

**General Fund
Six-Year Financial Plan**

Fiscal Years 2015 to 2020

Department of Planning and Budget

January 2014

Introduction

This “Six-Year Financial Plan” report has been prepared to meet the provisions of § 2.2-1503.1, Code of Virginia. The contents include revenue and appropriation data beginning with the FY 2015 and FY 2016 amounts included in HB/SB 30 Introduced (2014 Session) along with four additional years of financial projections through FY 2020.

General Fund Financial Plan

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

Revenue: The general fund revenue estimates presented in this plan come from the official six-year revenue forecast prepared in conjunction with the Governor’s budget recommendations which were submitted to the General Assembly on December 16, 2013. This forecast assumes revenue growth of:

- +4.2 percent for FY 2015;
- +3.9 percent for FY 2016;
- +4.5 percent for FY 2017;
- +4.2 percent for FY 2018;
- +4.3 percent for FY 2019; and,
- +4.3 percent for FY 2020.

Sales Tax Transfer: This transfer consists of the 0.25 percent sales tax increase enacted by the General Assembly during the 2004 special session and the 0.125 percent sales tax moved during the 2013 session from sales tax revenues to the Local Real Estate and Standards of Quality Relief Fund, the balance of which is later transferred to the general fund. These amounts are earmarked for public education. The amounts for fiscal year 2015 and 2016 are equal to the amounts contained in the Governor’s introduced budget for the 2014-16 biennium. The projections for this source beyond fiscal year 2016 are consistent with the long-term forecast for sales tax collections embedded in the overall forecast of general fund revenues.

ABC Profits Transfer: The ABC Profits transfer amount for fiscal years 2015 and 2016 are equals the amount contained in the Governor’s introduced budget for the 2014-16 biennium. Projections for FY 2015 through FY 2020 are consistent with the official six-year revenue forecast prepared in conjunction with the Governor’s budget recommendations.

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

Other Cash Transfers: For fiscal years 2015 and 2016 the other cash transfers amount equals the amounts included in the Governor’s introduced budget for the 2014-16 biennium. In future years, other transfers equal recurring items included in the official six-year revenue forecast prepared in conjunction with the Governor’s budget recommendations.

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

Spending: The spending forecast included in this report is built from information the Governor’s introduced budget for the 2014-16 biennium. Costs for fiscal years 2017 through 2020 are then built using fiscal year 2016 as a base.

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

Results: The comparison of projected general fund resources versus general fund spending is presented in Table 1. The results indicate that projected revenue exceeds projected general fund spending through FY 2020. The estimates of spending include projected increases for all core programs based on current practices and policies of the Commonwealth. It is assumed that the projected balances would be available for other additional operating or capital spending such as future pay increases.

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Table 1-Statewide Summary

Item	HB/SB 30 Introduced			Projected Amounts		
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Resources:						
Balances	\$536.5	\$43.4	\$50.9	\$16.1	\$531.4	\$1,135.7
Adjustments to Balance	\$94.5	-\$0.5	-\$0.5	-\$0.5	-\$0.5	-\$0.5
Revenue	\$17,686.1	\$18,373.4	\$19,196.5	\$20,002.0	\$20,852.5	\$21,743.6
Sales Tax for Education	\$348.9	\$361.1	\$375.2	\$390.2	\$405.8	\$422.1
ABC Profits Transfer	\$70.8	\$71.0	\$71.0	\$71.0	\$71.0	\$71.0
Other Transfers	\$117.8	\$103.3	\$120.0	\$120.0	\$120.0	\$120.0
Health Care Fund ¹	\$371.2	\$359.2	\$359.7	\$360.2	\$360.8	\$361.3
Total Resources	\$19,225.9	\$19,310.9	\$20,172.8	\$20,959.0	\$22,341.0	\$23,853.2
Spending Items:						
Elementary & Secondary Education (K-12)	\$5,634.2	\$5,679.9	\$6,062.9	\$6,143.2	\$6,432.8	\$6,519.5
Health and Human Resources	\$5,947.7	\$6,085.3	\$6,297.7	\$6,575.9	\$6,942.0	\$7,282.8
Higher and Other Education	\$1,941.4	\$1,941.9	\$1,992.3	\$2,045.6	\$2,099.0	\$2,152.2
Public Safety	\$1,789.9	\$1,804.4	\$1,824.8	\$1,843.4	\$1,862.1	\$1,881.3
Finance	\$2,050.9	\$1,914.8	\$2,094.1	\$1,872.9	\$1,838.9	\$1,821.0
Administration	\$682.6	\$687.1	\$706.2	\$713.8	\$721.2	\$728.2
Judicial	\$445.4	\$446.0	\$450.5	\$450.6	\$450.6	\$450.7
Commerce and Trade	\$185.3	\$199.3	\$176.3	\$170.5	\$168.6	\$162.9
Natural Resources	\$134.9	\$103.7	\$103.2	\$103.2	\$103.2	\$103.2
Legislative	\$75.6	\$73.7	\$73.7	\$73.7	\$73.7	\$73.7
Agriculture and Forestry	\$51.2	\$51.8	\$51.8	\$51.8	\$51.8	\$51.8
Executive Offices	\$32.8	\$32.9	\$32.9	\$32.9	\$32.9	\$32.9
Transportation	\$42.7	\$49.6	\$43.1	\$43.1	\$43.1	\$43.1
Veterans Services and Homeland Security	\$12.3	\$12.1	\$12.1	\$12.1	\$12.1	\$12.1
Technology	\$13.9	\$13.9	\$13.9	\$13.9	\$13.9	\$13.9
Independent	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2
Grants to Nonstate Agencies	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Centrally Funded Items	\$137.8	\$162.3	\$220.0	\$279.7	\$358.0	\$412.5
Capital Outlay	\$2.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total Spending/Savings	\$19,182.5	\$19,260.0	\$20,156.7	\$20,427.6	\$21,205.3	\$21,743.1
Balance	\$43.4	\$50.9	\$16.1	\$531.4	\$1,135.7	\$2,110.0

¹ Health Care Fund is shown as part of the general fund spending projection.

*Figures shown in millions.

