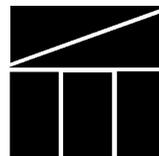


Governor Warner's proposed amendments to the 2002-2004 biennial budget

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

December 20, 2002



Richard D. Brown
Director
Virginia Department
of Planning and Budget

Governor's budget objectives

- Be upfront about the size and nature of the budgetary problem and what it will take to address the shortfall
- Fund only necessary spending items
- Protect public education from budget reductions
- Maintain core services:
 - Law Enforcement
 - Safety Net Programs
 - Transportation
- Re-examine state government to determine how effectively it serves Virginia citizens and how efficiently it provides needed services
- Continue Virginia's long tradition of fiscal responsibility and maintain, to the extent practical, structural balance in the budget

Outline of presentation

Magnitude of budgetary shortfall

Spending requirements

Balancing actions:

- October budget reductions
- Resource adjustments
- FY2002 operating and capital balances
- Revenue Stabilization Fund
- Fee adjustments
- Other balancing actions

Summary of budget actions

The budget problem is \$2.1 billion including the revenue shortfall and necessary spending

Magnitude of Budget Shortfall

	<i>\$ in millions</i>		
	<u>FY2003</u>	<u>FY2004</u>	<u>Biennial Total</u>
FY2002 Shortfall (Rollover)	\$ (216.2)	\$-	\$ (216.2)
Estimated Revenue Shortfall	<u>(523.2)</u>	<u>(759.2)</u>	<u>(1,282.4)</u>
Revenue Shortfall	\$ (739.4)	\$ (759.2)	\$ (1,498.6)
Spending Requirements	<u>244.4</u>	<u>357.0</u>	<u>601.4</u>
Budget Shortfall	\$ (983.8)	\$(1,116.2)	\$ (2,100.0)

Spending requirements: Public education

\$ in millions

Distribute local share of Lottery proceeds **\$44.6**

- Provides normal local share distribution of additional lottery proceeds based on \$38.2 million in FY 2002 balances and additional revenue of \$33.8 million in FY 2003 and \$41.4 million in FY 2004

Provide funding for enrollment growth (ADM and census) **\$43.0**

- Provides for growth in adjusted average daily membership of 3,862 in FY 2003 (0.3 percent) and 7,302 (0.6 percent) in FY 2004 and a 4.8 percent increase in the census count of school-age population

Technical updates for incentive-based and categorical grants **\$9.4**

- Adjusts accounts based on participation information

Continue support for Governor's PASS initiative **\$0.8**

- Provides general fund support for FY 2004

Spending requirements: Public education

Establish Student Achievement Grant program

- Redirects FY 2004 funding for dropout prevention, health incentive program, and technology assistants to bolster early reading, at-risk four-year-olds, K-3 class size reduction, and SOL remediation initiatives
- Provides no change in funding distribution
- Allows school divisions to request a waiver to continue existing programs

Spending requirements: Health & human resources

\$ in millions

Medicaid utilization and inflation **\$142.5**

Mandated special education and foster care services for Virginia's at-risk youth **\$35.7**

- Comprehensive Services Act (CSA)

Protecting Access To Healthcare (PATH) **\$30.0**

- Provides support to hospitals, nursing facilities, and managed care organizations (MCOs)

Family Access to Medical Insurance Security Plan (NGF) **\$25.9**

- Reflects \$11.1 million in FAMIS trust fund dollars and \$14.8 million in federal matching funds

Indigent health care **\$18.4**

- Represents 85 percent of the academic health centers' FY 2003 request held constant in FY 2004

Mandated foster care maintenance and special needs adoption and federal Title IV-E adoption subsidies **\$6.9**

Involuntary mental commitments **\$3.9**

- Ensures uninterrupted hospital and physician services for court-ordered commitments throughout the biennium

Spending requirements: Health & human resources

\$ in millions

Purchase of private psychiatric beds **\$3.6**

- Provides funds to divert certain patients from state hospitals to local community hospital beds

