

SENATE OF VIRGINIA

# Senate Finance Committee

## **Overview of the Governor's Proposed Budget Amendments in SB 750, as Introduced**

January 16, 2007

# General Government

# Overview of General Government

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- Judicial Branch**
- Executive Branch**
- Independent Agencies**

# Overview of the Judicial Branch

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- Governor's proposed amendments result in a net **increase of \$11.2 million (GF)**.
  - **\$9.0 million GF** to increase court-appointed attorney fees. Language authorizes the Executive Secretary of the Supreme Court to waive the statutory limits, upon approval of the presiding judge, when justified.
  - **\$3.5 million GF** for the Indigent Defense Commission for a ten percent salary increase, 16 new positions for public defender offices, and eight new positions for public defender offices that handle capital cases (along with a corresponding reduction in the criminal fund).

# Overview of the Executive Branch

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- **Office of Administration**
- **Office of Finance**
- **Office of Technology**
- **Central Accounts**

# Overview of Office of Administration

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- Governor's proposed amendments result in a net **increase of \$52.9 million** (All Funds) or a **3.1% increase** over the original appropriation.
  - **\$19.0 million** GF net increase – mostly to the Compensation Board for support of constitutional officers.
  - **\$33.9 million** NGF net increase – mostly federal funds for the Board of Elections.
- The Office of Minority Business Enterprise is proposed to be transferred to the Office of Administration.

# Summary of Proposed Amendments

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<b>Major GF Increases for the 2006-08 Biennium - (\$ in millions)</b>	
Per Diem Payments to Local and Regional Jails	\$7.7
Reimburse Localities for Participation in LEORS	11.5
Staff New Jails	0.9
1:1,500 Law Enforcement Deputies	0.7
Other Increases	1.4
<b>Total Increases</b>	<b>\$22.2</b>
<b>Less: Delayed Opening - Fairfax Adult Detention Center</b>	<b>(3.2)</b>
<b>Net GF Increase</b>	<b>\$19.0</b>

# Reimburse Localities for Participation in LEORS

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- Proposes \$11.5 million the second year to reimburse localities and regional jail authorities for the cost of participation in the **Law Enforcement Officers Retirement System (LEORS)**.
- 83 of 144 eligible entities currently participate in LEORS.
  - 5,740 (62%) of the 9,193 eligible employees.
- 61 entities do not currently participate in LEORS.
  - 3,453 (38%) of the 9,193 eligible employees.

# Reimburse Localities for Participation in LEORS (Continued)

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- Payments would be made to any entity with employees in LEORS as of May 1, 2007:
  - Annual “block grant” type payment,
  - Compensation Board approved positions,
  - \$600 to \$1,850 per position in LEORS,
  - Based on the locality’s fiscal stress index.

# Reimburse Localities for Participation in LEORS - Examples

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<u>Locality</u>	<u>Comp. Bd. EE</u>	<u>LEORS ?</u>	<u>FSI</u>	<u>Per EE \$</u>	<u>Potential Payment</u>
Emporia	2	No	190.86	\$1,825	\$3,650
Richmond	405	No	177.11	\$1,536	\$622,155
Va. Beach	387	Yes	166.96	\$1,323	\$511,995
Fairfax	418	Yes	140.10	\$759	\$317,177
Henrico	292	Yes	157.48	\$1,124	\$328,167
Wise	43	No	174.54	\$1,482	\$63,735
Hampton Roads Reg. Jail	257	No	182.78	\$1,655	\$425,407
Southwest Reg. Jail	258	No	172.40	\$1,437	\$370,811

# Summary of Proposed Amendments

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## Major NGF Increases for the 2006-08 Biennium (\$ in millions)

Revenues for eVA (DGS Procurement System)	\$13.7
Federal Help America Vote Act	20.0
Other Increases	0.2
<b>Total NGF Increase</b>	<b>\$33.9</b>

# Overview of Office of Finance

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- Governor's proposed amendments result in a net **increase of \$142.4 million** (All Funds) or a **10.8% increase** over the original appropriation.
  - **\$142.0 million** GF net increase – mostly for deposits to the “Rainy Day” Fund.
  - **\$0.4 million** NGF net increase.

