Governor Kaine’s Proposed Amendments to the 2008-2010 Biennial Budget and Governor Kaine’s Proposed Budget for the 2010-2012 Biennium

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

December 18, 2009

Daniel Timberlake
Director
Virginia Department of Planning and Budget
Overview of the Shortfall
Continued declines in the revenues and transfers creates a significant budget shortfall in FY 2010 . . .

- FY 2009 general fund revenues fell $299 million short of the estimates contained in Chapter 781.

- In August, total projected general fund revenues for FY 2010 were expected to fall by $1,209 million below the levels appropriated in Chapter 781.

- The revised revenue and transfer projection before any policy changes are made results in an additional shortfall of $335.1 million.
Before making any adjustments to spending, projected general fund revenues for FY 2010 and for each year of the 2010-2012 biennium are not sufficient to support the current level of spending . . .

<table>
<thead>
<tr>
<th></th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>GF Resource base per CH 781</td>
<td>$15,755.4</td>
<td>$15,755.4</td>
<td>$15,755.4</td>
</tr>
<tr>
<td>Adjust - August Interim Forecast</td>
<td>(1,209.1)</td>
<td>(809.4)</td>
<td>(30.7)</td>
</tr>
<tr>
<td>Adjust - December Forecast</td>
<td>(335.1)</td>
<td>(278.6)</td>
<td>(308.1)</td>
</tr>
<tr>
<td>Available GF Resources</td>
<td>14,211.2</td>
<td>14,667.4</td>
<td>15,416.6</td>
</tr>
</tbody>
</table>

Less:

| Spending Base per CH 781 | (15,844.0) | (15,845.4) | (15,845.4) |

Net Shortfall

|                       | $ (1,632.8) | $ (1,178.0) | $ (428.8) |

Total Shortfall Across All 3 Years

|                       | $ (3,239.7) |

*Amounts shown in millions
Summary of Proposed Changes in Spending
When new spending requirements are added, the total general fund shortfall increases to $1.8 billion in FY 2010 and to $4.5 billion in the 2010-2012 biennium. . .

<table>
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Less:

<table>
<thead>
<tr>
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<th>FY 2011</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spending Base per CH 781</td>
<td>(15,844.0)</td>
<td>(15,845.4)</td>
<td>(15,845.4)</td>
</tr>
<tr>
<td>New Spending - Operating</td>
<td>(154.9)</td>
<td>(989.2)</td>
<td>(1,850.2)</td>
</tr>
<tr>
<td>New Spending - Capital</td>
<td>-</td>
<td>(39.2)</td>
<td>-</td>
</tr>
<tr>
<td>GF Spending Requirements</td>
<td>(15,998.9)</td>
<td>(16,873.8)</td>
<td>(17,695.6)</td>
</tr>
</tbody>
</table>

Net Shortfall

$ (1,787.7)  $ (2,206.4)  $ (2,279.0)

*Amounts shown in millions
New spending requirements in FY 2010 are dominated by updates to Medicaid and public education, and restoration of ARRA funds.

<table>
<thead>
<tr>
<th>Description of Action</th>
<th>FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Medicaid utilization and inflation</td>
<td>$ 80.1</td>
</tr>
<tr>
<td>Restore GF to items funded by the American Recovery and Reinvestment Act of 2009</td>
<td>30.9</td>
</tr>
<tr>
<td>Fund increased information technology costs to agencies</td>
<td>19.4</td>
</tr>
<tr>
<td>Restore general fund support for agriculture best management practices</td>
<td>15.2</td>
</tr>
<tr>
<td>Fund Health Care Fund appropriation</td>
<td>14.8</td>
</tr>
<tr>
<td>Update enrollment projections in Direct Aid to Public Education</td>
<td>14.5</td>
</tr>
<tr>
<td>Provide funding for unemployed parents cash assistance program</td>
<td>5.5</td>
</tr>
<tr>
<td>Fund medical assistance services for low-income children utilization and inflation</td>
<td>3.1</td>
</tr>
<tr>
<td>Fund medical services for involuntary mental commitments</td>
<td>3.1</td>
</tr>
<tr>
<td>Restore general fund support for the Virginia Land Conservation Fund deposit</td>
<td>2.0</td>
</tr>
<tr>
<td>All Other Spending Adjustments (includes technical)</td>
<td>(33.7)</td>
</tr>
</tbody>
</table>

| Total of All Spending Items                                                           | $ 154.9 |

*Amounts shown in millions
Medicaid and public education continue to dominate the majority of new GF spending requirements in the 2010-2012 biennium...

<table>
<thead>
<tr>
<th>Description of Action</th>
<th>Biennial Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>Backfill Medicaid program due to loss of federal stimulus matching funds</td>
<td>$ 1,191.49</td>
</tr>
<tr>
<td>Fund Medicaid utilization and inflation</td>
<td>777.7</td>
</tr>
<tr>
<td>Fund debt service requirements</td>
<td>165.7</td>
</tr>
<tr>
<td>Rebenchmark Standards of Quality (SOQ) costs (includes enrollment update)</td>
<td>143.8</td>
</tr>
<tr>
<td>Eliminate aid to locality reductions</td>
<td>100.0</td>
</tr>
<tr>
<td>Adjust support for Virginia Retirement System payments</td>
<td>89.5</td>
</tr>
<tr>
<td>Provide funding for the state employee health insurance program</td>
<td>84.6</td>
</tr>
<tr>
<td>Reserve funding for an anticipated mandatory deposit to the Revenue Stabilization Fund in FY 2013</td>
<td>40.0</td>
</tr>
<tr>
<td>Delay the update of the composite index for direct aid programs until FY 2012</td>
<td>39.0</td>
</tr>
<tr>
<td>Adjust funding for the Health Care Fund</td>
<td>32.6</td>
</tr>
<tr>
<td>Provide additional funding for state mental health and mental retardation facility</td>
<td></td>
</tr>
<tr>
<td>Medicaid costs</td>
<td>31.9</td>
</tr>
<tr>
<td>Fund medical assistance services for low-income children utilization and inflation</td>
<td>26.6 2,723.0 94.6%</td>
</tr>
<tr>
<td>Other General Fund Spending</td>
<td>151.3 5.3%</td>
</tr>
<tr>
<td>Base and technical spending</td>
<td>5.0 0.2%</td>
</tr>
<tr>
<td><strong>Total of All General Fund Spending</strong></td>
<td><strong>$ 2,879.3</strong></td>
</tr>
</tbody>
</table>

*Amounts shown in millions
Impact of Resource Actions
**Transfers and policy actions reduce the shortfall but are not sufficient to address all of the revenue losses in FY 2010 and in the 2010-2012 biennium . . .**

<table>
<thead>
<tr>
<th>Estimated Shortfall - revenue vs. spending</th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Shortfall - revenue vs. spending</td>
<td>$ (1,787.7)</td>
<td>$ (2,206.4)</td>
<td>$ (2,279.0)</td>
</tr>
<tr>
<td>Proposed Resource Changes (policy and technical)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>182.4</td>
<td>121.9</td>
<td>110.1</td>
</tr>
<tr>
<td>Transfers</td>
<td>127.7</td>
<td>68.3</td>
<td>60.0</td>
</tr>
<tr>
<td>Adjustments to Balance</td>
<td>(148.5)</td>
<td>(0.5)</td>
<td>-</td>
</tr>
<tr>
<td>Subtotal of Policy Changes</td>
<td>161.6</td>
<td>189.7</td>
<td>170.1</td>
</tr>
<tr>
<td>Revised Shortfall</td>
<td>$ (1,626.2)</td>
<td>$ (2,016.7)</td>
<td>$ (2,108.9)</td>
</tr>
</tbody>
</table>

*Amounts shown in millions*
Summary of Proposed Reductions
Significant reductions in general fund spending are required in each year . . .

<table>
<thead>
<tr>
<th></th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governor's September Reduction Plan</td>
<td>$854.3</td>
<td>$279.9</td>
<td>$436.0</td>
</tr>
<tr>
<td>Additional Targeted Reductions</td>
<td>344.6</td>
<td>1,748.0</td>
<td>1,683.5</td>
</tr>
<tr>
<td><strong>Total Proposed Reductions</strong></td>
<td>$1,199.0</td>
<td>$2,028.0</td>
<td>$2,119.5</td>
</tr>
</tbody>
</table>

*Amounts shown in millions*
Beyond the savings proposed in the September Reduction Plan, an additional $344.6 million in GF savings actions are recommended in FY 2010.

<table>
<thead>
<tr>
<th>Description of Action</th>
<th>FY 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplant sheriffs' general fund support with stimulus funding</td>
<td>$109.5</td>
</tr>
<tr>
<td>Eliminate textbook funding paid to school divisions</td>
<td>79.6</td>
</tr>
<tr>
<td>Remove nonpersonal inflation factors used in funding the Standards of Quality</td>
<td>61.3</td>
</tr>
<tr>
<td>Lag fourth quarter payment of retirement contributions to July 2010</td>
<td>19.8</td>
</tr>
<tr>
<td>Use Literary Fund balances for teacher retirement</td>
<td>17.0</td>
</tr>
<tr>
<td>Capture additional benefit savings in Standards of Quality from VRS rate changes</td>
<td>9.8</td>
</tr>
<tr>
<td>Lag fourth quarter reimbursement for State Operated Programs paid to school divisions</td>
<td>8.2</td>
</tr>
<tr>
<td>Reduce state support for retirement and group life insurance contributions for</td>
<td>7.8</td>
</tr>
<tr>
<td>constitutional office staff</td>
<td></td>
</tr>
<tr>
<td>Reflect savings from enhanced federal match in the Medicaid Comprehensive Services Act budget</td>
<td>7.5</td>
</tr>
<tr>
<td>Implement a five percent reduction to local and regional jail per diem payments</td>
<td>3.6</td>
</tr>
<tr>
<td>All other savings strategies</td>
<td>20.6</td>
</tr>
<tr>
<td><strong>Total of Additional Savings Actions Since September</strong></td>
<td><strong>$344.6</strong></td>
</tr>
</tbody>
</table>

*Amounts shown in millions*
Beyond the savings proposed in the September Reduction Plan, an additional $3.4 billion in GF savings actions are recommended in the 2010-2012 biennium . . .

