3.2	\$3.2	\$3.2
Virginia State Police IT funding	\$5.0	-	-	-	-	-
Presidential primary reimbursement	-	-	-	\$3.8	-	-
All other spending	\$24.6	\$19.6	\$19.6	\$19.6	\$19.6	\$19.6
<b>Total, spending and savings items</b>	<b>\$115.9</b>	<b>\$218.9</b>	<b>\$268.0</b>	<b>\$328.1</b>	<b>\$374.7</b>	<b>\$442.1</b>

\*Figures shown in millions.

**Centrally Funded Items General Fund Spending Assumptions**

- ❖ Out-year projections for state employee retirement are based on projected employer contribution rates provided by the Virginia Retirement System. The rates are based on June 30, 2015 actuarial valuations and assume a seven percent investment rate of return and zero percent growth in population. The Board certified rates are fully funded beginning in FY 2017.
- ❖ State employee health insurance assumes an eight percent increase in the general fund share of premiums from FY 2019 through FY 2022.
- ❖ Out-year projections for other state employee benefits, which include group life insurance, retiree health credit, and the sickness and disability program, are based on projected employer contribution rates provided by the Virginia Retirement System. The rates

assume a seven percent investment rate of return, zero percent growth in population, and are based on June 30, 2015 actuarial valuations. The Board certified rates are fully funded beginning in FY 2017.

- ❖ Adjustments to the general fund share of workers' compensation premiums in FY 2017 and FY 2018 are reflected in each agency's budget. Out-year projections of workers' compensation premiums are based on an annual growth of 2.2 percent.
- ❖ Out-year projections for economic contingency and legal defense assume level funding at the FY 2016 amount.
- ❖ Higher education interest and credit card rebates are level-funded at the FY 2016 amount.
- ❖ Transition costs in FY 2022 are for the transition of the three state-wide elected offices and are based on the amount budgeted in FY 2014 in Chapter 806, 2013 Acts of Assembly.
- ❖ Out-year amounts for agency spending due to VITA rate adjustments assume a 3.4 percent annual growth in agency billings.
- ❖ Out-year amounts for agency IT security funding assumes level funding at the FY 2018 amount.
- ❖ Out-year funding for reimbursement of presidential primary expenses is based on the amount funded in FY 2016 for the dual presidential primary.
- ❖ "All Other Spending Category" remains constant at the FY 2018 level.

Note: Amounts assumed beyond FY 2018 for items such as salary increases, benefit changes, and other issues impacting multiple agencies will eventually be appropriated in individual agency budgets in future appropriation acts.

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Independent Agencies**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
State Corporation Commission	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
All other spending	\$0.0	\$0.1	\$0.1	\$0.1	\$0.1	\$0.1
<b>Total, spending and savings items</b>	<b>\$0.2</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>	<b>\$0.3</b>

\*Figures shown in millions.

**Independent Agencies General Fund Spending Assumptions**

- ❖ General fund support for the State Corporation Commission is provided for the plan management functions authorized in Chapter 670 of the Acts of Assembly of 2013. Out-year funding is continued at the FY 2018 level.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB/SB 30, for the 2016-2018 biennium. Out-year funding is continued at the FY 2018 level.
  - Virginia Retirement System, administrative costs for the Volunteer Firefighters and Rescue Squad Workers' Service Award Fund

**General Fund Financial Plan - FY 2017 - 2022**  
**HB/SB 30 Introduced - 2016 Session**  
**Capital Outlay**

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Maintenance Reserve	\$31.0	\$98.4	\$98.4	\$98.4	\$98.4	\$98.4
Construction and renovation	\$1.9	-	-	-	-	-
Planning	\$20.0	-	\$10.0	\$10.0	\$10.0	\$10.0
All other spending	-	-	-	-	-	-
<b>Total, spending and savings items</b>	<b>\$52.9</b>	<b>\$98.4</b>	<b>\$108.4</b>	<b>\$108.4</b>	<b>\$108.4</b>	<b>\$108.4</b>

\*Figures shown in millions.

**Capital Outlay General Fund Spending Assumptions**

- ❖ General fund appropriation for capital outlay reflects the amounts as included in HB/SB 30, 2016 General Assembly Session. §2.2-1509.1, Code of Virginia, authorizes the exclusive use of bonded debt, rather than general fund appropriations, to fund capital projects when general fund revenue is forecast to increase less than five percent over the previous year's revenue. The November 2015 revenue forecast does not include any projections for year over year revenue growth above five percent, but the general fund support for maintenance reserve is continued in the out years to move away from using debt for the projects associated with maintenance reserve (typically of smaller scale). In addition, this estimate assumes some general fund support (\$10 million each year) to plan future capital outlay projects in the years beyond FY 2018..