

Legislative

There are no changes in the budget, as introduced, for fiscal year 2010 for the Legislative Department, when compared to Chapter 781 of the 2009 Acts of Assembly.

The budget, as introduced, for the 2010-12 biennium includes no changes from Chapter 781, the appropriation act for the 2008-10 biennium, other than: (1) the technical distribution of budget reductions and other amounts from central appropriations, and (2) a reduction in federal funds for the Commission on the Virginia Alcohol Safety Action Program (VASAP) to reflect more accurately the agency's estimate of anticipated federal funds. The budget, as introduced, includes \$69.3 million each year from the general fund and \$3.6 million from nongeneral funds, and 609 positions from all funds, for the agencies in the Legislative Department.

Judicial

The budget, as introduced, for the Judicial Department for FY 2010 includes one change when compared to Chapter 781 of the 2009 Acts of Assembly (the appropriation act for the 2008-10 biennium) which is an increase of \$300,000 for the Involuntary Mental Commitment Fund.

The introduced budget for the 2010-12 biennium results in a net decrease of \$6.5 million from the general fund (0.8 percent below Chapter 781 of the 2009 Acts of Assembly). Of this net reduction, \$5.8 million represents the distribution of the reductions from central appropriations which were included in Chapter 781. The major new changes include: a transfer of \$9.2 million each year from the Criminal Fund to support the creation of three new public defender offices; an increase of \$150,000 each year for involuntary mental commitments; a reduction of \$100,000 each year in general fund support for legal aid; increased operating expenses for the State Board of Bar Examiners; and, reduced operating expenses for the Virginia State Bar. With these changes, the biennial budget, as introduced, for the Judicial Department includes \$807.5 million from the general fund, \$64.5 million from nongeneral funds, and 3,290.7 positions from all funds.

HB/SB 29

- **General District Courts**
 - *Involuntary Mental Commitment Fund.* Includes \$300,000 from the general fund for the cost of involuntary mental commitments.

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- **Supreme Court of Virginia**
 - *Drug Courts.* Includes language directing that no funds used to support drug court programs shall be provided to programs that serve first-time substance abuse offenders only or do not include probation violators. However, this restriction would not apply to juvenile drug courts. This is one of a series of recommendations of the Task Force on Alternatives for Non-Violent Offenders.
 - *Pilot Programs for Probation Violators.* Includes language establishing, in two circuit courts, pilot programs for dealing with probation violators, based on a program developed in Hawaii. The language directs that the Chief Justice shall designate the circuits in which the programs will be implemented. The language expresses the intent that the programs be served by district probation offices that have, or are in the process of adopting evidence based practices. The language further expresses the intent that the Department of Corrections and the respective Sheriffs and Commonwealth's Attorneys shall cooperate with the Supreme Court in developing the procedures for these pilot programs. This is one of a series of recommendations of the Task Force on Alternatives for Non-Violent Offenders.

- **Circuit Courts**
 - *Criminal Fund.* Includes a reduction of \$9.2 million each year from the general fund to support the creation of three new public defender offices serving Chesterfield, Henrico and Prince William Counties. A companion amendment to the Indigent Defense Commission adds \$9.0 million the first year and \$8.5 million the second year to establish these three new offices. This results in a net savings of \$0.2 million the first year and \$0.7 million the second year.
- **General District Courts**
 - *Involuntary Mental Commitments.* Provides \$150,000 each year from the general fund for the Involuntary Mental Commitment Fund.
- **Juvenile and Domestic Relations District Courts**
 - *Appointment of Counsel.* Provides \$30,240 each year from the general fund for court-appointed counsel for persons in juvenile correctional facilities. Companion legislation will be introduced authorizing expenditures for this purpose from the Criminal Fund.
- **Board of Bar Examiners**
 - *Increased Operating Expenses.* Provides \$81,970 the first year and \$81,115 the second year from nongeneral funds from bar examination fees for increased operating expenses. These increased expenses include office space rental, the cost of renting the Roanoke Civic Center for bar examinations, fees charged to administer the Multistate Bar Examination, employee leave payouts, conversion of one wage employee to full-time status, and a high-density mobile filing system.
- **Indigent Defense Commission**
 - *New Public Defender Offices.* Provides \$9.0 million the first year and \$8.5 million the second year from the general fund to establish new public defender offices in Chesterfield, Henrico and Prince William Counties. A companion amendment to the Circuit Courts transfers funds from the Criminal Fund for this purpose.
- **Virginia State Bar**
 - *Legal Aid.* Reduces funding to the Virginia Legal Services Corporation by \$100,000 each year from the general fund.
 - *Office Expenses.* Reduces funding for printing, postage and rental costs by \$112,828 each year from nongeneral funds.

Executive

The only changes in the budget, as introduced, for fiscal year 2010 for the Executive Offices, compared to Chapter 781 of the 2009 Acts of Assembly (the appropriation act for the 2008-10 biennium) include the distribution of the Governor's September 2009 reductions in agency budgets and the capture of additional general fund balances.