<table>
<thead>
<tr>
<th>Agency Name</th>
<th>Biennial Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Appropriations</td>
<td>$2,040.9</td>
</tr>
<tr>
<td>Direct Aid to Public Education</td>
<td>600.5</td>
</tr>
<tr>
<td>Department of Medical Assistance Services</td>
<td>383.9</td>
</tr>
<tr>
<td>Compensation Board</td>
<td>227.1</td>
</tr>
<tr>
<td>Department of Criminal Justice Services</td>
<td>89.4</td>
</tr>
<tr>
<td>Mental Health Treatment Centers</td>
<td>24.4</td>
</tr>
<tr>
<td>Department of Corrections</td>
<td>22.9</td>
</tr>
<tr>
<td>Department of Health</td>
<td>15.4</td>
</tr>
<tr>
<td>Intellectual Disabilities Training Centers</td>
<td>10.0</td>
</tr>
<tr>
<td>Comprehensive Services for At-Risk Youth and Families</td>
<td>6.6 3,421.1 99.7%</td>
</tr>
<tr>
<td>All other agencies</td>
<td>10.5 0.3%</td>
</tr>
</tbody>
</table>

Total of Additional Savings Actions Since September $3,431.6

- 99.7 percent of the biennial savings occurs in the top ten agencies

*Amounts shown in millions
83 percent of the additional GF savings actions recommended in the 2010-2012 biennium appear in the top ten strategies.

<table>
<thead>
<tr>
<th>Description of Action</th>
<th>Biennial Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eliminate reimbursements for personal property tax relief</td>
<td>$1,900.0</td>
</tr>
<tr>
<td>Fund health care costs in Standards of Quality based on actual plan participation</td>
<td>269.2</td>
</tr>
<tr>
<td>Implement policy changes to the Standards of Quality model</td>
<td>174.2</td>
</tr>
<tr>
<td>Utilize State Fiscal Stabilization Funds for general fund supported programs in K-12</td>
<td>126.4</td>
</tr>
<tr>
<td>Reduce HB599 funding</td>
<td>88.4</td>
</tr>
<tr>
<td>Withhold inflation adjustments from hospital operating rates</td>
<td>76.0</td>
</tr>
<tr>
<td>Eliminate state support for retirement and life insurance premiums to constitutional offices</td>
<td>61.6</td>
</tr>
<tr>
<td>Require state employees to pay a portion of retirement contributions</td>
<td>55.7</td>
</tr>
<tr>
<td>Reduce income limits for optional 300 percent Supplemental Security Income eligibility group</td>
<td>53.3</td>
</tr>
<tr>
<td>Postpone mandated increase in annual Mental Retardation and Developmental Disability waiver slots</td>
<td>39.2 2,844.0 82.9%</td>
</tr>
<tr>
<td>All Other Reduction Strategies</td>
<td>587.6</td>
</tr>
</tbody>
</table>

Total of Additional Savings Actions Since September: $3,431.6

*Amounts shown in millions
Summary of All Changes
The introduced budgets (HB/SB 29 and HB/SB 30) contain balances in each year . . .

<table>
<thead>
<tr>
<th></th>
<th>FY 2010</th>
<th>FY 2011</th>
<th>FY 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revised Revenue Estimates</td>
<td>$14,211.2</td>
<td>$14,667.4</td>
<td>$15,416.6</td>
</tr>
<tr>
<td>Add Policy Changes</td>
<td>161.6</td>
<td>189.7</td>
<td>170.1</td>
</tr>
<tr>
<td>Adjust for balance from prior year</td>
<td>161.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add Transfer from Revenue Stabilization Fund</td>
<td>292.9</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Resources Available</td>
<td>14,826.7</td>
<td>14,857.1</td>
<td>15,586.7</td>
</tr>
<tr>
<td>Add Savings from Reduction Strategies</td>
<td>1,199.0</td>
<td>2,028.0</td>
<td>2,119.5</td>
</tr>
<tr>
<td>Less Required Spending</td>
<td>(15,998.9)</td>
<td>(16,873.8)</td>
<td>(17,695.6)</td>
</tr>
<tr>
<td>Annual Balance</td>
<td>$26.7</td>
<td>$11.3</td>
<td>$10.6</td>
</tr>
</tbody>
</table>

*Amounts shown in millions*
The annual balances roll forward to create a cumulative balance of $48.6 million . . .

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<th>FY 2012</th>
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</thead>
<tbody>
<tr>
<td>Annual Balance</td>
<td>$26.7</td>
<td>$11.3</td>
<td>$10.6</td>
</tr>
<tr>
<td>Cumulative Balance</td>
<td>$38.0</td>
<td>$48.6</td>
<td></td>
</tr>
<tr>
<td>less payment to Revenue Stabilization Fund</td>
<td>$(40.0)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unappropriated balance in HB/SB 30</td>
<td>$8.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- which permits a single, one-time down payment of $40.0 million to a reserve for a future estimated payment to the revenue stabilization fund in FY 2013 and leaves approximately $8.6 million as an unappropriated balance.
Summary of Changes by Secretarial Area
General fund reductions in FY 2010 exceed new spending . . .

<table>
<thead>
<tr>
<th>Secretarial Area</th>
<th>Savings</th>
<th>Spending</th>
<th>Net Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Judicial Department</td>
<td>$</td>
<td>$ 0.3</td>
<td>$ 0.3</td>
</tr>
<tr>
<td>Executive Offices</td>
<td>(2.3)</td>
<td>-</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Administration</td>
<td>(161.2)</td>
<td>(2.0)</td>
<td>(163.2)</td>
</tr>
<tr>
<td>Agriculture and Forestry</td>
<td>(3.9)</td>
<td>-</td>
<td>(3.9)</td>
</tr>
<tr>
<td>Commerce and Trade</td>
<td>(7.6)</td>
<td>3.2</td>
<td>(4.4)</td>
</tr>
<tr>
<td>Education</td>
<td>(557.4)</td>
<td>(52.4)</td>
<td>(609.8)</td>
</tr>
<tr>
<td>Finance</td>
<td>(8.1)</td>
<td>(29.0)</td>
<td>(37.1)</td>
</tr>
<tr>
<td>Health &amp; Human Resources</td>
<td>(215.8)</td>
<td>105.3</td>
<td>(110.5)</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>(9.3)</td>
<td>18.7</td>
<td>9.4</td>
</tr>
<tr>
<td>Public Safety</td>
<td>(71.3)</td>
<td>2.8</td>
<td>(68.5)</td>
</tr>
<tr>
<td>Technology</td>
<td>(2.3)</td>
<td>-</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Transportation</td>
<td>(14.3)</td>
<td>-</td>
<td>(14.3)</td>
</tr>
<tr>
<td>Central Appropriations</td>
<td>(145.4)</td>
<td>107.9</td>
<td>(37.5)</td>
</tr>
<tr>
<td>Independent Agencies</td>
<td>(0.1)</td>
<td>-</td>
<td>(0.1)</td>
</tr>
<tr>
<td>Nonstate Entities</td>
<td>-</td>
<td>0.0</td>
<td>0.0</td>
</tr>
</tbody>
</table>

GRAND TOTAL

*Amounts shown in millions
General fund spending continues to be less than the reductions in the 2010-2012 biennium.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative Department</td>
<td>$</td>
<td>$</td>
<td>$ 1.0</td>
<td>$ 1.0</td>
<td>$ 1.0</td>
<td>$ 1.0</td>
</tr>
<tr>
<td>Judicial Department</td>
<td>$ (0.3)</td>
<td>$ (0.8)</td>
<td>$ (2.7)</td>
<td>$ (2.7)</td>
<td>$ (3.0)</td>
<td>$ (3.5)</td>
</tr>
<tr>
<td>Executive Offices</td>
<td>$ (1.2)</td>
<td>$ (1.2)</td>
<td>$ 0.4</td>
<td>$ 0.4</td>
<td>$ (0.8)</td>
<td>$ (0.7)</td>
</tr>
<tr>
<td>Administration</td>
<td>$ (6.1)</td>
<td>$ (6.2)</td>
<td>$ (5.7)</td>
<td>$ (5.8)</td>
<td>$ (11.9)</td>
<td>$ (12.0)</td>
</tr>
<tr>
<td>Agriculture and Forestry</td>
<td>$ (3.6)</td>
<td>$ (4.2)</td>
<td>$ (1.2)</td>
<td>$ (1.3)</td>
<td>$ (4.8)</td>
<td>$ (5.4)</td>
</tr>
<tr>
<td>Commerce and Trade</td>
<td>$ (8.7)</td>
<td>$ (8.9)</td>
<td>$ 32.0</td>
<td>$ 36.6</td>
<td>$ 23.4</td>
<td>$ 27.6</td>
</tr>
<tr>
<td>Education</td>
<td>$ (415.9)</td>
<td>$ (454.7)</td>
<td>$ 47.6</td>
<td>$ 117.6</td>
<td>$ (368.3)</td>
<td>$ (337.1)</td>
</tr>
<tr>
<td>Finance</td>
<td>$ (18.0)</td>
<td>$ 5.8</td>
<td>$ 47.9</td>
<td>$ 135.7</td>
<td>$ 29.9</td>
<td>$ 141.5</td>
</tr>
<tr>
<td>Health &amp; Human Resources</td>
<td>$ (275.4)</td>
<td>$ (389.1)</td>
<td>$ 691.0</td>
<td>$ 1,392.6</td>
<td>$ 415.6</td>
<td>$ 1,003.5</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>$ (8.4)</td>
<td>$ (8.4)</td>
<td>$ 4.8</td>
<td>$ 4.4</td>
<td>$ (3.7)</td>
<td>$ (4.0)</td>
</tr>
<tr>
<td>Public Safety</td>
<td>$ (237.1)</td>
<td>$ (256.9)</td>
<td>$ 2.1</td>
<td>$ 1.5</td>
<td>$ (235.0)</td>
<td>$ (255.4)</td>
</tr>
<tr>
<td>Technology</td>
<td>$ (3.6)</td>
<td>$ (3.6)</td>
<td>$ (0.2)</td>
<td>$ (0.2)</td>
<td>$ (3.8)</td>
<td>$ (3.8)</td>
</tr>
<tr>
<td>Transportation</td>
<td>$ (28.0)</td>
<td>$ 28.0</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (28.0)</td>
<td>$ 28.0</td>
</tr>
<tr>
<td>Central Appropriations</td>
<td>$ (1,021.5)</td>
<td>$ (1,019.3)</td>
<td>$ 172.1</td>
<td>$ 210.4</td>
<td>$ (849.4)</td>
<td>$ (809.0)</td>
</tr>
<tr>
<td>Independent Agencies</td>
<td>$ (0.1)</td>
<td>$ (0.1)</td>
<td>$ (0.0)</td>
<td>$ (0.0)</td>
<td>$ (0.1)</td>
<td>$ (0.1)</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>$ (2,028.0)</td>
<td>$ (2,119.5)</td>
<td>$ 989.2</td>
<td>$ 1,890.2</td>
<td>$ (1,038.8)</td>
<td>$ (229.4)</td>
</tr>
</tbody>
</table>

