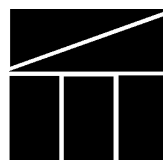


Governor Kaine's proposed budget for 2006 and the 2006-2008 biennium

Introduced for 2006 Special Session

March 27, 2006



Virginia Department
of Planning and Budget

Caboose Bill for FY 2006

Major General Fund Changes to Resources

	<u>\$ Millions</u>
Balance Adjustments	
Unreserved general fund balance 6/30/05	\$ 1,126.6
Plus: Reserves to be spent in FY 2006	
July 1, 2005 payroll reserve	74.2
Reserve for FY2006 Revenue Stabilization Fund deposit	181.9
Technical adjustments	2.7
Less: Operating Reappropriations (adjust for DOE balances)	(135.6)
Capital outlay reappropriations	(115.9)
Natural disaster reserve	(27.6)
Accelerated sales tax to transportation	(26.2)
BRAC authorization	(7.3)
Emergency energy authorization	(17.0)
Adjusted unreserved general fund balance 6/30/05	1,055.8
Anticipated balance in Appropriation Act (Chapter 951)	(556.6)
 Additional Balance for Appropriation 6/30/05	499.2
 Additional Revenue FY 2006 (Includes corporate and mid-session increases)	1,392.3
 Transfer changes	
Revenue Stabilization Fund refund	16.3
ABC profits (includes + \$5.5 million)	6.8
Local Real Estate/SOQ Fund (sales tax)	(18.8)
ABC building sale	(7.5)
Lottery profits	(8.3)
Other	(0.8)
Transfer changes	(12.3)
 Total Additional General Fund Resources	
Available for Appropriation	\$ 1,879.2

Caboose Bill for FY 2006

Major General Fund Changes to Spending

<u>Spending</u>	<i>\$ in millions</i>
Revenue Stabilization Fund	\$402.2
Water Quality Fund	56.6
Tobacco Tax shortfall (Medicaid)	9.0
Energy and utility costs	8.1
Special education (CSA)	7.5
Mental health/mental retardation facilities	5.7
State trooper strength	5.4
Criminal Fund	5.1
Property and casualty insurance	4.7
SOQ adjustments (ADM/sales tax/technical)	4.7
Foster Care	4.4
Enterprise Public-Private Partnership	1.0
Private prison contract	1.0
Medicaid	1.6
Line of Duty payments	1.5
National Guard Bonus	1.3
Mandated Child Care	1.3
Capital project cost overruns	1.0
Other	<u>6.4</u>
Total spending	\$528.5
<u>Savings</u>	
Personal property tax relief	(36.2)
Debt service	(18.5)
Medicaid savings (clawback, etc.)	(14.6)
Involuntary Mental Commitments	(1.6)
Jail opening delay	(1.5)
Other	<u>(1.2)</u>
Total	(73.6)
<u>Net general fund spending</u>	\$454.9

Summary of Major General Fund Changes Caboose Budget Bill for FY 2006

	<u>\$ Millions</u>
Available Resources:	
Unappropriated balance in Appropriation Act	\$ 4.3
Additional resources available for appropriation	<u>1,879.2</u>
Total	1,883.5
Additional Spending:	
Operating expenses	453.9
Capital outlay	<u>1.0</u>
Total	454.9
Unappropriated balance - Caboose Bill 6/30/06	\$ 1,428.6

Summary of General Fund 2006-2008 Budget

\$ in Millions

	<u>FY2007</u>	<u>FY2008</u>	<u>Biennium Total</u>
Resources:			
Balance	\$ 1,428.6	\$ -	\$ 1,428.6
Balance Adjustments	\$ (1.4)	\$ 0.1	\$ (1.3)
Revenue	15,296.9	16,073.4	31,370.3
Transfers	<u>794.4</u>	<u>782.0</u>	<u>1,576.4</u>
Total Resources	17,518.5	16,855.5	34,374.0
Spending:			
Operating	16,681.6	16,617.1	33,298.7
Capital Outlay	<u>620.6</u>	<u>319.6</u>	<u>940.2</u>
Total Spending	17,302.2	16,936.7	34,238.9
Difference:	\$ 216.3	\$ (81.2)	\$ 135.1

General Fund Budget Recommendations

	<u>FY2007</u>	<u>FY2008</u>	<u>Biennium Total</u>
<u>Operating Expenses</u>			
Spending Above Current Services:			
Public (K-12) Education	700.4	838.7	1,539.1
Higher Education			
Research	87.1	15.3	102.4
Other	161.7	187.2	348.9
Transportation	339.0	-	339.0
Mental Health/Mental Retardation	63.3	72.5	135.8
Medicaid & Human Resources	231.8	417.9	649.7
Early Childhood	15.1	15.8	30.9
Healthy Virginians	2.2	2.2	4.4
Water Quality	233.9	1.2	235.1
Law Enforcement/Public Safety	136.0	186.5	322.5
Compensation & Benefits	124.9	172.2	297.1
Car Tax Relief	207.6	207.6	415.2
Revenue Stabilization Fund	-	106.7	106.7
Other	153.9	190.6	344.5
Total Operating	2,456.9	2,414.3	4,871.2
<u>Capital Outlay</u>			
Deferred Maintenance	84.1	81.0	165.1
Cost Overruns (Existing Projects)	143.9	-	143.9
Energy	51.4	4.3	55.7
Equipment-Buildings coming on line	38.8	-	38.8
Higher Education			
Research	67.6	-	67.6
Other Higher Education	170.7	199.6	370.3
Other	64.2	34.7	98.9
Total Capital	620.6	319.6	940.2
<u>Grand Total</u>	\$ 3,077.5	\$ 2,733.9	\$ 5,811.4

Spending Recommendations for Transportation

Major budgetary recommendations include:

\$ in millions

Intermodal Office **\$15.3 (NGF)**

- Fully fund the Transportation Intermodal Office as required in § 2.2-229 of the Virginia Code.

Real ID **\$33.1 (NGF)**

- Provides funding for the Department of Motor Vehicles to implement the federal Real ID Act and other information technology initiatives.

Abusive driver fee collection costs **\$19.0 (NGF)**

- Provides funding for the costs associated with collecting the fees imposed on abusive drivers

FRAN debt service **\$228.9 (NGF)**

- Supplement transportation funds used to pay debt service on Federal Reimbursement Anticipation Notes (FRANS). These notes were issued in order to utilize federal funds faster than otherwise would have been possible. The source of the infusion is a portion of the insurance premium tax revenue.

Spending Recommendations for Transportation (continued)

Match for federal bill earmarks **\$339.0 (GF)**

- Funding to supplement \$567.9 million in federal funds for earmarked projects in transportation bill recently passed by Congress. This state funding will provide matching funds where required. For some projects for which the federal funds and required match are not enough to complete them, this additional state funding will be used to fill the gaps, thus accelerating the projects, thereby relieving pressure on traditional state transportation funds and on localities.