The budget, as introduced, for the 2010-12 biennium results in a decrease of \$1.5 million from the general fund (or 2.8 percent below Chapter 781 of the 2009 Acts of Assembly). With these changes, the biennial budget for the Executive Offices includes \$53.2 million from the general fund, \$37.7 million from nongeneral funds, and 414.5 positions from all funds.

HB/SB 29

- **Office of the Governor**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$659,658 in FY 2010 from the general fund to implement the September 2009 budget reductions.
 - *General Fund Balances.* Captures additional savings of \$659,658 in FY 2010 from general fund balances.
- **Office of the Lieutenant Governor**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$17,857 in FY 2010 from the general fund to implement the September 2009 budget reductions.
- **Attorney General and Department of Law**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$919,496 in FY 2010 from the general fund to implement the September 2009 budget reductions.
- **Interstate Organization Contributions**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$12,500 in FY 2010 from the general fund to implement the September 2009 budget reductions.

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- **Office of the Governor**
 - *Governor's September 2009 Budget Reductions.* Continues the strategies announced in September 2009, in which the combined reductions for the Governor's Office and the Cabinet were reflected in the Governor's Office. The budget, as introduced, properly allocates these reductions by reducing the amounts in the Cabinet with an offsetting increase in the Governor's Office. The

- *Senior Advisor for Workforce Development.* Eliminates \$182,075 NGF each year for the Senior Advisor for Workforce Development, established by Chapters 696 and 751 of the 2006 Acts of Assembly. The source of the nongeneral funds is the administrative support allocation of the federal Workforce Investment Act grant.
- *Other Staff Positions.* Eliminates \$82,134 from the general fund for two staff positions.
- **Office of the Lieutenant Governor**
 - *Discretionary Expenses.* Includes a reduction of \$17,857 each year from the general fund in routine office expenses.
- **Attorney General and Department of Law**
 - *Hiring Freeze.* Includes savings of \$360,000 each year from the general fund by capturing turnover and vacancy and reducing four additional positions.
 - *One-Day Furlough.* Includes savings of \$64,000 the first year from the general fund by requiring all employees to take one day off without pay in May 2010.
 - *Shift Positions to Medicaid Fraud Control.* Supplants \$448,280 each year from the general fund with nongeneral funds by shifting five general fund positions to the Medicaid fraud control unit to address increased workload.
 - *Utilize Other Nongeneral Funds.* Supplants \$100,000 each year from the general fund with other nongeneral funds.
 - *Medicaid Fraud Control Unit.* Adds \$1.3 million each year in federal funds to increase the unit's efforts to investigate Medicaid fraud.
- **Division of Debt Collection**
 - *Additional Nongeneral Funds.* Provides \$59,415 each year from nongeneral funds to fully fund the division's staff to address increased workload.
 - *Improved Debt Collection Techniques.* Provides \$20,000 each year from nongeneral funds to acquire new computer software to increase collections.
- **Secretary of the Commonwealth**
 - *Consolidate Support Services.* Includes savings of \$61,016 each year from the general fund by eliminating a staff position. This is one of a series of actions to consolidate support positions in the Cabinet.

- **Office of Commonwealth Preparedness**
 - *Consolidate Support Services.* Includes savings of \$61,016 each year from the general fund by eliminating a staff position. This is one of a series of actions to consolidate support positions in the Cabinet.

- **Interstate Organization Contributions**
 - *Membership Dues.* Includes a savings of \$12,500 each year from the general fund to reflect a decrease in the annual dues payment to the National Governors' Association.

Administration

The Governor's proposed amendments for the Office of Administration for FY 2010 include a net decrease of \$163.2 million in general fund dollars and a net increase of \$113.0 million nongeneral fund compared to Chapter 781 of the 2009 Acts of Assembly, resulting in a 24 percent decrease in general funds for the office.

Over 95 percent of the reductions in FY 2010 are within the Compensation Board, with the majority of the reduction coming from a proposal to supplant \$109.5 million general fund support for sheriff's offices with federal stimulus funds. Other significant FY 2010 savings within the Compensation Board include \$30.4 million in across-the-board reductions for constitutional officers included in the Governor's September 2009 Budget Reduction Plan and \$7.8 million in savings from deferring the FY 2010 4th quarter payments for retirement and group life insurance for employees of constitutional offices.

The Governor's proposed amendments for the Office of Administration for the 2010-12 biennium include a net decrease of \$23.9 million in general fund dollars and a net increase of \$115.4 million nongeneral fund, compared to the Chapter 781 base. These amounts do not include funding for the Compensation Board which is transferred to the Public Safety Secretariat in the 2010-12 proposed budget.

Significant actions proposed for the 2010-12 biennium within the Office of Administration include a \$1.7 million general fund reduction in grants for public television and radio, the transfer of the remaining funding for public television and radio grants from the Secretary of Administration to the Secretary of Education and Workforce, and the merger of the Department of Employment Dispute Resolution into the Department of Human Resources Management. The significant increase in the NGF appropriation is due to a proposed \$120.0 million increase in the appropriation for the Local Choice health insurance program.