*Spending actions include Base and Technical Adjustments as well as Operating Decision Packages. Any negative spending indicates downward Base Adjustments.

*Amounts shown in millions.
Education, health and human resources, and public safety still compose the largest areas of general fund spending in the 2010-2012 biennium . . .
Impact of Budget Changes on Positions and Employment Levels
By the end of the 2010-2012 biennium, over 3,299 positions will have been eliminated since FY 2008 . . .

<table>
<thead>
<tr>
<th>Secretarial Area</th>
<th>FY 2008 Positions</th>
<th>FY 2012 Positions</th>
<th>Change in Positions</th>
<th>Total Layoffs to date</th>
<th>2010-2012 Proposed Layoffs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>912.0</td>
<td>840.5</td>
<td>(71.5)</td>
<td>41</td>
<td>1</td>
</tr>
<tr>
<td>Agriculture and Forestry</td>
<td>836.4</td>
<td>757.0</td>
<td>(79.4)</td>
<td>20</td>
<td>35</td>
</tr>
<tr>
<td>Central Appropriations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Commerce and Trade</td>
<td>1,858.5</td>
<td>1,656.0</td>
<td>(202.5)</td>
<td>69</td>
<td>0</td>
</tr>
<tr>
<td>Education</td>
<td>52,050.0</td>
<td>53,943.1</td>
<td>1,893.1</td>
<td>400</td>
<td>1</td>
</tr>
<tr>
<td>Executive Offices</td>
<td>419.0</td>
<td>414.5</td>
<td>(4.5)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Finance</td>
<td>1,263.5</td>
<td>1,314.5</td>
<td>51.0</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Health and Human Resources</td>
<td>17,031.5</td>
<td>16,103.8</td>
<td>(927.8)</td>
<td>207</td>
<td>625</td>
</tr>
<tr>
<td>Independent Agencies</td>
<td>1,556.0</td>
<td>1,614.0</td>
<td>58.0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Judicial Department</td>
<td>3,235.7</td>
<td>3,290.7</td>
<td>55.0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Legislative Department</td>
<td>633.0</td>
<td>609.0</td>
<td>(24.0)</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>2,261.0</td>
<td>2,170.0</td>
<td>(91.0)</td>
<td>48</td>
<td>0</td>
</tr>
<tr>
<td>Public Safety</td>
<td>22,464.6</td>
<td>20,945.1</td>
<td>(1,519.5)</td>
<td>304</td>
<td>2</td>
</tr>
<tr>
<td>Technology</td>
<td>405.0</td>
<td>376.0</td>
<td>(29.0)</td>
<td>30</td>
<td>0</td>
</tr>
<tr>
<td>Transportation</td>
<td>12,204.0</td>
<td>9,797.0</td>
<td>(2,407.0)</td>
<td>525</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>117,130.1</td>
<td>113,831.1</td>
<td>(3,299.0)</td>
<td>1,651</td>
<td>664</td>
</tr>
</tbody>
</table>
Transportation and Public Safety make up 74% of the total position eliminations . . .
Transportation and Education constitute 56% of the total layoffs...
Health and Human Resources will be the hardest hit Secretariat by the 2010-2012 proposed layoffs

2010 - 2012
Total Proposed Layoffs:

664
Proposed Capital Outlay
## Capital Outlay – 2010-2012 Biennium

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maintenance Reserve</td>
<td>$15.0 GF</td>
</tr>
<tr>
<td>- Restores funds captured in Chapter 781 that could not be replaced with federal stimulus dollars ($15.0 million GF)</td>
<td></td>
</tr>
<tr>
<td>- Addresses deferred maintenance needs that are critical to the continued use of a building, system, or equipment ($100.0 million VCBA and VPBA).</td>
<td></td>
</tr>
<tr>
<td>Provide support for projects which were funded through the SFSF during the 2009 General Assembly Session</td>
<td>$38.3 GF</td>
</tr>
<tr>
<td>Fund equipment for projects being completed in the 2010-2012 biennium</td>
<td>$0.9 GF</td>
</tr>
<tr>
<td>- $25.8 VCBA</td>
<td></td>
</tr>
<tr>
<td>Fund energy conservation projects</td>
<td>$35.2 VCBA</td>
</tr>
<tr>
<td>Fund construction for higher education projects for which planning has been completed</td>
<td>$1,087.6 VCBA</td>
</tr>
<tr>
<td>Higher Education Equipment Trust Fund</td>
<td>$100.0 VCBA</td>
</tr>
</tbody>
</table>

*Amounts shown in millions*
Appendix

Highlights of Detailed Spending Changes by Secretarial Area
Education

Chapter 781 -

- General fund appropriation -
  
  \[ \text{FY 2010} \quad 7,152.1 \text{ million} \]

- 45.1 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
  
  \[ \text{FY 2010} \quad 6,542.4 \text{ million} \]

- Change over base
  - Reduction -557.4 million
  - New Spending -52.4 million
  - Net Change -609.8 million

- -8.5 percent change

- 44.2 percent of total general fund operating recommendation
Education – FY 2010

Institutions of higher education

• September Reductions ($214.1)
  ➢ Across-the-board: ($196.8)
  ➢ Compensation and other changes: ($17.3)

• Restoration to meet State Fiscal Stabilization Fund (SFSF) Maintenance of Effort Guidelines
  ➢ Restoration of $150.1 general fund.
  ➢ $75.0 in SFSF.

*Amounts shown in millions
K-12 Public Education

- Technical and mandated adjustments  ($10.0)
  - Standards of Quality Account Updates:  ($5.9)
  - Updates to categorical and incentive programs and technical adjustments:  $13.0
  - Adjust for additional Literary Fund Revenue:  ($17.0)

*Amounts shown in millions


Education – FY 2010

K-12 Public Education

• Reductions
  - September Reduction: ($231.1)
    - Sales Tax: ($37.3)
    - Benefit Changes: ($59.4)
    - Supplant general fund with SFSF: ($68.9)
    - Use Literary Funds: ($55.0)
    - Use additional Lottery Fund Proceeds: ($9.9)

• Additional Targeted Reductions
  - Eliminate non-personal inflation factors: ($61.3)
  - Eliminate textbook funding: ($79.6)
    - Localities are encouraged to utilize the estimated $140 million in savings from the fringe benefit holiday for textbook purchases.
  - Delay fourth quarter reimbursement of State Operated Programs: ($8.2)
  - Capture additional benefit reductions: ($9.8)
  - Use additional Literary Fund for teacher retirement: ($17.0)
  - Supplant of general fund support with SFSF: ($150.0)

*Amounts shown in millions

($540.1)
Education – FY 2010

Department of Education (Central Office)

- *September Reductions* ($3.0)

Other education agencies ($8.3)

- *September Reductions*
  - State Council of Higher Education for Virginia: (9.0)
  - Museums and other education: ($6.3)
  - Higher Education Centers and other: ($1.7)

*Amounts shown in millions*
### Education – 2010-2012 Biennium

**Chapter 781 - General fund appropriation base**

$7,151.7 million

- 45.1 percent of the total general fund operating appropriation

#### HB/SB 30 - FY 2011

- **Proposed General fund appropriation**
  $6,783.4 million

- **Change over base**
  - Reduction -$415.9 million
  - New Spending $47.6 million
  - Net Change -$368.3 million

- -5.1 percent change

- 45.8 percent of total general fund operating recommendation

#### HB/SB 30 - FY 2012

- **Proposed General fund appropriation**
  $6814.5 million

- **Change over base**
  - Reduction $454.7 million
  - New Spending $117.6 million
  - Net Change -$337.1 million

- -4.7 percent change

- 43.6 percent of total general fund operating recommendation
Education – 2010-2012 Biennium

Institutions of higher education – New GF Spending

Virginia State University  
$0.6

- Provides funding to support the university’s manufacturing engineering and logistics technology programs.

• Longwood University  
$0.5

- Provides additional funding to support the bachelor of science in nursing program.

*Amounts shown in millions
Education – 2010-2012 Biennium

Institutions of higher education – GF Reductions

• Four-year institutions ($176.8)
  - Applies a four percent reduction in FY 2011 and a 15 percent reduction in FY 2012.

• Two-year institutions ($57.5)
  - Applies a three percent reduction in FY 2011 and a 13 percent reduction in FY 2012.

• Other higher education institutions ($9.2)
  - Applies a four percent reduction in FY 2011 and a 15 percent in FY 2012.
    - Includes VIMS and the extension services.