Detailed Spending Projections
And
General Fund Spending
Assumptions
Through FY 2020

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Legislative Department

	HB/SB 30 Introduced			Projected Amounts		
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Senate	\$13.8	\$13.8	\$13.8	\$13.8	\$13.8	\$13.8
House of Delegates	\$24.5	\$24.5	\$24.5	\$24.5	\$24.5	\$24.5
Auditor of Public Accounts	\$11.1	\$11.1	\$11.1	\$11.1	\$11.1	\$11.1
Capitol Police	\$7.4	\$7.4	\$7.4	\$7.4	\$7.4	\$7.4
Legislative Services	\$5.8	\$5.8	\$5.8	\$5.8	\$5.8	\$5.8
Legislative Automated Systems	\$3.3	\$3.3	\$3.3	\$3.3	\$3.3	\$3.3
Joint Legislative Audit & Review Commission	\$3.5	\$3.5	\$3.5	\$3.5	\$3.5	\$3.5
All other spending	\$6.3	\$4.4	\$4.4	\$4.4	\$4.4	\$4.4
Total, spending and savings items	\$75.6	\$73.7	\$73.7	\$73.7	\$73.7	\$73.7

*Figures shown in millions.

Legislative Department General Fund Spending Assumptions

- ❖ In the Legislative Department, out-year projections are a continuation of FY 2016 funding level contained in the Governor’s proposed budget for the 2014-2016 biennium.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in the Governor’s proposed budget for the 2014-2016 biennium. Out-year funding is continued at the FY 2016 level.
 - Autism Advisory Council
 - Brown vs. Board of Education
 - Capital Square Preservation Council
 - Chesapeake Bay Commission
 - Civil War Sesquicentennial
 - Commission on Civics Education
 - Commission on Electric Utility Restructuring
 - Commission on the Virginia Alcohol Safety Action Program
 - Commission on Unemployment Compensation
 - Commission On Youth
 - Commissioners for the Promotion of Uniformity of Legislation in the United States

- Dr. M. L. King Memorial Commission
- Housing Study Commission
- Joint Commission on Administrative Rules
- Joint Commission on Health Care
- Joint Commission on Tech/Science
- Legislative Reversion Clearing Account
- Manufacturing Development Commission
- Small Business Commission
- State Water Commission
- Virginia Bicentennial of the American War of 1812 Commission
- Virginia Coal/Energy Commission
- Virginia Code Commission
- Virginia Commission on Intergovernmental Cooperation
- Virginia Commission on the Centennial of the Woodrow Wilson Presidency
- Virginia Disability Commission
- Virginia Freedom of Information Advisory Council
- Virginia State Crime Commission

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Judicial

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Criminal Fund	\$115.1	\$115.1	\$119.6	\$119.7	\$119.7	\$119.8
All other spending	\$330.3	\$330.9	\$330.9	\$330.9	\$330.9	\$330.9
Total, spending and savings items	\$445.4	\$446.0	\$450.5	\$450.6	\$450.6	\$450.7

*Figures shown in millions.

Judicial Department General Fund Spending Assumptions

- ❖ Criminal Fund includes the state’s costs for providing for indigent defense through the use of court-appointed attorneys. The data for the years beyond FY 2016 reflect the Supreme Court’s estimates of the additional need. All data include an additional \$4.2 million each year for a special waiver program that authorizes the Executive Secretary of the Supreme Court to make payments beyond the statutory fee caps to court appointed attorneys in atypical cases.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the other government activities of the Judicial Branch. These amounts were straight-lined in the out-years. Such spending would include:
 - Judicial System (other than Criminal Fund)

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Executive Offices

Item	HB/SB 30 Introduced			Projected Amounts		
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Governor	\$4.6	\$4.6	\$4.6	\$4.6	\$4.6	\$4.6
Lieutenant Governor	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4
Attorney General	\$21.2	\$21.3	\$21.3	\$21.3	\$21.3	\$21.3
All other spending	\$6.7	\$6.7	\$6.7	\$6.7	\$6.7	\$6.7
Total, spending and savings items	\$32.8	\$32.9	\$32.9	\$32.9	\$32.9	\$32.9

*Figures shown in millions.

Executive Offices General Fund Spending Assumptions

- ❖ In Executive Offices, out-year projections are a continuation of the FY 2016 funding level.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in the Governor’s proposed budget for the 2014-2016 biennium. Out-year funding is continued at the FY 2016 level.
 - Secretary of the Commonwealth
 - Office of the State Inspector General
 - Interstate Organization Contributions

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Administration

Item	HB/SB 30 Introduced			Projected Amounts		
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Consolidated laboratory	\$13.4	\$13.2	\$13.2	\$13.2	\$13.2	\$13.2
Statewide procurement services	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3	\$2.3
Statewide human resource management	\$8.5	\$8.5	\$8.5	\$8.5	\$8.5	\$8.5
Department of Elections	\$8.5	\$8.5	\$8.5	\$8.5	\$8.5	\$8.5
Sheriffs and regional jails	\$437.2	\$441.6	\$448.6	\$455.6	\$462.6	\$469.6
Jail per diems	\$50.1	\$50.1	\$62.2	\$62.8	\$63.2	\$63.2
Other Constitutional Officers	\$153.2	\$153.2	\$153.2	\$153.2	\$153.2	\$153.2
All other spending	\$9.3	\$9.6	\$9.6	\$9.6	\$9.6	\$9.6
Total, spending and savings items	\$682.6	\$687.1	\$706.2	\$713.8	\$721.2	\$728.2

*Figures shown in millions.

Administration General Fund Spending Assumptions

- ❖ Out-year funding for consolidated laboratory, statewide procurement services, human resource management, and Department of Elections are at the FY 2016 level.
- ❖ Sheriffs and regional jails include the state's share of the costs of operating local sheriffs' departments and regional jails. For the years beyond FY 2016, it is assumed that an additional \$7 million will be needed in each fiscal year to cover the costs of meeting the standard of one law-enforcement deputy per 1,500 population in each locality, hiring extra deputies needed for overcrowded jails, and staffing new or expanded jails.

Jail per diem payments include the state's share of the costs of housing local and state responsible prisoners in local and regional jails. Because of the method of budgeting per diem payments, the amounts shown for FY 2015 and FY 2016 are preliminary and may be adjusted. The Appropriation Act stipulates that any projected growth in per diem payments must be based on actual inmate population counts in the first quarter of the affected fiscal year. Currently the Compensation Board estimates that the FY2015 per diem funding shortfall at \$10.8 million and the FY2016 shortfall at \$11.7 million.. . The amounts for FY2017, FY2018, and FY2019 are projections

provided by the Compensation Board. The amount for FY2020 is derived by straight lining the estimated amount provided by the Compensation Board for FY2019.