Increase fund for local cost sharing projects **\$130.0 (NGF)**

- Funding to encourage local governments to assume responsibility for management of more highway projects.

Increase funding for mass transit **\$265.6 (NGF)**

- Additional funding to improve the capabilities and expand the availability of mass transit in localities.

Protect highway corridors **\$75.0 (NGF)**

- Funding to enable the Department of Transportation to identify and purchase rights-of-way in future highway corridors.

Manage demand **\$20.0 (NGF)**

- Funding to develop strategies to encourage the more efficient use of transportation resources.

Spending Recommendations for Transportation (continued)

Encourage private sector involvement **\$117.50 (NGF)**

- Funding to capitalize the Transportation Partnership Opportunity Fund. This fund will make it more attractive for the private sector to enter into partnerships with the state to develop transportation projects.

Eliminate deficit in maintenance program **\$723.1 (NGF)**

- Additional funding to meet the costs of maintaining the various highway systems. Currently, funds from the Transportation Trust Fund, normally used for construction, must be used to supplement the special fund used for maintenance costs. This additional funding for maintenance will free up those other funds, which can then be used for construction.

Plan Craney Island Expansion **\$29.0 (NGF)**

- Funding to cover initial planning and engineering costs for expanding the Craney Island port facility. This expansion is vitally important to ensure that the state's port facilities can expand to meet projected future demand.

Spending Recommendations for K-12 Public Education

Major budgetary recommendations include:

Update Direct Aid To Local School Divisions

GF \$ in millions

Update Standards of Quality (SOQ) \$941.9

- Provides for the biennial update of the Standards of Quality accounts based on fall membership, school instructional and support expenditures, funded instructional salaries, and other technical adjustments. It also reflects an increase of 10,758 in 2007 and 21,993 in 2008 in the average daily membership as projected by the Department of Education. These adjustments do not reflect any changes in policy, but adjusts the cost of continuing current programs with the required data revisions.

Adjust benefit contribution rates for SOQ positions \$165.9

- Supports contribution rates based on a valuation of fund assets and liabilities as of June 30, 2003, and provides retirement contribution funding by realizing the gains and losses of the system over 30 years as opposed to 23 years as originally calculated by the VRS actuary.

Spending Recommendations for K-12 Public Education (continued)

GF \$ in millions

Increase salaries for public school employees **\$207.2**

- Provides additional funding for the state's share of a four percent salary increase for all instructional staff and a three percent increase for all other public school employees, effective December 1, 2006.

Update programs for 2005 Triennial Census Count **\$7.8**

- Updates funding for the Standards of Quality and incentive-based programs using the 2005 Triennial Census data. This data reflects an increase of 34,655 school-age children over the 2002 count of school-age population.

Update sales tax revenues **\$185.0**

- Provides additional funding to local school divisions based on the latest sales tax projections provided by the Department of Taxation.

Update programs for recalculation of the composite index **\$41.3**

- Updates accounts for Direct Aid to Public Education based on a biennial recalculation of the composite index, a measure of local ability-to-pay used to distribute funding to local school divisions.

Spending Recommendations for K-12 Public Education (continued)

GF \$ in millions

Update funding for incentive-based programs **-\$26.8**

Adjusts funding for certain education programs exceeding the foundation of the Standards of Quality. These programs are designed to address educational needs of specific targeted student populations that require additional instructional support such as at-risk students. Funding for these programs is primarily formula-driven and subject to changes in fall membership, participation rates, and test scores.

Update funding for categorical programs **\$13.5**

- Provides increased funding for education programs that exceed the foundation of the Standards of Quality. State or federal statutes or regulations mandate most categorical programs. These adjustments update the cost of continuing the current programs with the required data revisions, as well as an increase in the adult literacy program.

Provide additional Lottery proceeds to school divisions **\$12.2**

- Adjusts funding to reflect a decrease in the estimate of lottery proceeds by \$15.7 million in both 2007 and 2008. This adjustment is based on the estimated impact of a North Carolina Lottery being fully operational by 2007.

Increase funding for No Child Left Behind programs **\$6.6**

- Provides additional funding to support local school division requirements under the provisions of the federal No Child Left Behind (NCLB) Act of 2001.

Spending Recommendations for K-12 Public Education (continued)

GF \$ in millions

Increase funding for Education for a Lifetime programs \$6.1

- Provides additional funding for teacher incentives in hard-to-staff schools. This program is designed to attract and retain licensed, highly qualified, and experienced teachers in hard-to-staff schools.

Increase funding for supplemental education programs \$0.7

- Provides additional funds for certain education programs that go beyond the foundation of the Standards of Quality. This funding supports an increase in Project Discovery and also provides a one-time match for the Communities in Schools program.

Target Funding to Certain School Divisions

Support cost of competing adjustment \$4.8

- Provides increased funds to support the cost of competing adjustment for certain localities. Additional funding is provided to recognize the common labor market in the Northern Virginia region and certain localities contiguous to Planning District 8.

Support Educational Services

Implement statewide student information system \$1.3

- Provides funding for the development of a statewide, student-level data collection and education information management

Spending Recommendations for K-12 Public Education (continued)

GF \$ in millions

system that will improve the Department of Education's data collection, analysis, and reporting capability in order to meet the requirements of the federal No Child Left Behind Act.

Increase funding for National Board Certification program \$0.5

- Provides funding to support the current level of teacher bonuses for all teachers receiving the initial award prior to July 1, 2006, and additional funding to support awards for the latest estimate of new teachers who will become certified in 2007 and 2008.

Provide funding for the Commission on Civics Education \$0.2

- Provides funding for the Commission on Civics Education, established by House Bill 1769, 2005 Session. The commission supports activities and organizations that promote civic education among citizens.

Capture savings from standardized testing procurement -\$5.0

- Reduces the appropriation for procurement of standardized testing services due to a lower than anticipated contract amount.

Spending Recommendations for Higher Education

Major budgetary recommendations include:

GF \$ in millions

Expand educational opportunity **\$218.0**

- Provides funds to help colleges absorb 56,500 new in-state students this decade, and to make sure students complete their degrees in a timely manner. Also includes funds for the New College Institute in Martinsville and other higher education organizations in Southside Virginia to work together to bring greater educational opportunities to the region.
- Support programs that encourage students who are not college bound to continue working toward high school graduation while pursuing technical training, and enabling young adults to secure GEDs and complete college courses in preparation for economically viable careers.

Faculty salaries and operations **\$53.7**

- Helps colleges and universities offer attractive faculty salary packages and operate and maintain new facilities that will be completed in 2006.