*Amounts shown in millions
Education – 2010-2012 Biennium

K-12 Public Education

• GF Spending
  ➢ National Board Certification Bonus $1.0

• Technical and mandated adjustments $226.7
  ➢ Update for rebenchmarking: $147.4
  ➢ Adjust for sales tax revenue: ($33.9)
  ➢ Adjust for Literary Fund Revenue: ($17.0)
  ➢ Update for Composite Index (FY 2012 only): $39.0
  ➢ Update for benefit rate changes: $91.1

*Amounts shown in millions
Education – 2010-2012 Biennium

K-12 Public Education – GF Reductions ($584.4)

- Reduce Health Care Support ($269.2)
  - Provides funding based on actual participation instead of the current practice of providing support at 100 percent of prevailing practice.

- Implement Policy Changes ($174.2)
  - Excludes payments for accrued annual and sick leave for terminated employees and contract buy-outs, and excludes capital, miscellaneous and expenditures for Regional Programs.

- Supplant general fund with SFSF ($126.4)

- Remove nonpersonal inflation factors used to calculate costs. ($9.5)

*Amounts shown in millions
K-12 Public Education – GF Reductions (con’t)

• Capture Savings from State Operated Programs
  ➢ Anticipated closure of two facilities.
  ➢ Continuation of the fourth quarter reimbursement delay.

• Reduce supplemental programs

*Amounts shown in millions
Education – 2010-2012 Biennium

- Department of Education (Central Office)  ($3.8)
  - Continue September 2009 reduction plan

- Other Reduction Actions  ($17.9)
  - State Council of Higher Education for Virginia: (2.0)
    - Eminent Scholars: ($1.2)
  - Museums and other education: (12.9)
  - Higher Education Centers and other: ($3.0)

- Secretary of Education and Workforce  $9.7
  - Transfer public broadcasting to the Secretary of Education.

*Amounts shown in millions
Health and Human Resources

Chapter 781 -

- General fund appropriation -
  
  *FY 2010* $3,945.2 million

- 24.9 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
  
  *FY 2010* $3,834.7 million

- Change over base
  - Reduction -$215.8 million
  - New Spending $105.3 million
  - Net Change -$110.5 million

- -2.8 percent change

- 25.9 percent of total general fund operating recommendation
Health and Human Resources – FY 2010

New GF Spending

- Department of Medical Assistance Services $104.6
  - *Fund Medicaid program growth:* $94.9
    - Medicaid program costs are $80.1 and tobacco tax revenue in the Health Care Fund is $14.8 lower.
  - *Fund FAMIS/CHIP/Temporary Detention Order Utilization:* $6.2
  - *Administrative enrollment related costs / required information technology costs:* $3.5

*Amounts shown in millions*
Health and Human Resources – FY 2010

New GF Spending (con’t)

• Department of Social Services $8.7
  ➢ Cash Assistance for Low-Income Families: $5.5
    ■ Funds the cost associated with an increasing caseload in the unemployed parent cash assistance program.
  ➢ Support Costs of Mandated Programs: $1.8
    ■ Provides funding necessary to cover the increased cost of utilizing mainframe services in localities.
  ➢ Child Support Enforcement Operational Shortfall: $1.4
    ■ Provides support to offset declining revenues and increased operational costs.

*Amounts shown in millions
GF Reductions

- September Reductions ($203.2)

- Additional Reductions ($20.6)
  - Federal stimulus offset for CSA Medicaid budget ($7.5)
  - Capture FAMIS program savings: ($5.2)
    ■ Enrollments have been lower than projected last year.
  - Medicaid provider rate reductions: ($3.7)
    ■ Clinical laboratory, therapeutic behavioral and intensive in-home services rates to be reduced February 1, 2010.
  - 100 Unfilled Mental Retardation waiver slots eliminated ($1.2)
    ■ Slots were scheduled for release January 1, 2010.
  - Adjust child welfare funding: ($2.8)
    ■ Adjusts foster care and adoption subsidy program budgets to meet the anticipated expenditures for FY 2010.

*Amounts shown in millions
## Health and Human Resources – 2010-2012 Biennium

### Chapter 781 - General fund appropriation base

- **$3,945.6 million**
- 24.9 percent of the total general fund operating appropriation

### HB/SB 30 - FY 2011

- Proposed General fund appropriation
  - **$4,361.2 million**
- Change over base
  - Reduction **-$275.4 million**
  - New Spending **$691.0 million**
  - Net Change **$415.6 million**
- 10.5 percent change
- 29.5 percent of total general fund operating recommendation

### HB/SB 30 - FY 2012

- Proposed General fund appropriation
  - **$4,949.2 million**
- Change over base
  - Reduction **-$389.1 million**
  - New Spending **$1,392.6 million**
  - Net Change **$1,003.5 million**
- 25.4 percent change
- 31.7 percent of total general fund operating recommendation
Health and Human Resources – 2010-2012 Biennium

New GF Spending

- **Virginia Department of Health**
  - $3.3
  - *Melendez-Diaz v. Massachusetts Supreme Court Ruling: $1.9*
    - Ensures the Office of the Chief Medical Examiner maintains operations without delays related to increased court appearances.
  - *Offset TANF cut to CHIP of Virginia: $1.4*
    - Backfills lost TANF funds with general fund.

- **Department of Behavioral Health and Developmental Services**
  - $4.2
  - *Acute mental health services for children in private facilities.*

*Amounts shown in millions*
Health and Human Resources – 2010-2012 Biennium

New GF Spending (con’t)

• Department of Medical Assistance Services  $2,079.8
  - Backfill of federal stimulus funds: $1,191.5
  - Fund Medicaid Utilization and Inflation: $777.7
    - Expenditures primarily driven by significant enrollment growth.
    - Medicaid expenditures are projected to increase by 11.4 percent in FY 2011 and 8.1 percent in FY 2012.
  - Fund FAMIS/Children’s Health Insurance Program/ Involuntary Mental Commitments: $44.8
  - Health Care Fund shortfall: $32.6
    - Lower tobacco tax revenues are expected due to recent federal tobacco tax increase.
  - Medicaid costs of state MH/MR facilities: $31.9

*Amounts shown in millions
**Health and Human Resources – 2010-2012 Biennium**

**New GF Spending (con’t)**

- **Department of Social Services**
  - Adjust child welfare funding: $3.7
    - Adjusts foster care and adoption subsidy program budgets to meet the anticipated expenditures.
  - Cash Assistance for Low-Income Families: $7.3
    - Funds the cost associated with an increasing caseload in the unemployed parent cash assistance program.
  - Federation of Food Banks: $1.0
  - Offset TANF cuts: $8.1
    - Backfills lost TANF funds with GF for Healthy Families of Virginia and local domestic violence grants.

*Amounts shown in millions*
GF Reductions

• Comprehensive Services Act  ($79.4)
  ➢ Reduce appropriation to reflect slowed growth: ($63.3)
  ➢ Reduce appropriation for parental agreements: ($10.0)
  ➢ No reduction in service provision.

• Virginia Department of Health  ($30.1)
  ➢ Eliminate federal funding for the Teen Pregnancy Prevention Projects: ($0.9)
  ➢ Outsource laboratory services in 10 health districts: ($1.4)

*Amounts shown in millions
GF Reductions (con’t)

- **Virginia Department of Health** (con’t)
  - *Reduce funding for nonstate entities: ($5.1)*
    - Reduces state funding to the Virginia Community Healthcare Association, Virginia Association of Free Clinics, and Virginia Health Care Foundation by 10 percent each year. Reduces state funding for the other nonstate entities by 15 percent each year.
    - Poison Control Centers will be consolidated into one statewide contract.
  - *Establish new fee structures in the Office of Environmental Health Services: ($0.4)*
    - Implements operational permit fees for sewage facilities at marinas regulated by the Marina Program.
    - Establishes fees for certifications, marine resources, and National Pollutant Discharge Elimination System permits in the Shellfish Sanitation Program.

*Amounts shown in millions*
GF Reductions (con’t)

- Virginia Department of Health (con’t)
  - Increase environmental health services fees: ($7.6)
    - Increases all the base fees for restaurant, hotel, campground, and summer camp permits and plan reviews to cover the costs to perform the inspections in the local health districts.

- Supplant general fund appropriation in the Office of the Chief Medical Examiner (OCME) with new vital records fees: ($5.0)
  - Increases the current vital records search fee from $12.00 to $20.00. General fund appropriation in OCME will be supplanted with new revenue generated from the vital records fee increase.

*Amounts shown in millions
GF Reductions (con’t)

- Department of Medical Assistance Services ($418.9)
  - Reduce Medicaid provider reimbursement rates/eliminate inflation: ($228.7)
    - No inflation for hospitals / nursing facilities.
    - Five percent rate reduction for Medicaid waiver services.
    - No reductions for physician/dental services.
  - Reduce Medicaid eligibility: ($82.1)
    - Freezes enrollment in the Intellectual Disability, Elderly and Disabled, Developmental Disability, Day Support and Alzheimer's waivers on January 1, 2011 for one year.
    - Reduces income eligibility for individuals with income up to 300 percent of SSI to 275 percent of SSI.

*Amounts shown in millions
GF Reductions (con’t)

- Department of Medical Assistance Services (con’t)
  - Limit or eliminate Medicaid services: ($37.7)
    - Elimination of optometry services for adults and podiatry services.
    - Allowable respite care hours reduced from 720 to 240 per year.
  - Other Medicaid reductions: ($70.4)
    - Elimination of mandated increase in Intellectual Disability/Developmental Disability waiver slots each year.
    - Implementation of a ICF-MR provider assessment to generate additional federal funding.