Growing need for community medications **\$1.4**

- Addresses a shortfall in medications provided to community consumers

Treat violent sexual predators **\$0.3**

- Initiates a narrowly focused program for sexually violent predators who are civilly committed

Medicaid transportation brokering services **\$8.8**

- Results from the recent renegotiation of the contract ensuring more reliable transportation for Medicaid recipients

Mental health regional restructuring

- Community Reinvestment Project
- Redirects resources (up to \$22 million) from state institutions to community-based programs
- Shifts patient care to the community with those resources
- Plans developed in regions surrounding five mental health facilities
- No facility closures are proposed and no resources are redirected from patient care

Spending requirements: Public safety

\$ in millions

Replace out-of-state inmate revenue **\$24.0**

- To offset a decrease in the amount of revenue projected for housing inmates from other states and the federal government

Local and regional jail per diem payments **\$7.8**

- For housing local and state responsible inmates based on the most recent inmate population forecast

Criminal indigent defense **\$4.0**

- To cover expected cost increases associated with providing criminal defense in court for low-income persons

Operating funds for Culpeper Juvenile Correctional Center **\$0.9**

- To meet the new operational plan of housing female juveniles at the facility

Develop re-entry program **\$0.4**

- To help inmates make a smoother transition into the community. Inmates in this program would be transferred to a jail in their home communities about three months prior to their release from prison. After participating in transition programs, they would be put in the work release program and would receive follow-up counseling upon release from the jail.

Spending requirements: State employee health insurance

\$ in millions

Increased cost of state employee health insurance **\$15.1**

Employer premium increase at University of Virginia **\$1.3**

Spending requirements: Other items

\$ in millions

Personal property tax relief (revised estimate) \$127.6

New tax compliance efforts \$11.3

- Provides funds to accelerate the desk audit program, increase field and compliance audit program efforts, strengthen error resolution efforts, and expand customer service collection staff

Debt service for capital projects \$7.6

- Provides funds for the payment of bonds issued to supplant general fund appropriations for 85 capital projects and for a new authorization of funding for the Capitol renovation

Water program permit fee shortfall \$1.6

- Increases funding to cover costs associated with the agency's water programs. Permit fee revenues, which cover a portion of these costs, are expected to fall short of earlier projections

Indemnification of poultry growers \$1.5

- Provides funding for indemnification of losses affecting poultry growers in Virginia because of the low pathogenic avian influenza outbreak in 2002

Spending requirements: Other items

\$ in millions

Insurance premiums for constitutional officers **\$1.3**

Health Department move **\$1.0**

- Mandatory move from the Main Street Station train shed to the James Madison Building by December 2003

Increased access to motor vehicle services

- Increases driver's license reinstatement fee. Funds will be used by DMV to expand usage of licensed agents, including local constitutional officers; provide additional automated terminals for on-line service; and utilize roving teams in vans to administer driver's license tests in rural areas

Balancing Actions: October budget reductions

	<i>\$ in millions</i>		
	<u>FY2003</u>	<u>FY2004</u>	<u>Biennium Total</u>
Budget Shortfall	\$ (983.8)	\$(1,116.2)	\$ (2,100.0)
Balance in Existing Budget (Chapter 899)	30.9	(17.5)	13.4
Balancing Actions October Budget Reductions	<u>342.5</u>	<u>515.2</u>	<u>857.7</u>
Difference	\$ (610.4)	\$(618.5)	\$ (1,228.9)

October budget reductions: Summary

\$ in millions

Statewide reductions from all funds **\$857.7**

- General fund reductions equal \$725.1 million and average 10.4 percent for the biennium
- Nongeneral fund reductions total \$132.6 million and average 11.6 percent over the same period. The following table summarizes the reductions by area:

Area	Dollar Amount	% of Total
Aid to localities	\$120.4	14.5%
Aid to individuals	\$28.0	3.3%
Pass through grants to nonstate entities	\$19.3	2.2%
Other services	\$690.0	79.9%
Total	\$857.7	100.0%

- One hundred and eighteen agencies have across-the-board reductions. Of the 91 agencies other than institutions of higher education, 63 (about 70 percent) received a 15 percent reduction in at least one year.