Provide affordable higher education **\$40.0**

- Provides additional need-based financial aid for in-state undergraduate students at our public colleges, larger Tuition Assistance Grants (TAG) for students at the independent colleges, and funding to waive out-of-state tuition for dependents of military personnel stationed in Virginia.

Spending Recommendations for Higher Education (continued)

GF \$ in millions

Targeted investments in research **\$79.9**

- Provides funding to bolster Virginia's research programs and hire top researchers in the fields of biomedical science, biomaterials engineering, nanotechnology, and modeling and simulation. Also provides \$90.6 million NGF.
- Through these efforts, Virginia can make progress in the search for cures for cancer, diabetes, tuberculosis, Alzheimer's and Parkinson's diseases, and avian flu.
- Also supports modeling and simulation research to evaluate complex human activities, such as the response to a natural disaster or fighting a battle, through computer models, which will allow both military and civilian organizations to better plan and prepare for those situations.
- Includes \$5.0 million GF and \$5.0 million NGF to fund collaborative, translational research aimed at commercialization of discoveries.
- Includes \$5.0 million GF to assist in the recruitment of and to provide an incentive for the location of a research-related entity along the Interstate 81 corridor.

Increase support for graduate students **\$10.0**

- Funds to increase student aid to help universities attract and retain the best and brightest graduate students.

Specialized research equipment **\$4.6**

- Debt service to purchase \$26.5 million in advanced equipment at seven institutions.

Spending Recommendations for Higher Education (continued)

GF \$ in millions

Research programs in Southside Virginia **\$4.4**

- Provides funds to expand research programs at the Institute for Advanced Learning and Research in Danville.

Training for research technicians and engineers **\$3.5**

- Funds for the community colleges to train biomedical lab technicians and modeling and simulation technicians to support growing research programs and emerging industries, and for colleges to share graduate engineering courses through telecommunications.

Interest earnings on sponsored programs and indirect cost recoveries

- Returns \$14.3 million in interest earnings to the colleges and universities to invest in faculty start-up and other research costs.

Spending Recommendations for Health and Human Resources

Major budgetary recommendations include:

GF \$ in millions

Medicaid

Utilization and inflation **\$484**

- Fund enrollment growth of 3.4 percent in FY 2007 and 2.7 percent in FY 2008. Medicaid expenditures are forecast to increase by eight percent in FY 2007 and seven percent in FY 2008, slower growth than the last few years. A portion of increased funding is offset by revenue from the Virginia Health Care Fund. Additional Health Care Fund and federal funds amount to \$602 million over the biennium.

Medicare Prescription Drug Program **\$43.1**

- The funding covers costs of expected increases in Medicaid enrollment due to program outreach efforts and reduced revenue from pharmacy rebates. The federal government requires payment for what Virginia otherwise would have spent on "dual eligibles," resulting in savings to offset some of the increased funding need.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Provider Rate Increases **\$30.8**

- Increase physician services rates by three percent in FY 2008; adult day care services rates by five percent on January 1, 2007; increasing the hospital adjustment factor from 76 percent to 78 percent; and increasing the cost ceilings used to determine payments to nursing facilities. OB-GYN rates were previously increased. The federal share is \$30.8 million.

FAMIS and Medicaid SCHIP **\$11.6**

- Fund increases in projected utilization, inflation, and moderate growth in enrollment for the state children's health insurance programs. The federal share is \$18.6 million.

Prior Authorization Contract Savings **\$(2.4)**

- A savings resulting from a change in the federal reimbursement rate for the prior authorization contract from 50 percent to 75 percent.

Comprehensive Services Act

Provide funding for Comprehensive Services Act **\$48.4**

- Funds mandated special education and foster care services for at-risk youth assuming an eight percent annual increase in cost of services. A decrease in nongeneral funds (\$10 million) is due to lower than projected Medicaid collections.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Social Services

**Fund increasing caseload and expenditures
in the adoption subsidy program** **\$28.9**

- Fully fund mandated and special needs adoption subsidies due to increasing caseloads and expenditures. The funding will ensure that the Commonwealth continues to meet its contractual obligations with adoptive parents.

Fund increased cost of eligibility determination **\$6.9**

- Fund the information technology costs associated with determining eligibility in local departments of social services. As new individuals apply for benefit programs in local departments, the cost of information technology utilization for eligibility has increased proportionally.

Mental Health/Mental Retardation Transformation

**Invest in mental health and substance abuse
community services** **\$51.5**

- Expand community-based services by providing targeted funding increases to Community Services Boards.

Φ A portion of the funds is directly related to the projected reduction in census at Eastern State Hospital in Williamsburg.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

- Φ Another portion of the funds will be used to reduce pressure for community placement in Health Planning Regions one and two.
- Φ The remainder will be used for statewide discharge assistance plans, mental health services for children and adolescents, and community-based recovery support services.

Invest in mental retardation community services **\$55.6**

- Provide additional funds for the Home and Community Based Mental Retardation Waiver Program by increasing the number of slots available for facility discharges and community diversion.
 - Φ A dedicated amount is set aside to transition current facility residents at Southeastern and Central Virginia Training Centers into community placements as the facilities are being replaced.
 - Φ Equal number of slots dedicated for statewide diversion efforts.
 - Φ The funds will also be used to provide a ten percent rate increase to providers of congregate homes for waiver clients and a five percent increase for providers of other waiver services.
 - Φ Additional funding is included for start-up costs incurred by new waiver clients as well as an increase to guardianship services.
- This initiative will also increase nongeneral funds by \$52.5 million as a result of Medicaid reimbursement.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Assume savings at facilities targeted for replacement (\$14.8)

- Reduces funding for the four facilities proposed for replacement. Savings will be realized as individuals are transferred out into the community, staffing is reduced and more efficient facilities are built. There is an accompanying reduction in nongeneral funds (\$9.2 million) from reduced Medicaid collections.

Facility Replacements

- The budget bill provides authorization for \$209.5 million, to be financed through the Virginia Public Building Authority (VPBA), for the replacement of Eastern State Hospital and Central Virginia and Southeastern Virginia training centers
- Additionally, the Caboose bill contains language permitting the replacement of Western State Hospital through the Public Private Educational Partnership Educational Facilities and Infrastructure Act (PPEA).

Facility	<i>\$ in millions</i>
Central Virginia Training Center	\$94.4
Southeastern Virginia Training Center	\$55.4
Eastern State Hospital	\$59.7
Western State Hospital	\$80.5

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

- Assumes that the construction of new facilities will commence in September of 2006 and will require approximately four years to complete the construction and transition of facility residents. \$7.1 million from the general fund has been included for VPBA debt service.