Other constitutional officers include the funding for the offices of local finance officers, commissioners of the revenue, treasurers, clerks of court, and Commonwealth's attorneys. No major increases in funding are anticipated for these offices in future years.

- ❖ The "All Other Spending Category" includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB/SB 30, 2014 Budget Bill. Out-year funding is continued at the FY 2016 level.
 - Secretary of Administration
 - Compensation Board, central administration costs only.
 - Department of General Services other than the consolidated laboratory and statewide procurement services

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Agriculture and Forestry

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Agriculture	\$34.0	\$34.0	\$34.0	\$34.0	\$34.0	\$34.0
Forestry	\$16.9	\$17.4	\$17.4	\$17.4	\$17.4	\$17.4
All other spending	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4	\$0.4
Total, spending and savings items	\$51.2	\$51.8	\$51.8	\$51.8	\$51.8	\$51.8

*Figures shown in millions.

Agriculture and Forestry General Fund Spending Assumptions

- ❖ Spending for the Departments of Agriculture and Consumer Services and Forestry is based on funding in HB30/SB30, the introduced budget for the 2014-2016 biennium. Out-year funding is continued at the FY 2016 level.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the Office of the Secretary of Agriculture and Forestry, based on funding in HB30/SB30, the introduced budget for the 2014-2016 biennium. Out-year funding is continued at the FY 2016 level.

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Commerce and Trade

Item	HB/SB 30 Introduced			Projected Amounts		
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Governor's Development Opportunity Fund	\$11.8	\$11.8	\$11.8	\$11.8	\$11.8	\$11.8
Governor's Motion Picture Opportunity Fund	\$4.8	\$3.0	\$3.0	\$3.0	\$3.0	\$3.0
Semiconductor manufacturing performance grants	\$5.4	\$3.8	\$0.0	\$0.0	\$0.0	\$0.0
Virginia Investment Partnership, Major Eligible Employer, and Virginia Economic Development Incentive grants	\$15.3	\$16.3	\$13.5	\$14.5	\$12.7	\$7.4
AeroSpace Engine Manufacturer Incentive	\$0.6	\$19.3	\$3.4	\$3.7	\$3.6	\$3.3
Center for Innovative Technology's Commonwealth Research and Commercialization Fund	\$4.8	\$4.8	\$4.8	\$4.8	\$4.8	\$4.8
Advanced Shipbuilding Training Facility Grant	\$8.0	\$7.6	\$7.2	\$0.0	\$0.0	\$0.0
Housing Trust Fund	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0
Fort Monroe Authority	\$6.7	\$5.5	\$5.5	\$5.5	\$5.5	\$5.5
All other spending	\$123.9	\$123.2	\$123.2	\$123.2	\$123.2	\$123.2
Total, spending and savings items	\$185.3	\$199.3	\$176.3	\$170.5	\$168.6	\$162.9

*Figures shown in millions.

Commerce and Trade General Fund Spending Assumptions

- ❖ Annual spending for the Governor's Development Opportunity Fund is level funded in the out-years.
- ❖ General fund support for the Governor's Motion Picture Opportunity Fund in FY 2015 includes a one-time funding increase. General fund support for the fund is funded in the amount of \$3.0 million in FY 2016 and each year of the out-years. In addition to the general fund support, revenue generated from a nongeneral fund digital media fee, enacted by the 2009 General Assembly, also supports the fund.

- ❖ Spending for semiconductor manufacturing performance grants is based on estimates provided by the Virginia Economic Development Partnership, consistent with Code of Virginia provisions related to the program. Funding is on-going through FY 2016.
- ❖ Spending for Virginia Investment Partnership, Major Eligible Employer, and Virginia Economic Development Incentive grants is based on payments scheduled to occur in the out-years. Estimates are provided by the Virginia Economic Development Partnership, in accordance with negotiated company agreements and consistent with Code of Virginia provisions related to the programs.
- ❖ Spending for the aerospace engine manufacturer incentive to Rolls-Royce is on-going through FY 2028. Payments are provided for in negotiated company agreements and under provisions in the Code of Virginia related to the incentive grant programs.
- ❖ General fund support for the Center for Innovative Technology’s Commonwealth Research and Commercialization Fund is level funded in the amount of \$4.8 million in the out-years.

- ❖ Advanced Shipbuilding Training Facility Grant. Funding for a grant to the City of Newport News or its industrial development authority is ongoing through FY 2017. The anticipated payment will be \$32.8 million over a five year period; in accordance with a negotiated performance agreement and legislation enacted by the 2011 legislative session.
- ❖ Annual spending for the Virginia Housing Trust Fund is level funded in the out-years.
- ❖ General fund support for the Fort Monroe Authority is the Commonwealth’s share of the estimated annual operating expenses of the authority. Annual spending is level funded in the out-years.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB30/SB30, the introduced budget for the 2014-2016 biennium, and not listed separately in the table. Out-year funding is continued at the FY 2016 level.

- Secretary of Commerce and Trade
- Department of Housing and Community Development
- Department of Labor and Industry
- Department of Mines, Minerals and Energy

- Department of Small Business and Supplier Diversity
- Economic Development Incentive Payments
- Fort Monroe Authority

- Virginia Economic Development Partnership
- Virginia Employment Commission
- Virginia Tourism Authority

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Elementary and Secondary Education (K-12)

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Standards of Quality (SOQ)	\$4,119.2	\$4,119.2	\$4,284.0	\$4,305.4	\$4,477.6	\$4,500.0
Salary Base Increase (5 for 5 legislation)	\$0.0	\$0.0	\$110.3	\$110.8	\$115.3	\$115.9
VRS Rate Changes	\$81.7	\$82.1	\$131.9	\$132.5	\$185.2	\$186.1
Retiree Health Care Credit Rate Changes	\$2.2	\$2.0	\$4.7	\$4.7	\$4.6	\$4.6
Group Life Rate Changes	\$1.4	\$1.5	\$3.1	\$3.1	\$3.3	\$3.3
Sales Tax revenues for SOQ	\$1,268.1	\$1,312.5	\$1,363.2	\$1,417.4	\$1,474.0	\$1,532.7
Categorical grants	\$56.5	\$57.2	\$58.7	\$60.2	\$61.8	\$63.4
Incentive Programs	\$27.6	\$27.8	\$27.8	\$27.8	\$27.8	\$27.8
Supplemental Education	\$13.1	\$13.1	\$14.8	\$16.7	\$18.9	\$21.3
Department of Education - Central Office	\$54.2	\$54.3	\$54.3	\$54.3	\$54.3	\$54.3
School for Deaf & Blind	\$9.5	\$9.5	\$9.5	\$9.5	\$9.5	\$9.5
Opportunity Educational Institution	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6
All other spending	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total, spending and savings items	\$5,634.2	\$5,679.9	\$6,062.9	\$6,143.2	\$6,432.8	\$6,519.5

*Figures shown in millions.