October budget reductions: Summary

- Excluding institutions of higher education, the reductions could result in 1,837 layoffs, or approximately 1,718 full-time equivalent positions. At 11 percent, assuming no tuition or fee increases, the preliminary plans of the colleges and universities indicated up to an additional 4,570 layoffs.
- About 60 percent of the layoffs involve full-time classified employees and about 10 percent of the classified layoffs are management positions, consistent with the makeup of the current state workforce.
- Ten agencies will furlough state employees. These furloughs range from three to 10 days.

Balancing actions: Subsequent adjustments

	<i>\$ in millions</i>		
	<u>FY2003</u>	<u>FY2004</u>	<u>Biennium Total</u>
Resource Adjustments	\$95.2	\$ 154.3	\$ 249.5
FY2002 Operating Balances	110.6	-	110.6
FY2002 Capital Balances	98.1	-	98.1
Revenue Stabilization Fund	245.9	128.5	374.4
Fee Adjustments	0.5	9.8	10.3
Other Balancing Actions	<u>97.2</u>	<u>295.0</u>	<u>392.2</u>
Total	\$ 647.5	\$ 587.6	\$ 1,235.1

Revenue Stabilization Fund

\$ in millions

FY 2003

Balance as of June 30, 2002 \$472.4

Interest through September 30, 2002 \$5.3

Balance as of September 30, 2002 477.7

Projected interest (October 1, 2002 to May 31, 2003) \$14.2

Projected balance June 1, 2003 \$491.9

**Withdrawal in June 2003
of one-half of fund balance \$245.9**

FY 2004

Projected balance as of June 30, 2003 (includes
projected June 2003 interest) \$246.9

Projected interest (July 1, 2003 to May 31, 2004) \$10.2

Projected balance June 1, 2004 \$257.1

**Withdrawal in June 2004
of one-half of fund balance \$128.5**

Balancing actions: Fee adjustments

\$ in millions

Agriculture and Consumer Services

- A new fee of \$10 for the weights and measures program **\$0.7**

Board of Elections

- A \$3 increase in the fee charged by the State Board of Elections for voter lists (\$7,000 per year)

Circuit and District Courts **\$2.7**

- A \$100 increase in the court costs charged to persons convicted of driving under the influence

Circuit and District Courts **\$1.5**

- A \$1 increase in the fees collected for the Intensified Drug Enforcement Jurisdictions Fund

State Police **\$0.7**

- A \$10 increase in the fee for the Department of State Police’s safety inspection manual (\$11,800)
- A \$0.10 charge for the vehicle inspection stickers used by vehicle inspection stations (\$650,000)

Mines, Minerals and Energy

- An increase in permit and license fees to partially adjust for inflation **\$0.8**

Balancing actions: Fee adjustments

\$ in millions

Marine Resources

\$1.2

- A \$50 increase in the cost for a commercial seafood landing license (\$11,950 per year)
- A \$5 increase in the cost for a 10-day saltwater fishing license (\$33,350 per year)
- A \$25 increase in the cost for registering as a commercial fisherman (\$67,925 per year)
- A \$5 increase in the cost of an individual saltwater fishing license (\$429,065)
- A \$20 increase in the charge for a saltwater fishing license for recreational fishing boats (\$712,620)

Secretary of the Commonwealth

\$1.0

- A \$9 increase in the charge for service of process upon defendants

Technology Planning

\$1.1

- The uniform application of wireless E-911 charges to all wireless subscribers. Currently, three wireless companies do not assess this \$0.75 charge on their customers

Motor Vehicles

\$2.7

- A \$10 increase in the license reinstatement fee to be used for better public access to DMV services

Balancing actions: Fee adjustments

\$ in millions

Transportation

\$0.3

- A fee imposed by the Department of Transportation upon the sponsoring organizations operating events such as parades or sporting events that require traffic control measures

Other balancing actions: Education

\$ in millions

Technical adjustments in public education:

- Use Literary funds for teacher retirement **\$62.1**
- Adjust SOQ for latest sales tax estimate **\$15.9**
- Update incentive-based accounts for nonparticipation savings **\$12.5**
- Adjust SOQ accounts for latest inflation factors **\$3.1**
- Update special education categorical accounts **\$0.9**

Reduce the Department of Education operations: \$3.7

- Eliminate positions and executive management support
- Capture savings in current programs
- Eliminate or delay various testing requirements, such as Algebra Readiness diagnostic testing, the Stanford 9, and separate Standards of Learning (SOL) history testing
- Require school divisions to pay processing fee for late SOL test submissions

Other balancing actions: Education

\$ in millions

Reduce funding for the arts

\$1.0

- Reduces general fund support for arts grants by an additional 22.4 percent in FY 2004. With this and all budget reductions, a total of \$2.4 million will remain available for grant funding to the arts.

Reduce appropriation for Unique Military Activities (UMA) at Virginia Tech and Mary Baldwin College

\$0.7

- Begins a two-year phase out of state support for the Virginia Corps of Cadets program at Virginia Tech and Mary Baldwin College. Support for UMA activities at Virginia Military Institute is preserved.

Eliminate state support for the Virginia Women's Institute for Leadership program

\$0.5

- Eliminates funds in the second year of the biennium. This program was originally created for female cadets at Mary Baldwin College (MBC) at a time when Virginia Military Institute (VMI) did not admit females. VMI began accepting female cadets in 1997, eliminating the need for state funding of this special program at MBC. Although specialized funding for cadets at MBC is eliminated, the students will become eligible for Tuition Assistance Grants.

Other balancing actions: Health and human resources

\$ in millions

Reduce general fund support for various programs in the Department of Medical Assistance Services, which include:

- Freezing rates for inpatient and outpatient hospitals, nursing facilities, and health maintenance organizations **\$61.0**
- Implementing drug-related savings strategies **\$14.8**
- Eliminating the expansion of Medicaid coverage to include substance abuse services **\$1.3**
- Reducing inpatient and outpatient hospital capital payments **\$2.6**
- Revising the outpatient rehabilitation reimbursement methodology **\$3.0**

**Reduce staff in central and regional Department
of Social Services offices** **\$3.0**

**Defer general fund increase last session
for emergency medical services expansion** **\$2.2**

**Provide forensic services for jail transfer
referrals at Central State Hospital** **\$1.6**

Other balancing actions: Public safety

\$ in millions

Reduce funding for sheriffs by five percent **\$27.0**

- The majority of the reduction will be in reduced funding for per diem payments to pay jails for housing state and local responsible inmates. The rest comes from eliminating the sheriffs' office and vehicle expenses and staffs' annual leave pay offs. Sheriffs were exempt from the October executive reductions.

Implement operations efficiencies – Dept. of State Police **\$18.7**

- A five percent reduction to the State Police will be accomplished by delaying a trooper basic school by two months, implementing a program for troopers and civilian staff employed on an hourly basis, deferring insurance prepayments, supplanting general fund with surplus nongeneral fund revenues and balances, deferring equipment purchases, supplanting med-flight general fund support with funding from nongeneral funds, and recovering the cost of vehicle inspection stickers.

Sworn State Police Vacancies

January 1, 2002	120
January 1, 2003	<u>64</u>
Change	+ 56

* Does not account for new trooper class scheduled for January 2003.

Sell staff houses – Department of Corrections **\$3.2**

- The Department of Corrections will sell the residences it owns outside the boundaries of correctional facilities, with all proceeds from the sales, estimated at \$3.2 million, to be deposited into the general fund.

Other balancing actions: Public safety

\$ in millions

Reduce wage employees in ABC stores **\$1.0**

- By decreasing wage employee hours, the Department of Alcoholic Beverage Control can reduce costs, while maintaining sales levels. This will result in additional profits.

Reduce support for the Department of Criminal Justice Services (DCJS) Research Center **\$0.3**

- The center's responsibilities will be limited to collecting data and calculating payments to localities under the HB 599 program, and maintaining minimal program evaluation capabilities.