Additional Olmstead Investments

**Increase personal maintenance allowance for long-term care
waivers** **\$2.1**

- Funding to increase the allowance from 100 to 150 percent of Supplemental Security Income for the Medicaid long-term care waivers. This action allows individuals on those waivers to keep more of their income for living expenses, reducing the chance of institutionalization.

Provide funding for Committee Activities **\$0.5**

- Adds funding to ensure that adequate resources are available for Community Integration Oversight Advisory Committee salaries and related expenses.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Long Term Employment Support Services (LTESS) \$1.5

- Increases the number of individuals with significant disabilities receiving long term support for maintaining employment. A total of 1,000 more people with significant disabilities will be served.

Early Childhood

Increase funds for Early Intervention services for infants and toddlers \$8.2

- Provides funds to address the current waiting list and provide for Early Intervention services for infants and toddlers identified through an annual child count.

Expand Resource Mothers program \$1.1

- Expands the Resource Mother's program to support and mentor an additional 115 pregnant teens. The Resource Mothers program assigns community health workers to pregnant teens to help them transition into parenthood.

Fund mandated child care expenses \$14.8

- Adds funds for federally mandated child care services to Temporary Assistance for Needy Families (TANF) recipients enrolled in Virginia Initiative for Employment not Welfare (VIEW) activities, as well as those persons transitioning from TANF. Child care services allow individuals to reduce their dependence on public assistance and transition to self-sufficiency.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Establish Virginia Early Childhood Foundation **\$8.6**

- Provides funding to establish a foundation to address issues facing young children in the Commonwealth. This foundation will partner with private and non-profit entities with a goal of leveraging a dollar for each state dollar provided. This funding will then be used to seed and foster community programs that improve health, safety, and well-being of Virginia's youth.

Eliminate mental retardation urgent care waiting list for children under age six **\$5.4**

- Funds 110 Mental Retardation Waiver slots to eliminate the urgent care waiting list for children under the age of six. This action allows children with developmental disabilities access to services at an early age. The federal share is \$5.4 million.

Increase funding for Healthy Families of Virginia **\$1.0**

- Provides funds to Healthy Families of Virginia to stabilize and enhance statewide services. Healthy Families provides in-home parenting education and support services to at-risk parents of children from birth to five years of age who need individualized and comprehensive support.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Healthy Virginians

CHIP of Virginia **\$0.7**

- Provides additional funding to the Comprehensive Health Investment Program (CHIP) of Virginia to add eight community workers to serve an additional 475 children. CHIP provides home visits to families for medical case management, developmental screening, transportation to medical appointments, teaching of parental skills, and assisting with educational issues.

Breast and cervical cancer screening services **\$0.8**

- Expands breast and cervical cancer screening services to more eligible women 40-49 years of age in local health departments. An additional 2,144 low-income women will receive screening and diagnostic services.

St. Mary's Health Wagon **\$0.2**

- Funds St. Mary's Health Wagon to provide health services to residents in Dickenson, Buchanan, and Wise counties. The Health Wagon provides free medical, dental, and eye care to 7,000 patients each year.

Virginia Health Care Foundation **\$0.5**

- Increases funding for the Virginia Health Care Foundation to hire medication assistance caseworkers in localities throughout the state.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Obesity pilot program for children **\$0.4**

- Implement an obesity pilot as part of the Medicaid program's disease management program. The pilot program would include over 100 children in Southwest Virginia and provide nutritional education and other types of assistance to improve the health outcomes of children considered obese.

Other Initiatives

Encourage Electronic Health Records (EHR) **\$7.0**

- Enhance efforts to use electronic health records. Funds concepts for a Master Patient Index and Regional Health Information Organizations, technical assistance positions in the Department of Health, grants to providers for software, and an expansion of the Carilion pilot project for electronic health records in local health departments.

Fund drinking water construction projects **\$10.0**

- Fund an offset to the decrease in the Drinking Water State Revolving Fund grant awarded to the Virginia Department of Health from the U.S. Environmental Protection Agency (EPA). Additional funds will make up this loss of funds from the EPA as well as increase the State's investment in financing resources available for drinking water projects. The additional funds will be grants only.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Programs for the All-Inclusive Care of the Elderly (PACE) \$1.5

- The funding will be used for the establishment of up to six PACE programs in the Commonwealth. The development of integrated services will combine Medicaid and Medicare resources and result in a cost effective alternative for long-term care. The Department of Medical Assistance Services is further authorized to develop a plan for integrating the acute and long-term care systems and to implement a regional model for the integration by January 2007.

Uninsured Medical Catastrophe Fund \$1.0

- Provides an additional \$1,000,000 to the Uninsured Medical Catastrophe Fund. The fund provides financial assistance to uninsured persons who need treatment for a life threatening illness or injury. Administrative changes are also being made.

Ensure food safety \$0.6

- Addresses the increase in the number of restaurant inspections in Loudoun, Rappahannock, Thomas Jefferson, and Prince William local health department districts by adding funding to hire more restaurant inspectors for these districts.

Recruit and retain local medical examiners \$1.2

- Recruit and retain local medical examiners by increasing the reimbursement for death investigations from \$50 to \$150 per case.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Raise assisted living facility rate and personal care allowance

- Adjusts the assisted living facility rate to reflect a \$38 increase, from \$944 to \$982. The new rate includes a \$24 federal Supplemental Security Income increase and a \$14 auxiliary grant (AG) increase supported with existing general fund dollars. The rate increase improves care. In addition, the personal care allowance is raised by \$8, from \$62 to \$70. The monthly stipend is used by AG recipients to purchase incidental items, such as non-covered medications and toiletries.

Maintain services at Area Agencies on Aging impacted by census changes **\$2.5**

- Prevents rural Area Agencies on Aging from losing funding due to census changes. The 2000 census data resulted in a shift of funding from some AAAs to others. The action also provides AAAs with increased populations the prescribed additional federal funding to provide necessary services.

Expand Public Guardianship and Conservator programs **\$0.3**

- Funds the expansion of existing guardianship programs or new ones into areas of the state that are currently not served. This action provides guardianship services to another 60 individuals who do not have family, friends or anyone else to make decisions for them.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Provide funding to Northern Virginia Family Services **\$0.2**

- Provides funds to Northern Virginia Family Services (NVFS), a private, non-profit organization staffed by professionals trained in counseling, social work and community outreach. NVFS helps individuals and families improve their quality of life, and promotes community cooperation and support in responding to family needs.

Fund construction costs for Birmingham Green Adult Care Residence **\$0.2**

- Provides one-time funding for the increased construction costs associated with a regional public assisted living facility owned by the Counties of Loudoun, Fairfax, Fauquier, and Prince William and the City of Alexandria. This facility will serve low-income aged and disabled persons who reside in those localities.