# Summary of Proposed Amendments

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<b>Major GF Increases for the 2006-08 Biennium - (\$ in millions)</b>	
“Rainy Day” Fund Deposits	\$152.8
Strengthen Financial Reporting at DOA	1.7
VPBA & VCBA Debt Service	2.9
Other Increases	1.1
<b>Total Increases</b>	<b>\$158.5</b>
<b>Major GF Decreases for the 2006-08 Biennium - (\$ in millions)</b>	
GOB Debt Service	(\$14.0)
Bank Service Fees	(1.0)
Local Rolling Stock Taxes	(1.3)
Other	(0.2)
<b>Total</b>	<b>\$(16.9)</b>

# Overview of Office of Technology

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- Governor's proposed amendments result in a net **increase of \$3.3 million GF** or a **2.6% increase** over the original appropriation.
  - **\$3.3 million** GF of this increase is proposed to offset previously budgeted savings from implementation of VITA.

# Overview of Central Accounts

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- The Central Accounts include appropriations of \$2.5 billion (All Funds), only a part of which are covered under General Government.
- Governor's proposed amendments to the General Government items in Central appropriations result in a net **increase of \$13.2 million (All Funds) increase** over the original appropriation.
  - **\$24.0 million** GF increase – mostly for employee benefit costs.
  - **\$10.8 million** NGF decrease to reflect a decline in tobacco Master Settlement Agreement revenue.

# Summary of Proposed Amendments

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<b>Major GF Increases for the 2006-08 Biennium - (\$ in millions)</b>	
Governor's Economic Contingency Fund	\$2.5
Rate increases for Other Post Employment Benefit Programs	10.1
State Employee Health Insurance	9.8
Other General Government Items	1.6
<b>Total GF Increases (General Government)</b>	<b>\$24.0</b>
Central Account Items Shown Elsewhere	3.4
<b>Total: Central Accounts</b>	<b>\$27.4</b>

# State Employee Compensation

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- Governor's proposed amendments transfer \$34.9 million GF from the Central Accounts to fund FY 2007 salary increases for faculty and teachers.
- The 2006-2008 budget already includes funding for a 3.0% salary increase for state classified and state-supported local employees in FY 2008.
- An **additional \$9.8 million GF** is proposed for a 2.5 percent increase in employer health insurance premiums and a slight expansion in employee wellness benefits.
- In response to changes in accounting rules mandated by GASB, an **additional \$10.1 million GF** is included as the first installment of a five-year phase-in to cover the cost of pre-funding post employment benefits such as health insurance, the health care credit, and group life insurance.

# Overview of Independent Agencies

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- Governor's proposed amendments result in a net **decrease of \$2.6 million NGF** or a **0.4% decrease** over the original appropriation.
  - **\$11.9 million NGF** of this net decrease reflects the **transfer** of the Telecommunications Relay Fee revenue from the SCC to the Dept. of the Deaf and Hard of Hearing.
  - **\$9.3 million NGF** additional funding, mostly for the VRS, partially offsets the SCC decrease.

# Summary of Proposed Amendments

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<b>Major NGF Increases for the 2006-08 Biennium - (\$ in millions)</b>	
VRS Modernization	\$4.8
VRS Pay Plans	2.9
Other VRS	0.2
Workers Compensation Commission Workload Increase	0.7
Virginia College Savings Plan Workload Increase	0.7
<b>Total: Increases</b>	<b>\$9.3</b>
<b>Major GF Decreases for the 2006-08 Biennium - (\$ in millions)</b>	
Transfer Telecommunications Relay Fee from SCC to the Dept. for the Deaf and Hard of Hearing	(\$11.2)
<b>Total: Decreases</b>	<b>(\$11.2)</b>