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

- ❖ The Standards of Quality for public education are fully funded across all six years presented in this plan.
- ❖ Standards of Quality programs for FY 2015 and FY 2016 are adjusted using the latest enrollment (ADM and fall membership) information. Based on projected increases in costs, out-year spending assumes growth rates of 4.0 percent the first year and 0.5 percent the second year for the 2016-2018 biennium and the 2018-2020 biennium. The first year growth rate of 4.0 percent is based on the projected growth from the base year of the previous biennium to the first year in the next biennium. The second year rate of 0.5 percent is based on the estimated growth in enrollment only over the prior year. Per pupil amounts are grown with the rebenchmarking of each biennium and are the same for each year of a biennium, accounting for the large growth seen in the first year of each biennium and growth in the second year reflecting enrollment growth only. The estimated amount has been adjusted

to account for the anticipated Direct Aid savings resulting from the basic aid offset from expected increases in sales tax revenues, the application of a nonparticipation rate in pre-K funding, and an assumed offset to general fund programs from anticipated lottery revenue growth.

- ❖ Funding is provided for the Standards of Quality programs for FY 2015 through FY 2020 to account for anticipated rate increases for Virginia Retirement System, health care costs, group life insurance, and retiree health care credit costs. For FY 2017 and beyond, funding has been provided for the anticipated salary base increase to the Standards of Quality program resulting from local changes associated with local employees receiving a five percent pay increase to offset the new requirement to pay five percent of their retirement cost. Since the actual movement in average salaries is usually one percent less than the increase provided, the actual inflation rate for this adjustment is four percent. The impact of this action will not be felt until the 2016-2018 biennium.
- ❖ The one and one-eighth cent sales tax revenue estimates for the 2014-2016 biennium through fiscal year 2019 are based on the official forecast provided by the Department of Taxation as of December 2013.
- ❖ Out-year spending for Categorical Programs assumes a 2.6 percent annual increase based on a five year growth average.
- ❖ Out-year spending for Incentive Programs is adjusted for the removal of one-time expenditures in FY 2015 and FY 2016 and is kept level after fiscal year 2016.
- ❖ Out-year spending for Supplemental Education funding assumes an 11.4 percent annual increase based on a five year growth average.
- ❖ The 2014-2016 biennium amounts and the out-year amounts for the School for the Deaf and Blind are based on maintaining existing requirements such as Standards of Learning testing and additional Board of Education standards placed on the school for the education of its students and are held constant at the FY 2014 level.
- ❖ Out-year spending for the Opportunity Educational Institution is maintained at the FY2016 level.

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Higher and Other Education

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Educational and General Programs *	\$1,345.2	\$1,345.5	\$1,395.5	\$1,445.5	\$1,495.5	\$1,545.5
Other Hgher Education (VPI-VSU Ext & VIMS)	\$86.4	\$86.4	\$86.4	\$86.4	\$86.4	\$86.4
Higher Education Research	\$33.3	\$33.3	\$33.3	\$33.3	\$33.3	\$33.3
Student Financial Assistance	\$193.6	\$193.6	\$196.2	\$198.8	\$201.5	\$204.2
Tuition Assistance Grant (TAG) - SCHEV	\$67.9	\$67.9	\$68.6	\$69.3	\$70.0	\$70.7
Two-Year College Transfer Grant - SCHEV	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7	\$1.7
Military Survivors and Dependents	\$1.9	\$1.9	\$1.9	\$1.9	\$1.9	\$1.9
Higher Ed Centers and Institutes	\$18.0	\$18.7	\$15.8	\$15.8	\$15.8	\$15.8
Museums and Cultural Agencies	\$55.3	\$55.2	\$55.2	\$55.2	\$55.2	\$55.0
All other spending	\$138.1	\$137.8	\$137.8	\$137.8	\$137.8	\$137.8
Total, spending and savings items	\$1,941.4	\$1,941.9	\$1,992.3	\$2,045.6	\$2,099.0	\$2,152.2

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

*Figures shown in millions.

Higher Education and Other Education General Fund Spending Assumptions

- ❖ Amounts for Educational and General (E&G) Programs include core funding for instructional, student service and administrative operations of colleges and universities, excluding those amounts set out below. Also included in these amounts is funding to support the Office of Civil Rights (OCR) programs and activities at Virginia State and Norfolk State Universities. The amounts included support each institution's six-year plan, consistent with the objectives of the Higher Education Opportunity Act. Amounts in FY 2017 through FY 2020 are increased by \$50 million each year over the previous year as a future investment in higher education by providing base operating funding, enrollment growth, degree completion and other initiatives.
- ❖ Other higher education agencies include the Virginia Tech and Virginia State Extension Divisions and the Virginia Institute of Marine Science. The FY 2016 amount is continued in the out-years.
- ❖ Funding of \$33.3 million is included to support various research initiatives at six institutions of higher education and the Eastern Virginia Medical School. The FY 2016 amount is continued in the out-years.