Create Office of Faith Based Services **\$0.5**

- Creates the Office of Faith Based Services within the Department of Social Services. This office will support and coordinate the essential work of faith-based and community organizations, particularly in situations such as natural disasters. In addition, the office will serve as an information clearing house for non-profit groups during an emergency or crisis.

Spending Recommendations for Public Safety

Major budgetary recommendations include:

GF \$ in millions

Staff and operate new and expanded prisons **\$98.0**

- Staffing and operating costs for the expansions of St. Brides and Deerfield Correctional Centers and the new prisons being constructed in Tazewell and Pittsylvania counties. These facilities, adding more than 3,400 beds to the state’s prison capacity, will open late in the first year of the biennium.

Improve success of offender re-entry and transition **\$9.1**

- Funding for a variety of programs and services that will improve the chances for adult and juvenile offenders to make a successful re-entry and transition into the community and become productive citizens. The recommendations include expansion of vocational training for adult and juvenile offenders, funding for pre-and post incarceration services from nonprofit groups, development of reintegration and transition programs for juvenile offenders, and establishing positions to coordinate the transition of adult offenders into the community after being released from incarceration.

Spending Recommendations for Public Safety (continued)

GF \$ in millions

Strengthen the capability of the State Police **\$15.6**

- Funding to maximize the filling of trooper positions and to update the agency's automated systems.

Expand capacity to analyze forensic evidence **\$4.4**

- Funding for additional positions, contracting with private sector to help reduce drug case backlog, replacement of instruments, and increased lab space.

Expand Law Enforcement Officers Retirement System **\$16.5**

- Funding to reimburse localities required to provide enhanced retirement benefits to local deputy sheriffs. This action will enhance the retirement benefits for deputy sheriffs, and will encourage more individuals to consider becoming deputy sheriffs in a tight and competitive job market.

Increase retirement multiplier for state troopers **\$9.4**

- Increases the retirement multiplier for state police troopers from 1.7 to 2.0 percent, and provides the necessary funding to pay into the Virginia Retirement System. This action will enhance the retirement benefits for state troopers and will encourage more individuals to consider becoming state troopers in a tight and competitive job market.

Spending Recommendations for Public Safety (continued)

GF \$ in millions

Continue funding for Project Exile **\$0.6**

- Funding to support existing Project Exile programs in Commonwealth's attorneys' offices. These programs had been supported with a federal grant, which has expired.

Hold local governments harmless on HB 599 funding **\$3.5**

- Funding to ensure that no local governments receive less funding from the HB 599 program in FY 2007 than they did in FY 2006. Because of shifts in the demographic factors that comprise the formula used to distribute this assistance for local law enforcement, some localities would receive less without these additional funds and relevant accompanying language.

Fund new judge positions **\$3.2**

- Funding for eight new circuit and district court positions created by the General Assembly.

Improve services provided to veterans **\$1.6**

- Funding for additional veterans' service administrators, claims examiners, and support staff for regional Veterans' Services offices. Funding also included for development of a financial management system and additional staffing and equipment at veterans cemeteries.

Spending Recommendations for Commerce and Trade

Major budgetary recommendations include:

GF \$ in millions

Keep Commitments to Companies

Semiconductor manufacturing performance grants **\$37.2**

- Provides funding for semiconductor manufacturing performance grant payments under the Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program (\$3.7 million in each year) and Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program II (\$10.5 million in 2007 and \$19.3 million in 2008).

Semiconductor manufacturing education grants **\$5.0**

- Provides funding for semiconductor manufacturing education grants. Of the \$5 million in total grants, \$3 million will be provided to Virginia Commonwealth University's School of Engineering in 2007 in support of the Infineon Technologies major expansion. Of the remaining \$2 million, which is in support of the Micron Technology, Inc. major expansion, \$1million will be used in 2008 to establish a Northern Virginia Community College training program and \$1 million will be provided in 2008 to the Virginia Microelectronics Consortium.

Spending Recommendations for Commerce and Trade (continued)

GF \$ in millions

Virginia Investment Partnership grants **\$1.6**

- Provides funding for investment partnership grants under the Virginia Investment Partnership Act.

New River Valley Center of Excellence **\$1.0**

- Provides funding for the state's share of construction and development costs for the New River Valley Center of Excellence to be located on the grounds of Volvo Trucks North America, Inc. and operated in conjunction with New River Valley Community College.

Marketing the Commonwealth

Jamestown 2007 Commemoration **\$1.8**

- Provides additional funds to advertise and market the statewide commemorative events marking the 400th anniversary of the founding of Jamestown in 1607.

Leverage advertising and marketing funds **\$1.0**

- Increases funding for the Virginia Tourism Authority's partnership leveraging program, which is designed to leverage state marketing dollars with a two-to-one match or better by public and private partnerships.

Virginia Economic Development Partnership advertising **\$1.0**

- Provides funding for advertising. The funding will be used for research, media strategy, and message development; advertising production; and media placement.

Spending Recommendations for Natural Resources

Major budgetary recommendations include:

GF \$ in millions

Water Quality Improvement

Additional funding in 2006 **\$56.6**

- Deposit for non-point sources Department of Conservation and Recreation (\$39.6 million) and the Department of Environmental Quality for point sources (\$17.0 million).

Additional funding in 2006-08 Biennium **\$233.5**

- Additional deposit to Virginia Water Quality Improvement Fund in Department of Environmental Quality (\$200.0 million in 2007). This funding will reduce nitrogen loads by 2.6 million pounds per year, or almost two-thirds of the state's 2010 point source goal included in the 2000 Chesapeake Bay Agreement.
- Provides funding (\$25.0 million in 2007) for grants to local governments that are located outside the Chesapeake Bay watershed for point source projects (publicly owned treatment works and on-site systems) and the development of local and regional wastewater treatment plans, preliminary engineering, and environmental reviews.
- Provides funding (\$7.5 million in 2007) for the City of Richmond and City of Lynchburg's combined sewer overflow projects (\$3.75 million for each city).
- Provides \$1.0 million in additional funds for Soil and Water Conservation Districts.

Spending Recommendations for Employee Compensation and Benefits

Major budgetary recommendations include:

GF \$ in millions

Salary increases for state employees **\$113.0**

- Provides a base salary increase of three percent on November 25, 2006, for all full-time state employees.
- Employees must receive a performance evaluation of at least “contributor” (or equivalent) to receive this increase.
- Also provides state agencies the equivalent of 0.5 percent of salaries for use to address specific issues in recruitment, retention, and reward in state employee compensation.

Salary increases for state supported local employees **\$40.3**

- Provides a three percent salary increase for state-supported local employees on December 1, 2006
- State-supported local employees include constitutional officers, local social services employees, local election board employees, local health employees, local juvenile justice workers, Community Services Board employees, and others.