Reduce support for the DCJS Crime Prevention Center **\$0.5**

- A reduction of two positions and 50 percent of general fund support.

Transfer increased Fire Program Fund revenues to the general fund **\$1.6**

- This action will maintain state financial support to fire services programs at FY02 levels. No reduction will occur in grants that have been budgeted.

Other balancing actions: Public safety

\$ in millions

Reduce Parole Services funding **\$0.4**

- This program supports transitional services for youths released from juvenile correctional centers on parole. These youths may be placed in foster care or other “institutional” care facilities such as private institutions, or nonprofit entities.

Defer funding for operating costs at local detention centers **\$0.4**

- The expansion of the Virginia Beach Juvenile Detention center has been delayed until 2005 and the funds for start-up and equipment will not be needed until 2005.

Other balancing actions: Commerce & trade

\$ in millions

Eliminate or reduce pass-through funding and grants:

- Virginia Advanced Shipbuilding and Carrier Integration Center **\$2.5**
- Tredegar National Civil War Center **\$0.2**
- Equine Research **\$0.4**

Make program reductions:

- Cooperative advertising program at Tourism **\$3.3**
- Reforestation of Timberlands Program **\$0.5**

Other balancing actions: Natural resources

\$ in millions

Decrease support for various nonpoint source pollution reduction programs:

- Development of total maximum daily load plans **\$0.1**
- Implementation of local tributary strategies **\$0.3**
- Use nongeneral funds for Conservation Reserve Enhancement Program **\$1.2**

Reduce pass-through funding and grants:

- Soil and Water Conservation Districts **\$1.4**
- Virginia Outdoors Foundation **\$0.3**
- Threatened Sites grants **<\$0.1**
- Litter Control and Recycling Fund grants **\$2.5**

Reduce agency operations:

- Limit state park and natural area operations **\$0.4**
- Reduce marine police general fund support **\$0.3**
- Close branch office in Historic Resources **<\$0.1**

Other balancing actions: Implementing the technology strategic plan

- A new agency is established, the Virginia Information Technologies Agency (VITA), effective July 1, 2003
- DIT, DTP, and VIPNET are eliminated effective July 1, 2003
- \$37.4 million in estimated IT savings are removed from executive branch agencies other than higher education
- Out of the \$37.4 million savings, \$23.4 million will be transferred to the general fund and \$14.0 million is redeployed to VITA for estimated reorganization costs and cost saving initiatives
- Language allows for the transfer of IT appropriations and up to 2,200 positions to VITA
- An additional \$14.4 million in cost saving initiatives will be funded through financing and billings to federal funds
- Language amendment establishes a fund to finance “enterprise technology” projects. These technology projects are not limited to a single agency.
- \$30.0 million line of credit established with the State Comptroller for potential enterprise projects to be repaid with additional savings or charge backs

Other balancing actions: General government

\$ in millions

Use Criminal Injuries Compensation Fund for Line of Duty Act payments

- Authorizes use of up to \$3.2 million from the Criminal Injuries Compensation Fund to cover additional FY 2003 payments and FY 2004 payments of death benefits and health insurance benefits under the Line of Duty Act.

Reduce aid to localities program

\$12.7

- Reduces the Department of Accounts' aid to localities program as a result of increased transfers to the general fund from the Alcoholic Beverage Control Enterprise Fund for expenses incurred for care, treatment, study, and rehabilitation of alcoholics by the Department of Mental Health, Mental Retardation and Substance Abuse Services and other state agencies. Affects only ABC profits and wine tax proceeds.

Move Charitable Gaming Commission to general fund

\$2.2

- Converts the revenue generated by the Charitable Gaming Commission from nongeneral funds to general fund dollars. Savings result from revenue generated in excess of agency operating needs.