*Amounts shown in millions*
Health and Human Resources – 2010-2012 Biennium

GF Reductions (con’t)

• Department of Behavioral Health and Developmental Services ($91.8)
  - Close Commonwealth Center for Children and Adolescents and children’s unit at Southwestern Virginia Mental Health Institute: ($15.4)
    - Closes the facility and the unit as of June 30, 2010.
  - Transfer geriatric clients to Piedmont Geriatric Hospital: ($2.0)
    - Closes the geriatric unit at Southwestern Virginia Mental Health Institute as of June 30, 2011 and transfers clients to Piedmont.
  - Reduce census at state intellectual disability training centers by 113 beds: ($13.3)
  - Reduce Community Services Boards funding by five percent: ($24.4)
  - Reduce central office administrative expenditures: ($9.5)
  - Efficiencies, consolidations and other reductions: ($27.2)

*Amounts shown in millions
GF Reductions

• Department of Social Services ($15.8)
  - Balance TANF budget: ($35.9 NGF)
    - TANF spending has been reduced and/or eliminated for all non-mandated programs. Due to increased spending on mandated programs, optional TANF spending had to be cut.
  - Efforts were made to minimize the impact of budget reductions on local departments of social services
    - Only two strategies have a direct impact, about $2.3 each year, on local operations.

*Amounts shown in millions*
GF Reductions (con’t)

• Other Health and Human Resources Agencies ($12.6)
  - Department for the Aging: ($1.5)
    - 4.7 percent reduction in individual care services provided by Area Agencies on Aging.
    - No reduction to funding for meals provided to the elderly
  - Virginia Tobacco Settlement Fund: ($4.0)
    - Diverts 1.5 percent of Master Settlement Agreement funds from the Virginia Tobacco Settlement Fund to cover the cost of insuring lower income children.

*Amounts shown in millions
Public Safety

Chapter 781 -

- General fund appropriation -
  
  FY 2010  $1,755.0 million

- 11.1 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
  
  FY 2010  $1,686.5 million

- Change over base
  - Reduction  -$71.3 million
  - New Spending  $2.8 million
  - Net Change  -$68.5 million

- -3.9 percent change

- 11.4 percent of total general fund operating recommendation
Public Safety – FY 2010

New GF Spending

- Forensic Science $0.2
  - Additional positions to help comply with Melendez decision.
Public Safety – FY 2010

GF Reductions

• September Reductions ($98.9)

• Additional Reductions ($127.4)
  
  Compensation Board
  
  • General fund supplants: ($111.5)
    • Local law enforcement dispatches with E-911: ($2.0)
    • Sheriff’s programs: jails, law enforcement & court security ($109.5)
  
  • Reduce retirement and Group Life: ($7.9)
    • Reflects savings for April, May and June.
  
  • Remove one day’s pay: ($2.2)
    • Includes both office staff and offices.
  
  • Savings from delayed jail openings: ($2.4)
    • Riverside Regional Jail: ($1.1)
    • Loudoun County: ($1.3)
  
  • Five percent per diem reduction: ($3.6)

*Amounts shown in millions
Public Safety – FY 2010

Additional Reductions (con’t)

• Criminal Justice Services
  ➢ *HB 599 funding*: ($2.8)

• State Police
  ➢ *Supplant GF funding for medical evacuation unit with “4 for Life” revenue*: ($1.0)

*Amounts shown in millions*
Public Safety – 2010-2012 Biennium

Chapter 781 - General fund appropriation base

$2386.0 million

• 15.1 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

• Proposed General fund appropriation
  $2151.1 million

• Change over base
  ➢ Reduction -$237.1 million
  ➢ New Spending $2.1 million
  ➢ Net Change -$235.0 million

• -9.8 percent change

• 14.5 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

• Proposed General fund appropriation
  $2130.6 million

• Change over base
  ➢ Reduction -$256.9 million
  ➢ New Spending $1.5 million
  ➢ Net Change -$255.4 million

• -10.7 percent change

• 13.6 percent of total general fund operating recommendation
New GF Spending

- Compensation Board $10.3
  - New local and regional jail beds: $4.7
    - Staffing (Rappahannock Regional Jail and Pittsylvania County Jail).
    - Operations (Patrick County Jail)
      - Should request staffing next session for FY 2012.
  - Per diem adjustment for possible out-of-state inmates: ($2.5)
  - VRS rate adjustment: $2.8
Public Safety – 2010-2012 Biennium

New GF Spending (con’t)

- Military Affairs $0.4
  - Tuition assistance

- Internet Crimes Against Children $0.5
  - Funds provided to Department of Criminal Justice Services to be divided equally between two task forces.

*Amounts shown in millions
Public Safety – 2010-2012 Biennium

New GF Spending (con’t)

• Forensic Science
   Melendez decision
   Funding for overtime, new positions, travel costs.
  $1.6

• Corrections
   Increased inmate medical costs: $9.3
   Replacement of out-of-state inmate revenue: $17.4
   General fund supplanted in 2008-2010 biennium. Wyoming inmates will be returned to home state in February.
  $26.7

Other GF Actions
• Transfer Compensation Board to the Public Safety Secretariat.
  $1,016.0

*Amounts shown in millions
Public Safety – 2010-2012 Biennium

GF Reductions

• Compensation Board

  ➢ General Fund Supplant: ($37.0)
    ■ Local law enforcement dispatchers with E-911: ($4.0)
    ■ Clerks’ operations with Technology Trust Fund: ($3.0)
    ■ Law enforcement with VA Public Safety Fund: ($15.0)
    ■ Court security with VA Public Safety Fund: ($15.0)
  ➢ Law enforcement ratio 1:2,000: ($24.7)
  ➢ Suspend Career Development Programs: ($11.4)
  ➢ Across the board cuts: ($14.6)
    ■ Attorneys, Commissioners, Treasurers, Directors and Clerks.

*Amounts shown in millions
Public Safety – 2010-2012 Biennium

GF Reductions (con’t)

• Compensation Board (con’t)
  ➢ Reinveststate reductions restored by 2009 session: ($28.6)
  ➢ Remove retirement and group life insurance: ($61.6 million)
  ➢ Remove state aid for office operations: ($45.2)
    ■ Commissioners, Treasurers and Directors of Finance
  ➢ Remove liability and bond support: ($3.4)
  ➢ Per diem savings: ($41.5)
    ■ Inmate early release: ($2.6)
    ■ Adjust per diem rates: ($38.9)
      ☐ State = $12 per day
      ☐ Local = $4 per day

*Amounts shown in millions
Public Safety – 2010-2012 Biennium

GF Reductions (con’t)

• State Police ($15.0)
  ➢ General fund supplants: ($11.6)
    ◼ Med-flight with 4-for-life: ($2.0)
    ◼ Counter terrorism activities with Public Safety Fund: ($9.6)
  ➢ Postpone trooper schools: ($3.4)
    ◼ 117th to Jan 2012: ($2.1)
    ◼ 118th biennium after next: ($1.3)

• Criminal Justice Services ($4.8)
  ➢ Reduce local grant programs: ($3.2)
    ◼ Includes reductions in CASA, re-entry, school resource officer and victim-witness grant programs.
  ➢ Reduce funding for regional training academies: ($0.9)
  ➢ Eliminate seven vacant positions: ($0.7)

*Amounts shown in millions
Public Safety – 2010-2012 Biennium

GF Reductions (con’t)

• HB 599
  ➢ Appropriation includes $14.9 million from Public Safety Fund, for net funding decrease of $73.4.
  ($88.4)

• Juvenile Justice
  ➢ Close Natural Bridge Juvenile Correctional Center: ($5.6)
    Reduce funding for local programs: ($5.0)
      ■ Community programs and juvenile detention centers.
  ➢ Eliminate local court service unit positions: ($2.3)
  ➢ Eliminate central office positions: ($1.0)
  ➢ Reduce contracts for transitional services: ($1.1)
  ($15.0)

*Amounts shown in millions
Public Safety – 2010-2012 Biennium

GF Reductions (con’t)

**Corrections**

- Close Brunswick and Botetourt prisons: ($45.2)
- Capture savings from information system development completion: ($10.3 million)
  - Funding will no longer be needed after development of offender management system is completed in fall 2010
- Eliminate payment in lieu of taxes to localities: ($2.9)

**Correctional Education**

- Eliminate positions due to facility closings
  - Closing of Brunswick, Botetourt adult prisons and Natural Bridge juvenile facility.

*Amounts shown in millions*
Chapter 781 -

- General fund appropriation -
  
  * FY 2010 $114.2 million
  
- 0.7 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
  
  * FY 2010 $109.8 million

- Change over base
  - Reduction -$7.6 million
  - New Spending $3.2 million
  - Net Change -$4.4 million

- -3.8 percent change

- 0.7 percent of total general fund operating recommendation
Commerce and Trade – FY 2010

New GF Spending

• Department of Housing and Community Development $1.6
  ➢ Restore general fund support for the Fort Monroe Federal Area Development Authority
    ■ Provides general fund support for operating expenses in lieu of federal fiscal stabilization funds.

• Secretary of Commerce and Trade $1.6
  ➢ Restore general fund support for the Governor’s Development Opportunity Fund and the Virginia Investment Performance grant program
    ■ Provides general fund support in lieu of federal fiscal stabilization funds.

GF Reductions ($7.6)

• September Reductions

*Amounts shown in millions
Chapter 781 - General fund appropriation base

$114.2 million

• 0.7 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

• Proposed General fund appropriation
  $137.6 million

• Change over base
  ➢ Reduction -$8.7 million
  ➢ New Spending $32.0 million
  ➢ Net Change $23.4 million

• 20.4 percent change

• 0.9 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

• Proposed General fund appropriation
  $141.8 million

• Change over base
  ➢ Reduction -$8.9 million
  ➢ New Spending $36.6 million
  ➢ Net Change $27.6 million

• 24.2 percent change

• 0.9 percent of total general fund operating recommendation
New GF Spending

- Economic Development Incentive Payments $58.8
  - Semiconductor manufacturing performance grants: $5.4
    - Payments to Micron based on capital investment and job creation, in accordance with the Code of Virginia and a performance agreement.
  
  - Incentives to attract Rolls-Royce to the Commonwealth: $20.3
    - Funds will support a higher education grant, job training grants, and project management expenses.