State employee health insurance **\$71.1**

- Provides for an increase in the premiums paid by state agencies on behalf of state employees for health insurance coverage and provides for an enhanced wellness benefit.

Spending Recommendations for Employee Compensation and Benefits

(continued)

GF \$ in millions

State employee retirement contributions **\$43.2**

- Provides funding for changes in the contribution rates paid by state agencies on behalf of their employees for the various state employee retirement programs (includes retirement for full-time state employees, state troopers, judges, and other law enforcement officers.)
- Contribution rates are based on a valuation of retirement system assets and liabilities which assume an investment return of eight percent, a cost of living adjustment of three percent, and the realization of gains and losses over a 30 year period.

Other state employee benefits **\$29.3**

- Provides for increases in the contribution rates paid by state agencies on behalf of their employees for group life insurance, sickness and disability coverage, and the state employee retiree health care credit.

Spending Recommendations for General Government

Major budgetary recommendations include:

GF \$ in millions

Debt Service Funding

Savings in 2006 **(\$18.5)**

- Removes funding not necessary in 2006 due to slower than anticipated draws

Additional funding in 2006-08 biennium **\$25.3**

- Debt service to purchase \$26.5 million in specialized research equipment at seven institutions of higher education.
- Debt service for \$209.5 million in VPBA bonds to replace Eastern State Hospital and Central Virginia and Southeastern Virginia training centers.
- Debt service for an additional \$201.9 million in VPBA bonds for the Statewide Agencies Radio System (STARS).

Revenue Stabilization Fund

Additional funding in 2006 **\$402.2**

- Provides additional funds for the Revenue Stabilization Fund as required to meet the mandatory deposit called for in Article X, Section 8 of the Constitution of Virginia. This deposit is based on 2005 revenue collections. With this deposit, the fund will be at its constitutional maximum (\$1.065 billion).

Spending Recommendations for General Government (continued)

GF \$ in millions

Additional funding in 2006-08 Biennium **\$106.7**

- Provides additional funds for the Revenue Stabilization Fund as required to meet the mandatory deposit called for in Article X, Section 8 of the Constitution of Virginia. This deposit is based on estimated 2006 revenue collections and is net of the excess deposit proposed to be made in 2006 (\$31.9 million).

Other Actions

Establish the Enterprise Applications public-private venture **\$15.6**

- Provides funding in fiscal years 2006, 2007, and 2008 for the establishment of a public-private venture to redesign business processes and systems within the Commonwealth. The program is also intended to enhance state revenue collections and cost recoveries. Language presents the primary tasks that will be accomplished and lays out the general ground rules and structure of the program. This venture is deemed necessary to address the state's outdated systems and processes.

Establish a consulting service line to match large-scale consumers with advanced technology companies **\$1.0**

- This new service line is viewed as critical by the Center for Innovative Technology (CIT) as they move toward programs that will provide operating funds. This consulting service will accelerate the growth of new technology companies that are started in Virginia, and attract developing entrepreneurial companies to Virginia. After 36 months of operations, this program will be self funding and provide a funding stream to help support CIT's operations.

Spending Recommendations for General Government (continued)

GF \$ in millions

**Update Virginia's aerial photography and maintain the
Emergency-911 address file** **\$2.5**

- Updates the Virginia Base Mapping Program to fully utilize high resolution digital orthophotography and statewide digital road address files that were captured in 2006. This effort will produce a new statewide imagery base that will be distributed to state and local governments allowing them to update and ensure the viability of their critical geospatial products and services.

**General Services to assume maintenance and oversight of the
Facility Inventory Condition and Assessment (FICA) system** **\$0.6**

- Adds funds and staff to Department of General Services to maintain the new statewide FICA system that will be transferred to the department on or about May 1, 2006, from the Auditor of Public Accounts. The system will accumulate and analyze building information, develop maintenance projections and cost estimates and provide the information necessary to plan for each phase in the life cycle of each building.

**Fund information technology requirements for the
Department of General Services** **\$1.6**

- Provides funding to the Department of General Services for three information technology enhancements: a real estate portfolio management information system, improved information security, an upgrade to the consolidated laboratory's information technology maintenance and support, and adds three new positions.

Capital Outlay (General)

- The proposed capital budget of over \$2.1 billion includes \$940.2 million from the general fund.
- The first priority for capital is to address deferred maintenance.
- The next priority is to address cost overruns in existing projects and previously unfunded equipment and furnishing needs in existing projects that will be completed during the biennium.
- The remaining amount is earmarked for infrastructure requirements and other critical needs.

\$ in Millions

Maintenance (reserve & deferred)	\$165.1
Cost overruns	143.9
Equipment for existing projects	38.8
Energy	55.7
Higher education research	67.6
Higher education other	370.3
Other	<u>98.9</u>
 Grand Total	 \$940.2

- No additional bond authorizations requiring tax-supported debt of the Commonwealth are recommended in the Governor's budget, although some projects are authorized which use 9(c) and 9(d) debt of colleges and universities.

Capital Outlay (Maintenance Reserve & Deferred Maintenance)

- Maintenance Reserve/Deferred Maintenance funding includes \$165.1 million from the general fund.
- The APA's Facility Inventory Condition and Assessment System (FICAS) identified over \$2.0 billion in capital needs have been identified, with \$1.6 billion of that being critical in nature (needed within the next 24 months).
- This action funds \$67 million a year for central maintenance reserve.
 - Φ Agency heads will provide DPB plans for the use of these funds prior to their allotment
 - Φ Agencies may transfer their funds to supplement operating expenses required for day-to-day operation of a facility to maintain its functionality or those required for preserving a facility and its components from failure or deterioration in order to realize its anticipated useful life.
- It also funds \$31.1 million for other major repairs
 - Φ \$16.0 million for Norfolk State and Virginia State maintenance reserve.
 - Φ \$14.1 million for major roof replacement projects.
 - Φ \$1.0 million for necessary repairs.

Capital Outlay (Cost Overruns)

- Funds \$143.9 million from the general fund for cost overruns on existing projects.
- Many of these unanticipated costs are attributed to price increases in raw materials, such as steel and plywood, and labor.
- Others are due to dated cost estimates which were the basis of the original project appropriation.