- ❖ Funding of \$193.6 million is included to support student financial assistance at the seventeen public institutions of higher education and the Virginia Institute of Marine Science. The projections for student financial assistance for FY 2017 to FY 2020 factor in projected growth in enrollment based on historical trends.
- ❖ Funding of \$67.9 million is included to support the Tuition Assistance Grant (TAG) program. The funding increases the TAG award to \$3,300 for undergraduates and \$1,500 for graduate health and medical students attending not-for-profit independent institutions in each year of the biennium. TAG funding of \$375,700 for students attending Eastern Virginia Medical School (EVMS) is included in the appropriation for the medical school. These students are no longer eligible for TAG funding through the State Council of Higher Education for Virginia. The projections for the out years factor in projected growth in enrollment, based on historical trends for enrollments at private colleges and universities.
- ❖ Funding of \$1,650,000 is included to continue implementing the Two-Year College Transfer Grant program. The funding, included under the State Council of Higher Education appropriation, provides eligible transfer students with a \$1,000 award, and an additional \$1,000 award for science, technology, education, math or nursing majors. Students must meet financial aid criteria to be eligible for this program. The FY 2016 amount is continued in the out-years.
- ❖ Funding of \$1,900,000 is included to support the Virginia Military Survivors and Dependents program. The funding, included under the State Council of Higher Education appropriation, provides an annual stipend to offset the costs of room, board, books and supplies for qualified survivors and dependents of military service members. The present funding allows the annual stipend to increase from \$1,500 up to \$1,800, based on the number of requests for funding received. The FY 2016 amount is continued in the out-years.
- ❖ Amounts for the higher education centers and institutes include funding to support the operations at the New College Institute, the Institute for Advanced Learning and Research, Roanoke Higher Education Authority, Southern Virginia Higher Education Center, Southwest Virginia Higher Education Center, and Jefferson Science Associates, LLC. The FY2016 amount is reduced by one-time funding of \$2.9 million under Jefferson Science Associates, LLC in FY2017. The FY2017 amount is continued in the out years.
- ❖ Amounts for museums and cultural agencies include funding to support operations at the Virginia Museum of Fine Arts, Science Museum of Virginia, Gunston Hall, Frontier Culture Museum, Jamestown-Yorktown Foundation, Commission for the Arts, and the Library of Virginia. The FY 2016 amount is reduced by one-time funding under the Commission for the Arts in FY2015. The FY2016 amount is continued through FY2019, while the FY2020 amount is reduced by the removal of master equipment lease and commemoration funding under the Jamestown-Yorktown Foundation that is no longer required.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in the introduced 2014-2016 biennial budget. Out-year funding is continued at the FY 2016 level.
 - Secretary of Education
 - State Council of Higher Education for Virginia
 - Eastern Virginia Medical School (other than research)

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Finance

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Debt Service	\$689.2	\$734.7	\$767.6	\$747.0	\$716.5	\$700.8
Financial assistance to localities	\$49.3	\$49.3	\$49.3	\$49.3	\$49.3	\$49.3
Revenue Stabilization Fund	\$243.2	\$59.9	\$206.3	\$5.7	\$2.2	\$0.0
Personal Property Tax Relief	\$950.0	\$950.0	\$950.0	\$950.0	\$950.0	\$950.0
All other spending	\$119.1	\$120.9	\$120.9	\$120.9	\$120.9	\$120.9
Total, spending and savings items	\$2,050.9	\$1,914.8	\$2,094.1	\$1,872.9	\$1,838.9	\$1,821.0

*Figures shown in millions.

Finance General Fund Spending Assumptions

- ❖ The Department of the Treasury's estimates for debt service are based on actual debt service for all previously issued fixed-rate debt and estimated debt service for future issues and any variable rate issues. Debt service estimates have been budgeted using FY 2014's interest rate assumptions. Future issues were projected with consideration to past spending practices and the latest draw schedules provided to Treasury, and include estimated issuances for all capital projects authorized in Item C39.40 of Chapter 806, 2013 Acts of Assembly and all capital projects proposed in HB/SB 30 as introduced. The proposed debt issuance schedule through the biennium is consistent with the Capital Implementation Plan, authorizations and issuances in the 2012-2014 biennium through the Virginia Public Building Authority and the Virginia College Building Authority, as authorized in Chapter 781, 2009 Acts of Assembly, and Chapter 1, 2008 Acts of Assembly, Special Session I. The continuation of funding equipment through the Virginia College Building Authority is also assumed throughout the six-year period.
- ❖ Out-year spending for financial assistance to localities is continued at the FY 2016 level.
- ❖ Revenue Stabilization Fund payments are based on the latest revenue projections provided by the Department of Taxation. Based on those projections, a mandatory deposit is required in FY 2015 through FY 2019, but is not required in FY 2020.
- ❖ The "All Other Spending Category" includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB/SB 30 as introduced. Out-year funding is continued at the FY 2016 level.

- Secretary of Finance
- Department of Taxation
- Department of Accounts
- Department of Planning and Budget
- Department of the Treasury
- Recordation Tax Distribution
- Revenue Stabilization Fund

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Health and Human Resources

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Comprehensive Services Act (special education & foster care)	\$219.1	\$216.1	\$220.5	\$224.9	\$229.4	\$234.0
Medicaid utilization and inflation	\$3,707.9	\$3,883.8	\$4,078.0	\$4,343.8	\$4,625.4	\$4,924.1
Medicaid (all other)	\$260.3	\$186.2	\$190.4	\$187.6	\$259.9	\$287.9
Indigent health care	\$119.2	\$153.2	\$153.2	\$153.2	\$153.2	\$153.2
Health Care Fund	\$371.2	\$359.2	\$359.7	\$360.2	\$360.8	\$361.3
State behavioral health/intellectual disability facilities	\$284.5	\$285.4	\$284.4	\$283.4	\$281.9	\$281.4
Community behavioral health/intellectual disability programs	\$292.0	\$299.7	\$299.7	\$299.7	\$299.7	\$299.7
Civil Commitment of Sexually Violent Predators	\$29.4	\$29.4	\$33.6	\$37.8	\$42.0	\$46.2
Community health programs	\$134.0	\$134.6	\$134.6	\$134.6	\$134.6	\$134.6
TANF income benefits *	\$39.3	\$39.3	\$39.3	\$39.3	\$39.3	\$39.3
Mandated child care *	\$24.1	\$24.1	\$24.1	\$24.1	\$24.1	\$24.1
Foster care (Title IV-E) maintenance *	\$20.2	\$25.1	\$26.0	\$27.1	\$28.0	\$29.9
Adoption subsidy obligations *	\$70.8	\$72.8	\$77.8	\$83.9	\$87.3	\$90.8
All other spending	\$375.8	\$376.4	\$376.4	\$376.4	\$376.4	\$376.4
Total, spending and savings items	\$5,947.7	\$6,085.3	\$6,297.7	\$6,575.9	\$6,942.0	\$7,282.8

*Amounts reflect the general fund portion of these programs.

*Figures shown in millions.

Health & Human Resources General Fund Spending Assumptions

- ❖ Amounts for the Comprehensive Services Act reflect level funding in FY 2015, and a slight decrease in FY 2016 as state foster care services are expanded to eligible youth up to age 21. This is followed by a modest annual growth of two percent from FY 2017 through FY 2020. The full implementation of previously adopted programmatic changes and the increased push towards community-based care should result in minimal growth over the next several years.