Other balancing actions: General government

\$ in millions

Reduce rent plan expenditures at the Seat of Government

\$4.6

- Reduction in the level of services provided to state agencies located in state-owned office space operated by the Department of General Services. Savings result from the reduction in cleaning and custodial services

Convert the Bureau of Capital Outlay Management into an internal service fund

\$2.9

- Changes the funding source from general fund to nongeneral fund for the division within the Department of General Services responsible for statewide review of architectural, mechanical, and engineering specifications for new construction and renovation projects

Defer electricity deregulation consumer education program

\$8.5

- Suspends all activities of the consumer education program for electricity deregulation in the State Corporation Commission and defers the startup of any additional consumer education program activities for the remainder of the biennium

Other balancing actions: General government

\$ in millions

Reduce wireless E-911 fund balances **\$4.1**

- Transfers unobligated balances from the Wireless E-911 fund in the Department of Technology Planning to the general fund

Remove funding in Central Appropriations for student financial aid **\$2.0**

- Removes additional unallocated funding provided in Central Appropriations for Virginia resident undergraduate student financial aid

Capture excess Workforce Transition Act funding **\$4.7**

- Captures excess funds provided for employee severance payments required by the closure of certain correctional facilities. The early closure of the Staunton Correctional Facility has created adequate savings to cover the cost of severance benefits for displaced employees.

Apply across-the-board reduction to the Virginia Workers Compensation Commission **\$3.3**

- Implements a reduction of 7.5 percent in FY 2003 and 15 percent in FY 2004

Other balancing actions: General government

\$ in millions

Apply across-the-board reduction to the Virginia Retirement System's administrative budget **\$4.9**

- Implements the equivalent of a reduction of 7.5 percent in FY 2003 and 15 percent in FY 2004 to the administrative program of the Virginia Retirement System

Other balancing actions: Implementing the recommendations of the Governor's Commission on Efficiency and Effectiveness

The Governor's Commission on Efficiency and Effectiveness has recommended nearly 50 strategies to improve the operational efficiency and effectiveness of Virginia state government

The following Commission items are included in the Governor's budget:

- Merge the Virginia Museum of Natural History into the Science Museum of Virginia
- Merge the Milk Commission into the Department of Agriculture and Consumer Services
- Merge the Commission on Local Government into the Department of Housing and Community Development
- Merge the Human Rights Council into the Office of the Attorney General
- Explore opportunities to develop public-private partnerships to maintain and upgrade the Commonwealth's state-owned power generation plants
- Improve the guidelines used by state agencies and institutions of higher education for the use of consulting services

Other balancing actions: Other consolidations

The following consolidations are proposed in addition to the actions recommended by the Commission on Efficiency and Effectiveness:

- Merge the Virginia Liaison Office into the Office of the Governor
- Transfer the Public Broadcasting Board to the Office of the Secretary of Administration
- Merge the Chesapeake Bay Local Assistance Department as a separate division within the Department of Conservation and Recreation, contingent upon passage of legislation amending the Chesapeake Bay Preservation Act

Capital outlay recommendations

\$ in millions

Recommended projects are necessary to maintain existing state facilities or to replace general fund appropriations with bond financing

- Debt financing to replace general fund appropriations to address revenue shortfall **\$86.1**
- New VPBA projects (including \$54.5 million to renovate State Capitol) and supplements to existing projects **\$62.4**
- New VCBA projects and supplements to existing projects **\$5.3**
- Self-supporting 9(c) revenue bonds to renovate student housing at Longwood University **\$10.5**
- Self-supporting 9(d) projects:
 - New projects or supplements to existing projects **\$49.7**
 - Supplements to general obligation bond projects **\$50.1**

Summary of budget actions

	<i>\$ in millions</i>		
	<u>FY2003</u>	<u>FY2004</u>	<u>Biennium Total</u>
Budget Shortfall	\$ (983.8)	\$(1,116.2)	\$ (2,100.0)
Balance in Existing Budget (Chapter 899)	30.9	(17.5)	13.4
Balancing Actions:			
October Budget Reductions	\$ 342.5	\$ 515.2	857.7
Resource Adjustments	95.2	154.3	249.5
FY2002 Operating Balances	110.6	-	110.6
FY2002 Capital Balances	98.1	-	98.1
Revenue Stabilization Fund	245.9	128.5	374.4
Fee Adjustments	0.5	9.8	10.3
Other Balancing Actions	<u>97.2</u>	<u>295.0</u>	<u>392.2</u>
Balance in Amended Budget Bill	\$ 37.1	\$(30.9)	\$6.2