Agency Name	Project Title	GF Dollars (in millions)
Community College System	Provide supplemental funding for previously authorized capital projects	\$59.2
University of Virginia	Upgrade Main Heating Plant for Environmental Compliance	\$7.3
Museum of Fine Arts	Expand and Renovate Museum	\$6.3
Marine Science	Construct Marine Research Building Complex	\$6.0
VCU	Construct Massey Cancer Center Addition	\$6.0
University of Virginia	Construct Medical Research Building (MR-6)	\$4.7
VCU	Construct Medical Sciences Building II	\$4.0
Virginia Tech	Construct Institute for Critical Technology and Applied Science, Phase I	\$4.0
Virginia Tech	Construct Fine Arts Center and Renovate Henderson Hall	\$3.9
George Mason	Renovate Thompson Hall	\$3.8
George Mason	Construct Academic V	\$3.6
Veterans Services	Sitter-Barfoot Veterans Care Center Cost Overruns	\$3.6
Norfolk State	Construct RISE Center	\$3.0
Virginia Military Institute	Renovate Mallory Hall	\$2.9
Mary Washington/M-MM	Construct James Monroe Center Building 2	\$2.5
Christopher Newport	Renovate and construct addition to Gosnold Hall	\$2.3
Longwood University	Addition for Wygal Connector	\$2.1
Corrections - Central Office	Upgrade Haynesville Wastewater Treatment Plant	\$1.9
Norfolk State	Renovate Robinson Technology Building	\$1.8

Capital Outlay (Cost Overruns continued)

Corrections - Central Office	Construct New Bridge and Entrance Road at Bland	\$1.5
Juvenile Justice	Expand Reception and Diagnostic Center, DCE school and Infirmary	\$1.5
VCU	Construct Engineering Bioprocessing Facility	\$1.5
Longwood University	Renovate Heating Plant (phase II) Modernizing heating plant - phase II	\$1.2
Norfolk State	Police and Public Safety Building	\$1.0
Radford	Renovate Young Hall	\$1.0
University of Virginia	Upgrade Cavalier Substation	\$0.9
Agriculture	Provide funding for Harrisonburg Laboratory construction cost over-runs	\$0.8
Corrections - Central Office	Upgrade Pocahontas wastewater treatment plant	\$0.8
Juvenile Justice	Renovate Beaumont Cottages - Phase II	\$0.8
Virginia Tech	Construct Building Construction Laboratory	\$0.8
VCU	Renovate Music Center	\$0.6
Corrections - Central Office	Renovate James River Jail Building	\$0.4
Richard Bland	Renovate and Expand Art Building and Library	\$0.4
Corrections - Central Office	Steam and Water Line Repair and Replacement	\$0.3
Frontier Culture Museum	Construct and Restore Maintenance Building	\$0.3
Southwest Va Higher Education Center	Addition to Center	\$0.3
Forestry	Construct Grayson and Carroll County Office on Matthews State Forest	\$0.2
Forestry	Construct Abingdon Mechanic Shop and Cold Storage Facility	\$0.2
Jamestown/Yorktown	Jamestown Settlement Sewer Pump Station	\$0.2
Longwood University	Improve storm water retention structure	\$0.2
Gunston Hall	Additions to Ann Mason Building (16305)	\$0.1
Longwood University	Construct Addition to Willett Hall	<u>\$0.1</u>
	Total	\$143.9

Capital Outlay (Equipment for Previously Funded Projects)

- \$38.8 million for equipment and furnishing needs in existing projects.

Agency	Project	GF Dollars (in millions)
Community College System	Construct Sciences Building, Virginia Beach Campus, Tidewater	\$5.9
General Services	Provide Furnishings for Washington Building	\$4.8
James Madison	Renovate Miller Hall	\$2.3
Virginia Tech	Construct Biology Building	\$2.3
Community College System	Construct Parham Road Campus, Phase IV, J. Sargeant Reynolds	\$2.1
Community College System	Construct Phase III, Renovate Phases I & II, Alexandria Campus, Northern Virginia	\$1.8
Old Dominion University	Renovate Batten Arts & Letters	\$1.8
Community College System	Renovate and construct addition to Webber Hall, Virginia Western	\$1.7
Longwood University	Addition for Bedford Wygal Connector	\$1.6
VCU	Construct School of Engineering, Phase II	\$1.6
Longwood University	Renovate Jarman Hall	\$1.5
Old Dominion University	Construct Tri-Cities Higher Education Center	\$1.4
Community College System	Construct Regional Automotive Technology Center, Chesapeake Campus, Tidewater	\$1.2
Community College System	Construct Learning Resources Building, Southwest Virginia	\$1.0
Community College System	Construct Science and Technology Building, Piedmont Virginia	\$0.9
Old Dominion University	Construct Physical Science Building, Phase II	\$0.8
VCU	Renovate Sanger Research Laboratory, Phase I	\$0.8
Community College System	Construct Workforce Services Development Center, Lord Fairfax	\$0.7
Radford	Construct Fine Arts Center - Equipment	\$0.7

Capital Outlay (Equipment for Previously Funded Projects continued)

Virginia State	Gandy Hall Equipment	\$0.7
Community College System	Renovate Instructional Labs, John Tyler	\$0.6
George Mason	Renovate Thompson, West, and Pohick	\$0.5
Community College System	Construct Business Development and Workforce Training Center, Eastern Shore	\$0.4
Community College System	Renovate top floor of Galax Hall, Wytheville	\$0.3
Community College System	Renovate West Hall and Learning Resource Center, Patrick Henry	\$0.3
Richard Bland	Renovate and Expand Art Building and Library	\$0.3
VCU	Construct New School of Nursing	\$0.3
Community College System	Construct Science Building Addition, Blue Ridge	\$0.2
Community College System	Construct Workforce Training and Technology Center, J. Sargeant Reynolds	\$0.2
VCU	Renovate Franklin Terrace	\$0.1
VCU	Renovate Hibbs Building	\$0.1
VCU	Renovate Music Center	<u>\$0.1</u>
	Total	\$38.8

Capital Outlay (Energy Projects)

- Provides \$55.7 million from the general fund dollars to increase energy efficiency.
- Capital investments replace aged and failing infrastructure such as heating, ventilation, and air conditioning systems, heating plants, and power plants at state facilities through Virginia.

<u>Agency Name</u>	<u>Project Title</u>	<u>GF \$ in millions</u>
Virginia Tech	Renovation of Campus Heating Plant	\$17.3
University of Virginia	Upgrade Heat Plant for Environmental Compliance	\$12.5
William & Mary	Renovate Power Plant and Make Utility Improvements (umbrella)	\$8.3
Community College System	Repair or replace HVAC, electrical systems, various campuses	\$7.1
Mental Health (Central Office)	Replace-Repair Boilers/Steamlines/HVAC at DMHMR Facilities	\$4.8
Juvenile Justice	HVAC upgrades	\$2.1
Corrections - Central Office	Replace HVAC system in Powhatan medical building	\$2.0
General Services	Energy Efficiency projects for Capitol Complex	<u>\$1.7</u>
Total		\$55.7

Capital Outlay (Higher Education)

GF \$ in millions

Provide state-of-the-art facilities for research **\$117.6**

- Provides \$67.6 million GF matched by \$132.4 million NGF for construction of new research facilities at VPI, UVA, VCU and GMU.
- Provides \$50 million in VCBA bond authorization, to be matched by at least \$50 million NGF, for a capital fund to construct research facilities in response to opportunities that arise between legislative sessions.