*Amounts shown in millions*
New GF Spending (Con’t)

• Economic Development Incentive Payments (Con’t)

- Performance grant payments through the Virginia Investment Partnership Grant Program and the Major Eligible Employer Grant Program: $9.6
  - Provides funding for grant payments owed to companies that have met capital investment and job creation criteria required by performance agreements.
- Incentives for the location of Ignite Institute to the Commonwealth: $5.5
  - Provides funds for a biotechnology venture that will result in a capital investment of $200 million and create over 400 new jobs.
- SRI International: $3.0
- Assist localities with implementation of Base Realignment and Closure Commission recommendations: $15.0

*Amounts shown in millions
New GF Spending (con’t)

- **Housing and Community Development** $9.8
  - *Supplant Temporary Assistance for Needy Families (TANF)* funding with general fund dollars: $7.6
    - TANF funds are needed within Social Services to support mandatory programs. The general funds will be used to continue to support homeless programs.
  - *Fort Monroe Federal Area Development Authority*: $2.2
    - Provides the Commonwealth’s share of the authority’s operating expenses in FY 2011.

- **Other Commerce and Trade Agencies** $2.6
  - *Virginia Economic Development Partnership*
    - Provides pass-through funding for the Virginia Commercial Space Flight Authority for operating costs.

*Amounts shown in millions*
GF Reductions

• Department of Mines, Minerals and Energy ($1.9)
  
  Enact three separate fee increases to the mining industry:
  
  ▶ Establish a $50 annual gas and oil well permit fee: ($0.6)
  ▶ Increase coal mine safety annual license fee from $180 to $350: ($0.84)
  ▶ Increase mineral mine safety annual license fee from $180 to $350: ($0.1)
  
  The fees supplant GF reductions to avoid service reductions.

*Amounts shown in millions*
GF Reductions (con’t)

- Department of Housing and Community Development ($7.4)
  - Planning district commissions: ($1.2)
    - Reduced formula funding for all commissions by approximately 15 percent and eliminated all supplemental funding.
  - Enterprise Zone Grants: ($2.0)
  - Water and sewer funding: ($2.6)
    - Reduces funding for the Southwest Virginia Water Construction and Planning Grants.
    - Reduces funding for the Southeast Rural Community Action Program (SERCAP).
    - Reduces funding for the Indoor Plumbing and Rehabilitation Program (IPR).

*Amounts shown in millions*
GF Reductions (con’t)

• Department of Labor and Industry ($0.9)
  ➢ Enact an Apprenticeship Program fee
    ■ A fee of $55 per applicant will be assessed.
    ■ The revenue generated from the fee will supplant general fund dollars.
  ➢ Increase boiler and pressure vessel inspection fee
    ■ This fee will increase from $20 to $30.
    ■ Fee will generate approximately $700,000 in general fund revenue for the biennium.

• Economic Development Incentive Payments ($0.5)
  ➢ Reduce funding for the Governor’s Development Opportunity Fund: ($0.2)
  ➢ Reduce funding for the Governor’s Motion Picture Opportunity Fund: (0.3)

• Other Commerce and Trade Agencies ($7.9)

*Amounts shown in millions
### Natural Resources

<table>
<thead>
<tr>
<th>Chapter 781 -</th>
<th>HB/SB 29 -</th>
</tr>
</thead>
<tbody>
<tr>
<td>• General fund appropriation -</td>
<td></td>
</tr>
<tr>
<td><em>FY 2010</em> $98.3 million</td>
<td>• Proposed General fund appropriation</td>
</tr>
<tr>
<td>• 0.6 percent of the total general fund operating appropriation</td>
<td>• Change over base</td>
</tr>
<tr>
<td></td>
<td>- <em>Reduction</em> -$9.3 million</td>
</tr>
<tr>
<td></td>
<td>- <em>New Spending</em> $18.7 million</td>
</tr>
<tr>
<td></td>
<td>- <em>Net Change</em> $9.4 million</td>
</tr>
<tr>
<td></td>
<td>• 9.5 percent change</td>
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<tr>
<td></td>
<td>• 0.7 percent of total general fund operating recommendation</td>
</tr>
</tbody>
</table>
Natural Resources – FY 2010

GF Reductions

- September Reductions ($9.3)

- No additional significant reductions

*Amounts shown in millions
Natural Resources – 2010-2012 Biennium

<table>
<thead>
<tr>
<th>Chapter 781 - General fund appropriation base</th>
</tr>
</thead>
<tbody>
<tr>
<td>$98.3 million</td>
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<tr>
<td>• 0.6 percent of the total general fund operating appropriation</td>
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</table>

<table>
<thead>
<tr>
<th>HB/SB 30 - FY 2011</th>
<th>HB/SB 30 - FY 2012</th>
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</thead>
<tbody>
<tr>
<td>• Proposed General fund appropriation $94.7 million</td>
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</tr>
<tr>
<td>• Change over base</td>
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<tr>
<td>➢ Reduction -$8.4 million</td>
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</tr>
<tr>
<td>➢ New Spending $4.8 million</td>
<td>➢ New Spending $4.4 million</td>
</tr>
<tr>
<td>➢ Net Change -$3.7 million</td>
<td>➢ Net Change -$4.0 million</td>
</tr>
<tr>
<td>• -3.7 percent change</td>
<td>• -4.1 percent change</td>
</tr>
<tr>
<td>• 0.6 percent of total general fund operating recommendation</td>
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</tr>
</tbody>
</table>
Natural Resources – 2010-2012 Biennium

New GF Spending

• Department of Conservation and Recreation $12.0
  - Agricultural best management practices $10.0
    - Establish a nongeneral fund revenue source for the Virginia Natural Resources Commitment Fund (recordation fee increase of ten dollars, revenue of $18.2 nongeneral fund plus the general fund).

• Other Natural Resources Agencies $6.1

*Amounts shown in millions
Natural Resources – 2010-2012 Biennium

GF Reductions

• Department of Conservation and Recreation ($4.6)
  ➢ Reduce funding to other entities: ($1.6)
    ■ Soil and Water Conservation Districts (10 percent)
    ■ Virginia Outdoors Foundation (10 percent)
    ■ Breaks Interstate Park (10 percent)
  ➢ Implement a state park reservation transaction fee: ($0.8)

Other Natural Resources Agencies ($3.8)
  ➢ Department of Historic Resources-reduce funding to other entities: ($0.8)
    ■ Reduce or eliminate funding to Montpelier, and cost shares program.

*Amounts shown in millions
Agriculture and Forestry

Chapter 781 -

• General fund appropriation -
  
  FY 2010  $45.0 million

• 0.3 percent of the total general fund operating appropriation

HB/SB 29 -

• Proposed General fund appropriation
  
  FY 2010  $41.1 million

• Change over base
  ➢ Reduction  -$3.9 million
  ➢ New Spending  $0
  ➢ Net Change  -$3.9 million

• -8.7 percent change

• 0.3 percent of total general fund operating recommendation
Agriculture and Forestry – FY 2010

GF Reductions

• September Reductions ($3.9)

*Amounts shown in millions
### Agriculture and Forestry – 2010-2012 Biennium

#### Chapter 781 - General fund appropriation base

- **$46.3 million**
  - 0.3 percent of the total general fund operating appropriation

#### HB/SB 30 - FY 2011

- **Proposed General fund appropriation**
  - **$41.5 million**

  - **Change over base**
    - Reduction - $3.6 million
    - New Spending - $1.2 million
    - Net Change - $4.8 million

  - -10.4 percent change

  - 0.3 percent of total general fund operating recommendation

#### HB/SB 30 - FY 2012

- **Proposed General fund appropriation**
  - **$40.8 million**

  - **Change over base**
    - Reduction - $4.2 million
    - New Spending - $1.3 million
    - Net Change - $5.4 million

  - -11.8 percent change

  - 0.3 percent of total general fund operating recommendation
Agriculture and Forestry – 2010-2012 Biennium

New GF Spending

• Department of Agriculture and Consumer Services $0.2

  ➢ Provide funding for compliance with information technology disaster recovery standards.
  ■ Moves food inspection system to modern technology and provides for disaster recovery services.
Agriculture and Forestry – 2010-2012 Biennium

GF Reductions

• Department of Agriculture and Consumer Affairs ($6.7)
  ➢ Transfer a portion of the meat and poultry inspection program to the U.S. Department of Agriculture: ($1.2)
    ■ This strategy transfers responsibility for the meat and poultry inspection program to the federal government.
    ■ Lays off 35 positions.

• Department of Forestry ($2.2)
  ➢ Reduce funding for Reforestation of Timberland incentive payments: ($0.7)

• Other Agriculture and Forestry Agencies ($0.2)

*Amounts shown in millions
## Technology

### Chapter 781 -
- General fund appropriation -
  
  *FY 2010* $8.2 million

- 0.1 percent of the total general fund operating appropriation

### HB/SB 29 -
- Proposed General fund appropriation
  
  *FY 2010* $5.9 million

- Change over base
  - *Reduction* -$2.3 million
  - *New Spending* $0
  - *Net Change* -$2.3 million

- -28.4 percent change

- 0.0 percent of total general fund operating recommendation
Technology – FY 2010

New GF Spending

• **Address increased IT costs** $19.4
  (funded in Central Accounts)
  ➢ *Continued impacts of decentralized rates*: $16.6
    ■ Covers the impacts of increased costs to agencies resulting from
    the FY 2007 implementation of a new rate structure for desktop
    and server services.
  ➢ *New storage and backup charges*: $2.0
    ■ Covers increased costs associated with recently provided billing
    data from Northrop Grumman for storage, backup, and recovery
    related services.
  ➢ *Information technology rate changes*: $0.8
    ■ Covers the increased costs resulting from rate changes
    submitted to JLARC in November 2009 for approval.