- ❖ Medicaid utilization and inflation reflects the consensus forecast of Medicaid expenditures completed in November 2013 by the Department of Planning and Budget and the Department of Medical Assistance Services, and other budget actions included in the 2014 introduced budget bill. These budget actions include elimination of hospital inflation for FY 2015 and continuation of prior year budget reductions in FY 2015 only. While Medicaid enrollment trends are growing slower than previous years, enrollment growth is projected to continue at a modest pace, along with inflation. The Medicaid growth rate in FY 2014 is artificially higher due to advance payments being made in FY 2012 to maximize federal funding, resulting in a lower FY 2013 spending base. No estimates from an expansion of Medicaid, under the Affordable Care Act, are included in the projections, because a decision to expand Medicaid is still pending before the Medicaid Innovation and Reform Commission.
- ❖ The Medicaid (all other) line includes the funding for all non-Medicaid programs in the Department of Medical Assistance Services and the Medicaid costs of state intellectual disability and mental health facilities. The estimates reflect an increase in projected expenditures for the Family Access to Medical Insurance Security (FAMIS) program based on the November 2013 consensus forecast reflecting continuing enrollment growth. The out-years reflect a projected 5.0 percent average annual growth rate for FAMIS and the Medicaid Children's Health Insurance Program (CHIP). In addition, the estimates beginning in FY 2016 reflects the reduction in state match for CHIP programs, from 35 to 12 percent, pursuant to the federal Affordable Care Act. Medicaid costs of state intellectual disability facilities are projected to decrease over time as state facilities close due to individuals transitioning to community-based services as part of the settlement agreement with the U.S. Department of Justice. Otherwise, the other programs included in this line are straight-lined.
- ❖ Funding for indigent health care provided by the Virginia Commonwealth University Health System and the University of Virginia Health System is based on the consensus forecast completed in November 2013.
- ❖ The Health Care Fund reflects the latest revenue estimate included in the 2014 introduced budget bill. This fund includes revenue from the Master Settlement Agreement with tobacco companies, tobacco taxes, and Medicaid recoveries. The out-years reflect the latest revenue projections from the Department of Taxation.
- ❖ The projections for the program to treat civilly committed sexually violent predators for FY 2015 through FY 2020 assumes previously adopted legislative changes. Level funding in FY 2015 and FY 2016 is followed by projections for FY 2017 and beyond assume the addition of 60 new residents per year at a cost of \$70,000 per resident. The existing facility should be at capacity by FY 2016, and there will be capital costs to procuring or building a second facility that are not included in the operational spending figures.
- ❖ Projections for community behavioral health and intellectual disability programs include only those general funds appropriated in the Department of Behavioral Health and Developmental Services. Growth in Medicaid waiver programs is reflected in the Medicaid utilization figures.
- ❖ State intellectual disability facility expenditures are anticipated to decline significantly as facilities are downsized and closed pursuant to the state's agreement with the U.S. Department of Justice. The projections only capture the reduction in general fund currently appropriated at the Department of Behavioral Health and Developmental Services and include offsets for separation costs

for current state employees whose positions will be eliminated due to facility closures as well as an offset to replace lost revenue at behavioral health facilities. Reductions in state Medicaid facility reimbursement is captured in the Medicaid utilization figures.

- ❖ The Community Health Services line represents spending in the Virginia Department of Health for supporting and providing services in local health departments (programs: communicable disease control, state health services, community health services, financial assistance to community health services, and environmental health services). Out-year funding is continued at FY 2016 levels.
- ❖ The total spending on Temporary Assistance for Needy Families (TANF) cash assistance payments is projected to be \$94.2 million for FY 2015. This estimate reflects a relatively stable caseload in the TANF cash assistance program over the last several years. The amounts shown in the six-year projections are only the general fund share of TANF payments (necessary for federal maintenance of effort (MOE) requirements); the remaining costs are funded with federal TANF dollars. Therefore, the general fund amount would stay constant, while the allocation of TANF resources would change related to the overall cash assistance need.
- ❖ Caseload and expenditures associated with mandated child care provided to participants in the Virginia Initiative for Employment not Welfare (VIEW) are expected to remain relatively level over the next several biennia. The general fund share of mandated child care costs are expected remain constant at \$24.1 million while the remaining nongeneral funds (TANF and CCDF) will be adjusted to meet actual expenditures.
- ❖ The six year amounts for foster care only reflect general fund spending. However total spending can be derived by doubling these amounts since the federal government provides a match of approximately fifty percent. While spending on foster care maintenance payments (based on current policy) have tracked below the amount budgeted in Chapter 806; the introduced budget accounts for this surplus and adds \$0.5 million total funds in each year to increase family foster care rates by three percent. In addition, funding is available beginning in FY 2016 to extend foster care payments for eligible youth up to age 21. This new initiative is expected to increase total foster care payment spending by \$9.6 million in FY 2016, \$11.3 million FY 2017 and \$13.5 million in FY 2018. The introduced budget and six-year spending plan accounts for this trend. The projections do not include future mandated foster family rate increases.
- ❖ The amounts in the six-year spending plan reflect anticipated expenditures for both Title IV-E adoptions (federally mandated) as well as special needs adoption subsidies (state mandated). The amounts shown only represent the general fund provided for these programs. Title IV-E adoption expenditures also receive a fifty percent federal match. The increased spending estimate is directly related to an increase costs and in more children achieving a permanent home. It is assumed that adoption subsidy expenses will continue growing at a five percent rate for FY 2015 and beyond.
- ❖ Spending on adoption subsidies (based on current policy) are projected to continue to increase above the amounts budgeted in Chapter 806. The introduced budget adds funding to address the rising costs and adds \$1.5 million total funds in each year to increase subsidy maintenance rates by three percent. In addition, funding is available beginning in FY 2016 to extend adoption subsidy payments for eligible youth up to age 21. This new initiative is expected to increase total adoption subsidy spending by

\$3.2 million in FY 2016, \$4.2 million FY 2017 and \$5.4 million in FY 2018. The introduced budget and six-year spending plan accounts for this trend. The base growth projections for FY 2017 and beyond have been reduced from five to four percent to account for efficiencies gained by the state assuming responsibility for adoption subsidy negotiations.

- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB 30, the introduced budget for the 2012-2014 biennium, and not listed separately in the table. Out-year funding is continued at the FY 2014 level.
 - ❖ Virginia Department for the Deaf and Hard of Hearing
 - ❖ Virginia Department of Health
 - ❖ Department of Social Services (including CSA administration)
 - ❖ Department of Behavioral Health and Developmental Services (such as Central Office)
 - ❖ Department for Aging and Rehabilitative Services
 - ❖ Department for the Blind and Vision Impaired
 - ❖ Board for People with Disabilities
 - ❖ Tobacco Settlement Foundation
 - ❖

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Natural Resources

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Water Quality Improvement Fund deposit	\$31.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Payments to the Montpelier Foundation	\$0.5	\$0.5	\$0.0	\$0.0	\$0.0	\$0.0
Land Conservation Grants (HB 1398, 2013 Session)	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0	\$4.0
All other spending	\$98.9	\$99.2	\$99.2	\$99.2	\$99.2	\$99.2
Total, spending and savings items	\$134.9	\$103.7	\$103.2	\$103.2	\$103.2	\$103.2

*Figures shown in millions.

Natural Resources General Fund Spending Assumptions

- ❖ FY 2015 includes \$31.48 million for deposit to the Virginia Water Quality Improvement Fund (WQIF). This represents the mandatory deposit to the Water Quality Improvement Fund from 2013 year-end surplus balances. The projections do not include any assumptions regarding out-year funding.
 - ❖ Payments to the Montpelier Foundation. This represents funding provided as a matching grant for charitable contributions received by the Montpelier Foundation on or after July 1, 2003, that were actually spent in the material restoration of Montpelier between July 1, 2003, and September 30, 2009. The last payment will be made in FY 2016.
 - ❖ Land Conservation Grants. This represents funding for land conservation activities provided for in Chapter 798, 2013 Virginia Acts of Assembly (HB1398).
 - ❖ The “All Other Spending Category” includes estimated general fund expenditures for the agencies and activities listed below, based on funding in HB30/SB30, the introduced budget for the 2014-2016 biennium, and not listed separately in the table. Out-year funding is continued at the FY 2016 level.
- | | | |
|---|---------------------------------------|--------------------------------------|
| ❖ Secretary of Natural Resources | ❖ Department of Environmental Quality | ❖ Marine Resources Commission |
| ❖ Department of Conservation and Recreation | ❖ Department of Historic Resources | ❖ Virginia Museum of Natural History |

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Public Safety

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Operation of adult prisons	\$839.4	\$845.0	\$855.0	\$865.0	\$875.0	\$885.0
Operation of juvenile correctional facilities	\$60.6	\$61.1	\$61.1	\$61.1	\$61.1	\$61.1
Local juvenile detention facilities	\$32.5	\$32.5	\$32.5	\$32.5	\$32.5	\$32.5
State Police	\$249.3	\$249.6	\$251.7	\$252.1	\$252.1	\$252.1
Forensic science	\$38.0	\$38.2	\$38.2	\$38.2	\$38.2	\$38.2
HB599	\$179.5	\$186.7	\$195.1	\$203.3	\$212.0	\$221.1
All other spending	\$390.6	\$391.3	\$391.3	\$391.3	\$391.3	\$391.3
Total, spending and savings items	\$1,789.9	\$1,804.4	\$1,824.8	\$1,843.4	\$1,862.1	\$1,881.3

*Figures shown in millions.

Public Safety General Fund General Fund Spending Assumptions

- ❖ Operation of Adult Prisons includes all the costs of operating secure adult correctional facilities. There is an additional \$ 10 million included for each year after FY 2016 for projected increases in inmate medical costs.
- ❖ Operation of Juvenile Correctional Facilities includes all the costs of operating the state’s facilities for juvenile offenders. No major increases in the costs for this activity are projected for the years beyond FY 2016.
- ❖ Local juvenile detention facilities include the state’s share of the costs of operating local secure detention facilities. No major increases in the costs for this activity are projected for the future.
- ❖
- ❖ State Police includes all the costs of operating the department. Transformation to VITA will result in additional costs for the agency, which are included in the projections. For FY 2017, the initial transformation costs are expected to be \$ 2.0 million; for succeeding years, the annual recurring cost is expected to be \$2.4 million. No other major increases in the costs for this agency are projected for the future.
- ❖ Forensic Science includes all the costs of operating the department. No major increases in the costs for this agency are projected for the future.

- ❖ HB599 includes the funds provided to localities with police departments. By state law, the funding level for this activity is tied to changes in the general fund revenue forecast. Accordingly, funding for the years beyond FY 2016 are based on projected increases in GF revenue, as follows: FY 2017, + 4.5 percent; FY 2018, + 4.2, percent, FY 2019, + 4.3 percent, and FY 2020, + 4.3 percent.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the other government activities of the Public Safety Secretariat. These amounts were straight-lined in the out-years. Such spending would include:

<ul style="list-style-type: none"> Department of Corrections -Central Administration ❖ Department of Corrections-Community Corrections ❖ Department of Juvenile Justice-Central Administration ❖ Department of Juvenile Justice-Community Corrections 	<ul style="list-style-type: none"> ❖ Department of Military Affairs ❖ Commonwealth’s Attorneys Services Council ❖ Department of Criminal Justice Services (other than the HB 599 program) 	<ul style="list-style-type: none"> ❖ Department of Emergency Management ❖ Virginia Parole Board ❖ Department of Fire Programs ❖ Secretary of Public Safety
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General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Technology

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Innovation & Entrepreneurship Investment	\$11.2	\$11.2	\$11.2	\$11.2	\$11.2	\$11.2
VITA	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2	\$2.2
All other spending	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$0.5
Total, spending and savings items	\$13.9	\$13.9	\$13.9	\$13.9	\$13.9	\$13.9

*Figures shown in millions.

Technology General Fund Spending Assumptions

- ❖ All out-year funding for technology agencies is level funded at the FY 2016 level.
- ❖ The “All Other Spending Category” includes estimated general fund expenditures for the Secretary of Technology based on funding in HB/SB 30, 2014 General Assembly Session. Out-year funding is continued at the FY 2016 level.

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Transportation

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Port localities road maintenance	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0	\$1.0
Route 58 Support	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0	\$40.0
Funding to plan future dredging	\$0.0	\$6.5	\$0.0	\$0.0	\$0.0	\$0.0
Port of Virginia Economic and Economic Development Zone Grant Fund	\$1.5	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0
All other spending	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2	\$0.2
Total, spending and savings items	\$42.7	\$49.6	\$43.1	\$43.1	\$43.1	\$43.1

*Figures shown in millions.