APPENDIX

General fund spending requirements

\$ in millions

Medical Assistance	Medicaid utilization and inflation	\$142.4
Central Accounts	Personal property tax relief	127.6
Public Education K-12	Lottery proceeds to school divisions	44.6
Public Education K-12	Update K-12 funding (membership, census, etc.)	43.0
Comprehensive Services	CSA at-risk youth	35.7
Medical Assistance	Establish Protecting Access to Healthcare	30.0
Corrections	Replace out-of-state inmate revenue	24.0
Medical Assistance	Indigent health care	18.4
Central Accounts	Health benefit premiums for state employees	16.4
Medical Assistance	Federal financial participation savings	15.6
Technology Services	Statewide technology reforms	14.0
Taxation	New tax compliance effort	11.3
Public Education K-12	Update incentive-based and categorical grants	9.4
Medical Assistance	Medicaid transportation brokering services	8.8
Compensation Board	Local and regional jail per diem payments	7.8
Treasury Board	Debt service on capital projects	7.6
Social Services	Mandated foster care maintenance	4.8
Juvenile & Domestic Relations Court	Criminal indigent defense	4.0
Medical Assistance	Involuntary mental commitments	3.9
Emergency Services	Natural Disaster funding	3.8
Grants to Localities (MHMR)	Private psychiatric beds	3.6
Central Accounts	Unbudgeted cost increases	3.4
Medical Assistance	Medicaid claims processing system	2.6
Social Services	Special needs adoption subsidy obligations	2.1
Environmental Quality	Water program permit fee revenue shortfall	1.6
Central Accounts	Indemnification of poultry growers	1.5
Mental Health	Community medications	1.4
Compensation Board	Insurance premiums for constitutional officers	1.3
Health	Move to the James Madison Building	1.0
Taxation	Federal debt setoff program	1.0
Juvenile Justice	Culpeper Juvenile Correctional Center operating funds	0.9
Dept of Education	Governor's PASS initiative	0.8
Library of Virginia	Adjust funding for rental charges	0.6
Central Accounts	Property insurance premiums	0.6
Central Accounts	Postage rate increase	0.6

Deaf & Blind at Staunton	Heat and hot water for campus	0.5
Corrections	Develop re-entry program	0.4
Mental Health	Treatment of violent sexual predators	0.3
Labor & Industry	Relocation of Richmond regional office	0.1
Labor & Industry	Health and safety benchmark positions	0.1
Various	Technical adjustments	3.9
	Statewide Total	\$601.4

Resource Adjustments

Item	<i>\$ in millions</i>		
	FY2003	FY2004	Total
Lottery Profits	\$ 33.8	\$ 41.4	\$ 75.2
Housing Partnership Loan Portfolio	40.8	-	40.8
Tax Amnesty Program	-	39.3	39.3
Defer 4th Quarter Interest	17.0	17.0	34.0
Tax Compliance Initiative	2.0	16.4	18.4
Tax Partnership Fund	-	14.9	14.9
Selective Deconformity	8.9	2.4	11.3
ABC Markup	3.0	8.0	11.0
Medicaid Recoveries	(4.1)	8.3	4.2
Vendor Registration	-	3.3	3.3
IRS Debt Setoff	-	2.8	2.8
Master Tobacco Settlement	1.5	1.0	2.5
Prison Phone Revenue	0.3	1.2	1.5
ABC Profits Forecast	0.6	0.6	1.2
Merrill-Lynch Settlement	1.0	-	1.0
FAMIS (Transfer)	(1.6)	(1.3)	(2.9)
Surplus Property (DOC)	(6.6)	-	(6.6)
Misc. Transfers	(1.4)	(1.0)	(2.3)
	\$ 95.2	\$ 154.3	\$ 249.5