*Amounts shown in millions*
GF Reductions

- September Reductions ($1.0)

- IT rate reductions ($1.3)
  - Captures from agencies the savings resulting from reduced and renegotiated service rates, the replacement of old agency equipment with Northrop Grumman services, and a reduction of surcharges: ($1.0)
  - Captures from agencies the savings resulting from administrative efficiencies to be implemented by the Virginia Information Technologies Agency: ($0.3)

*Amounts shown in millions*
## Technology – 2010-2012 Biennium

### Chapter 781 - General fund appropriation base

$8.2 million

- 0.1 percent of the total general fund operating appropriation

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<tr>
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</tbody>
</table>
GF Reductions

• **Virginia Information Technologies Agency**  ($5.9)
  ➢ Captures savings from agencies resulting from reduced and renegotiated service rates, the replacement of old agency equipment with Northrop Grumman services, and a reduction of surcharges: ($2.1)
  ➢ Captures from agencies the savings resulting from administrative efficiencies to be implemented by the Virginia Information Technologies Agency: ($2.8)
  ➢ Extend FY 2010 reduction strategies: ($1.0)

• **Innovation and Entrepreneurship Investment Authority**  ($1.3)
  ➢ Continues FY 2010 reduction to funding available for seed stage equity investments in technology and life science companies.

*Amounts shown in millions*
## Finance

### Chapter 781 -

- **General fund appropriation** -
  
  *FY 2010*  $681.7 million

- 4.3 percent of the total general fund operating appropriation

### HB/SB 29 -

- **Proposed General fund appropriation**
  
  *FY 2010*  $644.6 million

- **Change over base**
  
  - **Reduction** -$8.1 million
  - **New Spending** -$29.0 million
  - **Net Change** -$37.1 million

- -5.4 percent change

- 4.4 percent of total general fund operating recommendation
Finance – FY 2010

GF Reductions

• September Reductions  
  ($7.9)

• Additional Reductions  
  ($27.8)
  
  Debt Service in Treasury Board
  
  Adjusts debt service funding for outstanding obligations to capture savings realized from refundings and better than anticipated market conditions.

*Amounts shown in millions
## Chapter 781 - General fund appropriation base

$681.7 million

- 4.3 percent of the total general fund operating appropriation

### HB/SB 30 - FY 2011

- Proposed General fund appropriation
  - $711.6 million

- Change over base
  - **Reduction** -$18.0 million
  - **New Spending** $47.9 million
  - **Net Change** $29.9 million

- 4.4 percent change

- 4.8 percent of total general fund operating recommendation

### HB/SB 30 - FY 2012

- Proposed General fund appropriation
  - $823.2 million

- Change over base
  - **Reduction** $5.8 million
  - **New Spending** $135.7 million
  - **Net Change** $141.5 million

- 20.8 percent change

- 5.3 percent of total general fund operating recommendation
Finance – 2010-2012 Biennium

New GF Spending

- Treasury Board $165.7
  - Debt Service

  Provides funds necessary to pay debt service on outstanding obligations and amounts estimated to be necessary for projects authorized for general obligation, Virginia Public Building Authority, and Virginia College Building Authority financing, including $50 million in each year for equipment through the Higher Education Equipment Trust Fund.

*Amounts shown in millions
Finance – 2010-2012 Biennium

New GF Spending (con’t)

• Other Finance Agencies $43.1
  - Department of Accounts Transfer Payments Reserve funding for future estimated deposit to the Revenue Stabilization Fund in FY 2013: $40.0
  - Adjust distribution for payments to localities: $3.1

*Amounts shown in millions
Finance – 2010-2012 Biennium

GF Reductions

• Department of Accounts Transfer Payments ($19.0)
  ➢ Establish an E-911 Line of Duty Fee Surcharge
    ▪ Supplant general fund support for the Line of Duty Program with an $0.18 surcharge fee to the current $0.75 E-911 tax.

• Department of Taxation
  ➢ Assess localities for the costs associated with the value use taxation program. Revenue will be deposited to the general fund: ($0.2)

*Amounts shown in millions
Finance – 2010-2012 Biennium

GF Reductions (con’t)

• Department of the Treasury ($0.1)
  
  ➢ Charge fee for 9(c) debt financings:
    ■ Assess participating institutions a 10 basis point fee to cover Treasury’s debt administration costs. Revenue will be deposited to the general fund.
  
  ➢ Increase the Virginia State Non-Arbitrage Program administration fee: ($0.1)
    ■ Additional revenue from doubling the fee will be used to supplant general fund dollars and used to support the administration of the program.

  ➢ Transfer balances from the State Insurance Reserve Trust Fund to the general fund: ($4.4)

*Amounts shown in millions
## Administration

**Chapter 781 -**

- General fund appropriation -
  
  \[\text{FY 2010} \quad \$676.5 \text{ million}\]

- 4.3 percent of the total general fund operating appropriation

**HB/SB 29 -**

- Proposed General fund appropriation
  
  \[\text{FY 2010} \quad \$513.3 \text{ million}\]

- Change over base
  - Reduction \(-\$161.1 \text{ million}\)
  - New Spending \(-\$2.0 \text{ million}\)
  - Net Change \(-\$163.2 \text{ million}\)

- -24.1 percent change

- 3.5 percent of total general fund operating recommendation
New GF Spending

- Human Rights Council ($0.03)
  - Addresses unanticipated cost increases
Administration – FY 2010

GF Reductions

• September Reductions ($5.0)

• Additional Reductions ($0.2)

*Amounts shown in millions
Chapter 781 - General fund appropriation base

$46.4 million

- 0.3 percent of the total general fund operating appropriation

<table>
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<tr>
<th>HB/SB 30 - FY 2011</th>
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</thead>
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<td>$34.6 million</td>
<td>$34.4 million</td>
</tr>
<tr>
<td>Change over base</td>
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</tr>
<tr>
<td>Reduction -$6.1 million</td>
<td>Reduction -$6.2 million</td>
</tr>
<tr>
<td>New Spending -5.7 million</td>
<td>New Spending -5.8 million</td>
</tr>
<tr>
<td>Net Change -$11.9 million</td>
<td>Net Change -$12.0 million</td>
</tr>
<tr>
<td>-25.5 percent change</td>
<td>-25.9 percent change</td>
</tr>
<tr>
<td>0.2 percent of total general fund operating recommendation</td>
<td>-0.2 percent of total general fund operating recommendation</td>
</tr>
</tbody>
</table>
Administration – 2010-2012 Biennium

Transfer GF Items

- **Compensation Board**
  - Transfers the Compensation Board from the Secretary of Administration to the Secretary of Public Safety. ($1,016.0)

- **Secretary of Administration**
  - Transfers the Virginia Public Broadcasting Board and associated grants to the Secretary of Education and Workforce. ($9.7)

- **Department of Employment Dispute Resolution**
  - Consolidates the Department of Employment Dispute Resolution into the Department of Human Resource Management. ($1.3)

*Amounts shown in millions*
GF Reductions

- **Department of General Services** ($4.9)
  - Reduces laboratory services: ($1.2)
  - Continues FY 2010 strategy to eliminate screening and services for milk and dairy testing: ($0.3)
  - Eliminates four administrative positions and improves efficiency of operations: ($0.6)
  - Supplants general fund with nongeneral fund: ($2.1)
  - Continues FY 2010 strategy to supplant purchase and supply account executive positions with eVA charges: ($0.8)
  - Continues FY 2010 strategy to supplant bid tabulation positions: ($1.0)
  - Supplant funding for cost reviewer by charging capital projects: ($0.3)
  - Other reductions: ($1.6)

*Amounts shown in millions*
Administraion – 2010-2012 Biennium

GF Reductions (con’t)

• Department of Human Resource Management ($1.2)
  ➢ Continues FY 2010 reduction to eliminate the statewide training division: ($0.7)
  ➢ Other reductions actions ($0.5)

• State Board of Elections ($2.4)
  ➢ Requires political committees to pay an annual $25 filing fee to the State Board of Elections for campaign finance disclosure reporting: ($0.1 revenue)
  ➢ Continues FY 2010 ten percent reduction to reimburse local electoral board member salaries and travel: ($0.3)
  ➢ Continues FY 2010 ten percent reduction to reimburse localities for general registrar salaries: ($1.2)
  ➢ Eliminates travel reimbursement for electoral boards: ($0.1)
  ➢ Other reduction actions ($0.7)

*Amounts shown in millions
### Central Accounts

<table>
<thead>
<tr>
<th>Chapter 781 -</th>
<th>HB/SB 29 -</th>
</tr>
</thead>
</table>
| • General fund appropriation -  
  
  *FY 2010*: $823.1 million  
  
  • 5.2 percent of the total general fund operating appropriation | • Proposed General fund appropriation  
  
  *FY 2010*: $785.6 million  
  
  • Change over base  
    - *Reduction*: -$145.4 million  
    - *New Spending*: $107.9 million  
    - *Net Change*: -$37.5 million  
  
  • -4.6 percent change  
  
  • 5.3 percent of total general fund operating recommendation |
Central Accounts – FY 2010

New GF Spending

• Economic Development $30.9
  - Commonwealth's commitment to Rolls-Royce: $9.4
  - Commonwealth's commitment to SRI International: $2.0
  - Base Realignment and Closure Commission related projects: $19.5
    - For each of these three items, substitutes general fund dollars for fiscal stabilization funds to ensure that stimulus funds are utilized in a manner consistent with the provisions of state and federal law.

• Technology $19.4
  - Fund increased information technology costs to agencies
    - Provides funding to supplement impacted agencies for increased IT costs resulting from decentralized rates, new billing charges arising from usage data recently provided by the service vendor for previously approved rates, and new rates being proposed to JLARC.