Transportation General Fund Spending Assumptions

- ❖ General fund support for the Route 58 Corridor Development Fund is provided in lieu of the deposit of the state recordation taxes to the fund. The historical level for this appropriation is \$40 million each fiscal year, which is continued in the out-years.
- ❖ The amount shown for port localities road maintenance is a supplemental payment to localities surrounding Virginia-owned ports. The budget directs this funding to be used for road maintenance within these localities. Because this infusion was originally intended as an on-going commitment to account for lost real estate revenues to these localities, expenditures are shown as continuing in the out-years.
- ❖ Virginia has the only port on the east coast capable of handling the large container ships expected from the expansion of the Panama Canal to be completed in 2015. To ensure there is enough capacity to handle these ships, one-time funding of \$6.5 million is provided in FY 2016 to plan for the future dredging of the Norfolk harbor to 55 feet and the Elizabeth River channel to 45 feet.
- ❖ General fund support of \$1.5 million is proposed for FY 2015 and \$2.0 million for FY 2016 for the Port of Virginia Economic and Infrastructure Development Zone Grant Fund, created by the 2012 General Assembly to incentivize private firms with grants to invest in the Port of Virginia Economic and Infrastructure Development Zone. Continued state support towards this fund is assumed in the out years at the same level as FY 2016.

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Veterans Services and Homeland Security

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Veterans Services	\$11.6	\$11.5	\$11.5	\$11.5	\$11.5	\$11.5
All other spending	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7
Total, spending and savings items	\$12.3	\$12.1	\$12.1	\$12.1	\$12.1	\$12.1

*Figures shown in millions.

Veteran's Services and Homeland Security General Fund Spending Assumptions

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

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Centrally Funded Items

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
State employee retirement contributions	\$75.6	\$75.6	\$97.8	\$97.8	\$126.5	\$126.5
State employee health insurance	\$24.6	\$59.3	\$91.7	\$149.3	\$199.8	\$254.4
Other state employee benefits	\$10.6	\$10.6	\$13.5	\$13.5	\$14.8	\$14.8
Economic Contingency and Legal Defense	\$2.8	\$2.8	\$2.8	\$2.8	\$2.8	\$2.8
Transition Costs	\$0.0	\$0.0	\$0.0	\$2.1	\$0.0	\$0.0
Higher Education interest & credit card rebate	\$5.5	\$5.5	\$5.5	\$5.5	\$5.5	\$5.5
Salary increase for high turnover roles	\$9.0	\$10.3	\$10.3	\$10.3	\$10.3	\$10.3
Budget reductions from agency savings plans	-\$3.4	-\$3.7	-\$3.7	-\$3.7	-\$3.7	-\$3.7
All other spending	\$13.2	\$2.0	\$2.0	\$2.0	\$2.0	\$2.0
Total, spending and savings items	\$137.8	\$162.3	\$220.0	\$279.7	\$358.0	\$412.5

*Figures shown in millions.

Centrally Funded Items General Fund Spending Assumptions

- ❖ Out-year projections for state employee retirement are based on projected employer contribution rates provided by the Virginia Retirement System. The rates assume a seven percent investment rate of return, a zero percent growth in population, and are based on June 30, 2013 actuarial valuations.
- ❖ State employee health insurance premiums assumes a six percent increase in the General Fund share of premiums in FY 2017 and an eight percent annual increase in the General Fund share of premiums from FY 2018 through FY 2020.
- ❖ Out-year projections for other state employee benefits, which include group life insurance, the retiree health credit, and the sickness and disability program, are based on projected employer contribution rates provided by the Virginia Retirement System. The rates assume a seven percent investment rate of return, a zero percent growth in population, are based on June 30, 2013 actuarial valuations, and that the Board certified rates are fully funded each year.
- ❖ Out-year projections for economic contingency and legal defense assume level funding at the FY 2016 amount.
- ❖ Higher education interest and credit card rebates are level-funded at the FY 2016 amount.
- ❖ Transition costs for FY 2018 are for the next transition of the three state-wide elected offices and is set at the same amount budgeted for FY 2014 in Chapter 806, 2013 Acts of Assembly.

- ❖ Amounts for the targeted salary increase for high turnover job roles are the result of the initial recommendations of the work group convened pursuant to Item 255 of Chapter 806. Out-year amounts continue the annualized cost of this increase from FY 2016.
- ❖ Out year amounts for agency savings plans assume a continuation of the FY 2016 amount.
- ❖ “All Other Spending Category” remains constant at the FY 2016 level.

Note: Amounts assumed beyond FY 2016 for items such as salary increases, benefit changes, and other issues impacting multiple agencies will eventually be appropriated in individual agency budgets in future appropriation acts.



General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Independent Agencies

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
State Corporation Commission	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2
All other spending	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total, spending and savings items	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2	\$1.2

*Figures shown in millions.

Independent Agencies General Fund Spending Assumptions

- ❖ General fund support for the Independent Agencies is based on funding provided to the State Corporation Commission in the 2014-2016 biennium to pay for the plan management functions authorized in Chapter 670 of the Acts of Assembly of 2013. Out-year funding is continued at the FY 2016 level.

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Grants to Nonstate Agencies

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grants to nonstate entities	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
All other spending	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total, spending and savings items	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

*Figures shown in millions.

State Grants to Nonstate Entities General Fund Spending Assumptions

- ❖ No general fund dollars are appropriated for state grants to nonstate entities in the 2012-14 biennium. No funding is projected for the out-years.

General Fund Financial Plan - FY 2015 - 2020
HB/SB 30 Introduced - 2014 Session
Capital Outlay

Item	HB/SB 30 Introduced		Projected Amounts			
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Maintenance Reserve	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Construction and renovation	\$2.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Equipment	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Planning	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
All other spending	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Total, spending and savings items	\$2.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0

*Figures shown in millions.

Capital Outlay General Fund Spending Assumptions

- ❖ General fund appropriations for capital projects were provided only in FY 2015 in the Governor’s introduced budget. Section 2.2-1509.1, Code of Virginia, authorizes the exclusive use of bonded debt, rather than general fund appropriations, to fund capital projects when general fund revenue is forecast to increase less than five percent over the previous year’s revenue. Because the increases in general fund revenue over the forecast period are expected to be less than five percent each year, it is anticipated that no general fund appropriation will be used for capital outlay.