Provide modern, efficient academic facilities **\$370.3**

- Includes \$19.0 million to renovate the Business Building at VCU, to house the Schools of Education and Social Work after the business program moves to its new facility.
- Provides \$18.2 million to expand the barracks at VMI, plan a renovation of the existing barracks space, and construct leadership development facilities.
- Provides \$20.2 million to construct a performing and fine arts building at ODU.
- Adds \$24.0 million for JMU's purchase of Rockingham Memorial Hospital and \$6.0 million for CWM's purchase of Williamsburg Community Hospital.

Capital Outlay (Higher Education continued)

GF \$ in millions

- Includes \$149.1 million for 14 high priority renovation and construction projects at community colleges throughout the Commonwealth, and replacement of failing building systems at six VCCS campuses.
- Includes \$14.0 million for utility improvements at LU, ODU, RBC, and VSU.
- Provides \$3.4 million to replace the VIMS Eastern Shore Seawater Laboratory.
- Includes \$15.4 million for a new academic building at CNU and \$14.0 million for the academic portion of new campus development at GMU.
- Provides \$87.0 million for renovations at CWM, LU, NSU, ODU, RBC, RU, UMW, UVA-W, VCU, VPI, and VSU.

Capital Outlay (Other Projects)

GF \$ in millions

- Funds for other projects total \$98.9 million from the general fund.
- Includes modifications to existing structures and facilities, including life safety code improvements, mechanical and electrical upgrades, etc.
- A limited number of major renovation projects to extend the useful life of buildings or to re-configure them for a different use.
Examples include:
 - Φ \$5.0 million to renovate Virginia Industries for the Blind, Richmond Plant
 - Φ \$2.2 million to renovate Morson Row
 - Φ \$2.7 million to renovate State Police's administrative headquarters.
- \$11 million for the preservation of forestlands in Virginia through the purchase of almost 10,000 acres of forest property (Brumley Mountain in Washington County and another tract in Sussex County).
- Examples for new construction include:
 - Φ \$5.7 million--additional expansion of Deerfield Correctional Center
 - Φ \$5.2 million--additional programming space for juvenile correctional centers
 - Φ \$5.7 million--new dormitories at adult correctional facilities
 - Φ \$3.2 million --new Winchester armory
 - Φ \$20.4 million to construct roads, cabins, and campgrounds for Conservation and Recreation.
- A separate bill (enrolled) authorizes issuance of an additional \$201.9 million in VPBA bonds for the Statewide Agencies Radio System (STARS). This will provide funds needed to complete statewide implementation by 2009.

Capital Outlay (other projects)

GF \$ in millions

Acquire “Big Woods” tract **\$7.4**

- Provides funding for the acquisition by the Department of Forestry of approximately 4,900 acres in Sussex County.
- The tract will be managed cooperatively between the departments of Forestry, Game and Inland Fisheries and Conservation and Recreation to maximize recreational opportunities and interagency expertise.

Construct state park cabins and campgrounds **\$20.4**

- Funds construction of revenue producing cabins and campgrounds and related infrastructure at four state parks.

Replace and repair boilers and steamlines at mental health facilities **\$4.8**

- Provides funds for the replacement and repair of boilers and steamlines at Central State Hospital and Northern Virginia Training Center. The current systems are old and inefficient, with dilapidated pipelines and failing boilers. This funding will permit the agency to make the most critical repairs and will allow for more energy efficient boiler systems.

Repair R.N. Anderson Vocational Training Building **\$2.5**

- This project combines two of WWRC’s requests, to repair the roof on the R.N. Anderson building and to address repairs in the same building.
- The retaining walls for this building are deteriorated and collapsing; the roofing system has started to experience a high rate of deterioration, which has resulted in numerous roof leaks. The roof will be replaced and repairs will be made to the walls.

Capital Outlay (other projects continued)

GF \$ in millions

Renovate Virginia Industries for the Blind, Richmond Plant, Phase II **\$3.9**

- Provides funds to address operating system failures. This project was partially funded by the General Assembly last session for correction of environmental hazards and life safety code issues with the building. Additional funding now is needed to complete the renovation.
- This phase funds rented space so that the plant can continue its services during the renovation and will also include an addition to the current facility to address the need for greater floor area for the production operations of the plant and employee support areas.

Replace roofs on three buildings, Rehabilitation Center for the Blind and Visually Impaired **\$2.0**

- Provides funds to replace the roofs of the Administration/Activities Building, the Recreation Building, and the Dining Hall located at the Rehabilitation Center for the Blind and Vision Impaired. All three of these buildings have active roof leaks and have been on the Maintenance Reserve project list for over 10 years.

Improve the Commonwealth's cultural facilities **\$6.3**

- Includes funds for renovation and construction projects at the Frontier Culture Museum, development of a new exhibit at the Science Museum of Virginia, and repairs and renovations to older facilities at the Virginia Museum of Fine Arts.

General Fund Budget Recommendations

\$ in Millions

	FY2007	FY2008	Biennium Total
<u>Operating Expenses</u>			
Current Services	14,224.7	14,202.9	28,427.6
Additional Spending:			
Public (K-12) Education	700.4	838.7	1,539.1
Higher Education			
Research	87.1	15.3	102.4
Other	161.7	187.2	348.9
Transportation	339.0	-	339.0
Mental Health/Mental Retardation	63.3	72.5	135.8
Medicaid & Human Resources	231.8	417.9	649.7
Early Childhood	15.1	15.8	30.9
Healthy Virginians	2.2	2.2	4.4
Water Quality	233.9	1.2	235.1
Law Enforcement/Public Safety	136.0	186.5	322.5
Compensation & Benefits	124.9	172.2	297.1
Car Tax Relief	207.6	207.6	415.2
Revenue Stabilization Fund	-	106.7	106.7
Other	153.9	190.5	344.4
Total Operating	16,681.6	16,617.1	33,298.7
<u>Capital Outlay</u>			
Deferred Maintenance	84.1	81.0	165.1
Cost Overruns (Existing Projects)	143.9	-	143.9
Energy	51.4	4.3	55.7
Equipment-Buildings coming on li	38.8	-	38.8
Higher Education			
Research	67.6	-	67.6
Other Higher Education	170.7	199.6	370.3
Other	64.2	34.7	98.9
Total Capital	620.6	319.6	940.2
<u>Grand Total</u>	\$ 17,302.2	\$ 16,936.7	\$ 34,238.9