*Amounts shown in millions
Central Accounts – FY 2010

GF Reductions

• September Reductions  ($120.1)

• Additional Reductions  ($23.5)
  - State supported local employee salary payments: ($1.3)
    - Reduction equivalent to 1/249\textsuperscript{th} of state supported local employee salary base.
  - Suspend deferred compensation cash match for final five pay periods: ($2.5)
  - Post July agency fourth quarter retirement contribution payments to FY 2011: ($19.8)

*Amounts shown in millions
## Central Accounts – 2010-2012 Biennium

### Chapter 781 - General fund appropriation base

- $823.1 million
- 5.2 percent of the total general fund operating appropriation

### HB/SB 30 - FY 2011

- Proposed General fund appropriation: -$26.3 million
- Change over base:
  - Reduction: -$1021.5 million
  - New Spending: $172.1 million
  - Net Change: -$849.4 million
- -103.2 percent change
- -0.2 percent of total general fund operating recommendation

### HB/SB 30 - FY 2012

- Proposed General fund appropriation: $14.1 million
- Change over base:
  - Reduction: -$1019.3 million
  - New Spending: $210.4 million
  - Net Change: -$809.0 million
- -98.3 percent change
- 0.1 percent of total general fund operating recommendation
Central Accounts – 2010-2012 Biennium

New GF Spending

• **State Employee Benefits**  $106.1
  - *Fund general fund share of State employee health insurance: $84.6*
  - *Fund increased cost of state employee retirement contributions: $14.7 million*
  - *Fund increased state employee workers compensation premium payments: $6.8*

• **Aid to Locality Reductions**  $50.0
  - *Eliminate annual aid to localities reduction*

*Amounts shown in millions*
Central Accounts – 2010-2012 Biennium

GF Reductions

• State Employee Retirement ($100.8)
  - Modify retirement benefits for future employees: ($0.8)
    - For employees hired after July 1, 2010, increases the minimum retirement age to 55 from 50 and changes the cost of living adjustment formula.
  - State employees to pay a portion of retirement contributions: ($55.7)
    - Requires all state employees enrolled in VRS defined benefit pension programs to pay one percent of salary in FY 2010 and two percent in FY 2012.
  - Requires employees in optional retirement to pay one percent in FY 2011 and two percent in FY 2012: ($10.5)
  - Capture savings from posting agency fourth quarter VRS contributions in the following fiscal year: ($33.9)

*Amounts shown in millions
Central Accounts – 2010-2012 Biennium

GF Reductions (con’t)

• Other State Employee Benefits ($32.5)
  - Continues suspension of deferred compensation cash match: ($23.7)
  - Implement pharmacy benefit changes: ($6.8)
    - Implies a 90-day maintenance drug network and eliminates coverage for non-sedating antihistamines and erectile dysfunction drugs.
  - Funding for other benefits: ($2.0)
    - Funds group life, sickness and disability coverage, and the retiree health care credit using actuarial assumptions of eight percent investment return and a amortization period of 30 years.

• Car Tax ($1,900.0)
  - Eliminate $950 million annual reimbursement
    - In separate legislation, the Governor proposes elimination of the tax on personal use vehicles and replacement of those local revenues and state reimbursement with another revenue source.

*Amounts shown in millions
Executive Offices

Chapter 781 -

- General fund appropriation -
  FY 2010  $27.3 million
- 0.2 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
  FY 2010  $25.1 million
- Change over base
  ➢ Reduction  -$2.3 million
  ➢ New Spending  $0
  ➢ Net Change  -$2.3 million
- -8.3 percent change
- 0.2 percent of total general fund operating recommendation
Executive Offices – FY 2010

GF Reductions

• September Reductions ($1.6)

• Additional Reductions ($0.7)
  - Capture additional general fund balances in the Office of the Governor and Cabinet.

*Amounts shown in millions
Chapter 781 - General fund appropriation base

$27.3 million

- 0.2 percent of the total general fund operating appropriation

HB/SB 30 - FY 2011

- Proposed General fund appropriation $26.5 million

- Change over base
  - Reduction -$1.2 million
  - New Spending $0.4 million
  - Net Change -$0.8 million

- -2.9 percent change

- 0.2 percent of total general fund operating recommendation

HB/SB 30 - FY 2012

- Proposed General fund appropriation $26.6 million

- Change over base
  - Reduction -$1.2 million
  - New Spending $0.4 million
  - Net Change -$0.7 million

- -2.7 percent change

- 0.2 percent of total general fund operating recommendation
Executive Offices – 2010-2012 Biennium

GF Reductions

• Office of the Governor and Cabinet  ($1.0)
  - Consolidate support staff in Cabinet: ($0.9)
  - Support staff will be pooled to increase efficiencies. This allows funding for eight positions to be eliminated.
  - Eliminate two staff in the Office of the Governor: ($0.1)

• Office of the Attorney General  ($0.8)
  - Continue hiring freeze for four positions: ($0.7)
  - Institute one-day furlough in the first year: ($0.06)

*Amounts shown in millions
<table>
<thead>
<tr>
<th>Chapter 781 -</th>
<th>HB/SB 29 -</th>
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<tbody>
<tr>
<td>• General fund appropriation -</td>
<td>• Proposed General fund appropriation</td>
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<tr>
<td>FY 2010  $407.0 million</td>
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<td>• 2.6 percent of the total general fund</td>
<td>• Change over base</td>
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<td>operating appropriation</td>
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<td>➢ Reduction $0</td>
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<td>➢ New Spending $0.3 million</td>
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<td>➢ Net Change $0.3 million</td>
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<td>• 0.1 percent change</td>
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<td>• 2.8 percent of total general fund</td>
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<td>operating recommendation</td>
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</table>
### Judicial – 2010-2012 Biennium

**Chapter 781 - General fund appropriation base**

- $407.0 million
  - 2.6 percent of the total general fund operating appropriation

<table>
<thead>
<tr>
<th>HB/SB 30 - FY 2011</th>
<th>HB/SB 30 - FY 2012</th>
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<tbody>
<tr>
<td>• Proposed General fund appropriation $404.0 million</td>
<td>• Proposed General fund appropriation $403.5 million</td>
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<tr>
<td>• Change over base</td>
<td>• Change over base</td>
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<tr>
<td>➢ <em>Reduction</em> -$0.3 million</td>
<td>➢ <em>Reduction</em> -$0.8 million</td>
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<td>➢ <em>New Spending</em> -$2.7 million</td>
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<td>➢ <em>Net Change</em> -$3.0 million</td>
<td>➢ <em>Net Change</em> -$3.5 million</td>
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<tr>
<td>• -0.7 percent change</td>
<td>• -0.9 percent change</td>
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<tr>
<td>• 2.7 percent of total general fund operating recommendation</td>
<td>• 2.6 percent of total general fund operating recommendation</td>
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Judicial – 2010-2012 Biennium

GF Spending

• Indigent Defense Commission
  - Funding added to create public defender offices in Chesterfield, Henrico and Prince William Counties. GF Reductions

GF Reductions

• Circuit Courts
  - Reduced funding for indigent defense due to creation of new public defender offices.

*Amounts shown in millions
Transportation

Chapter 781 -

- General fund appropriation -
  
  FY 2010 $41.0 million

- 0.3 percent of the total general fund operating appropriation

HB/SB 29 -

- Proposed General fund appropriation
  
  FY 2010 $26.7 million

- Change over base
  - Reduction -$14.3 million
  - New Spending $0
  - Net Change -$14.3 million

- -34.8 percent change

- 0.2 percent of total general fund operating recommendation
Transportation – FY 2010

GF Actions

• Department of Motor Vehicles
  ➢ Transfers Uninsured Motorists Fund balances to the general fund.

Nongeneral Fund Revenue Changes

• VDOT: ($152.4)

*Amounts shown in millions
## Transportation – 2010-2012 Biennium

### Chapter 781 - General fund appropriation base

$41.0 million

- 0.3 percent of the total general fund operating appropriation

### HB/SB 30 - FY 2011

- Proposed General fund appropriation: $13.0 million
- Change over base:
  - Reduction: -$28.0 million
  - New Spending: $0.0 million
  - Net Change: -$28.0 million
- -68.3 percent change
- 0.1 percent of total general fund operating recommendation

### HB/SB 30 - FY 2012

- Proposed General fund appropriation: $69.0 million
- Change over base:
  - Reduction: $28.0 million
  - New Spending: $0.0 million
  - Net Change: $28.0 million
- 68.3 percent change
- 0.4 percent of total general fund operating recommendation
GF Actions

• Balance project payments between fiscal years
  ▪ Defers a portion of general fund payments: ($28.0) for Rt. 58 debt service and a portion of the transfer of recordation tax revenue to the Northern Virginia Transportation District fund in the first year. Funding will be restored in the second year.

• Department of Motor Vehicles  ($6.4)
  - Transfers Uninsured Motorists Fund balances to the general fund.

*Amounts shown in millions
### Nongeneral Fund Revenue Changes in the Transportation Secretariat – 2010-2012 Biennium

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<tr>
<td></td>
<td>FY 2011</td>
<td>($259.5)</td>
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<td>FY 2012</td>
<td>($244.6)</td>
<td>FY 2012</td>
<td>($187.6)</td>
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<td>✔ Net Change -$0.1 million</td>
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<tr>
<td>• -19.1 percent change</td>
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<td>• 0.0 percent of total general fund operating recommendation</td>
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</table>
Independent Agencies – FY 2010

GF Reductions

• September Reductions ($0.02)

• Additional Reductions ($0.03)
  ➢ Capture savings in the Virginia Firefighters and Rescue Squad Workers’ Service Award Program funded in the Virginia Retirement System.
Independent Agencies – 2010-2012 Biennium

**Chapter 781 - General fund appropriation base**

$0.3 million

- 0.0 percent of the total general fund operating appropriation

**HB/SB 30 - FY 2011**

- Proposed General fund appropriation
  - $0.2 million

- Change over base
  - **Reduction** -$0.1 million
  - **New Spending** $0.0 million
  - **Net Change** -$0.1 million

- -20.1 percent change

- 0.0 percent of total general fund operating recommendation

**HB/SB 30 - FY 2012**

- Proposed General fund appropriation
  - $0.2 million

- Change over base
  - **Reduction** -$0.1 million
  - **New Spending** $0.0 million
  - **Net Change** -$0.1 million

- -20.1 percent change

- 0.0 percent of total general fund operating recommendation
Independent Agencies – 2010-2012 Biennium

GF Reductions

- Continue savings in FY 2010 ($0.01)

*Amounts shown in millions