HB/SB 29

- **Secretary of Administration**
 - *Governor's September 2009 Budget Reductions.* Includes for FY 2010 savings of \$572,525 GF from a 10 percent reduction in the grants to Virginia's public television and radio stations.
- **Compensation Board**
 - *Supplant Sheriffs' General Fund Support with Federal Stimulus Funds.* Proposes to supplant \$109.5 million GF appropriated for sheriffs' offices with federal stimulus funds in FY 2010.
 - *Governor's September 2009 Budget Reductions.* Includes for FY 2010 savings of \$30.6 million GF to reflect actions included in the Governor's September 2009

- ***Reduce State Support for Retirement and Group Life Insurance.*** Assumes savings of \$7.8 million GF in FY 2010 from eliminating the funding for the 4th quarter payments for retirement and group life insurance for employees in the constitutional offices. This proposal is consistent with the proposal included in the September 2009 budget reduction plan to suspend the 4th quarter payments to the Virginia Retirement System for these benefits on behalf of state employees.
- ***Reduce Funding for Jail Per Diem Payments.*** Reduces the budget by \$3.6 million GF in FY 2010 and includes language decreasing the jail per diem payments effective March 1, 2010. Proposes to decrease the per diem payments for local responsible inmates from \$8 to \$4 per day and for state responsible inmates from \$14 to \$12 per day.
- ***Adjust Funding Due to Delays in Opening New Jails.*** Reflects \$2.4 million in GF saving in FY 2010 from additional delays in opening new jail beds at the Riverside Regional and Loudon County jails.
- ***Eliminate One Day of State Funding for State Supported Local Employees.*** Includes savings of \$1.9 million GF from eliminating funding for one day of salary for state supported local employees that are funded through the Compensation Board. This amendment treats state supported local employees in a manner consistent with the one-day furlough proposed for state employees in the September 2009 budget reduction plan.
- ***Supplant General Fund Support for Dispatchers with E-911 Funding.*** Supplants \$2.0 million GF in funding for local law enforcement dispatchers with \$2.0 million in E-911 funds. A companion amendment reverses a proposal included in the September budget reductions to supplant \$2.0 million GF support for the Statewide Agencies Radio System (STARS) project with \$2.0 in E-911 funds.
- ***Transfer Surplus Technology Trust Fund Balance.*** Reflects the transfer of an additional \$2.0 million from the circuit court clerks Technology Trust Fund. This is in addition to the \$7.0 million transfer assumed in the September 2009 budget reduction plan.
- ***Adjust Revenue Estimate for Excess Court Fees.*** Assumes an additional \$1.6 million in revenue will be captured from the state share of excess court fees collected by circuit court clerks.

- **Department of Employment Dispute Resolution**
 - *Governor’s September 2009 Budget Reductions.* Includes savings of \$137,293 GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions.
 - *Reduce Discretionary Expenses and Grievance Services.* Assumes savings of \$27,681 GF from a reduction in the hours for part time employees who process grievances and a reduction in expenditures for continuing education for employees.
- **Department of General Services**
 - *Governor’s September 2009 Budget Reductions.* Includes savings of \$2.6 million GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. These actions include a reduction of 8 FTEs with 6 potential layoffs.
 - *Supplant General Fund Support for Cost Reviewer Position.* Assumes a savings of \$80,000 GF from a proposal to charge agencies for work performed by one capital outlay cost reviewer. The \$80,000 represents savings for half a year.
- **Department of Human Resources Management**
 - *Governor’s September 2009 Budget Reductions.* Includes savings of \$511,053 GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. In addition, the plan assumes \$63,095 in revenue transfers from the Training and Forms Recovery Fund. Actions within the agency include a reduction of 6 FTEs with 5 potential layoffs.
- **Human Rights Council**
 - *Governor’s September 2009 Budget Reductions.* Includes savings of \$10,705 GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions.
 - *Funding for Unanticipated Cost Increases.* Provides \$37,328 GF to cover cost overruns at the Human Rights Council.
- **Department of Minority Business Enterprise**
 - *Reversion of General Fund Balances.* Assumes the reversion of \$191,820 in general fund balances from the Department of Minority Business Enterprise. This amount includes a reversion of \$95,910 in general fund balances that was assumed as part of the September budget reduction plan.
- **State Board of Elections**

- *Governor’s September 2009 Budget Reductions.* Includes savings of \$1.1 million GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. The majority of the savings, \$739,267 GF, is realized through a 10 percent reduction in payments to localities for general registrars and electoral board members salaries and travel expenses.

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- **Secretary of Administration**

- *Reduce Funding for Grants to Public Broadcasting.* Proposes a reduction of 15 percent, \$858,101 in both FY 2011 and 2012, in the grants to public television and radio stations.
- *Transfer Funding for Public Broadcasting Grants to the Secretary of Education and Workforce.* Proposes to transfer the remaining funding for grants to Virginia’s public television and radio stations, \$4.9 million general funds in both FY 2011 and 2012, from the Secretary of Administration to the Secretary of Education and Workforce.
- *Distribute October 2008 Budget Reductions.* Reduces funding by \$155,838 GF each year of the 2010-12 biennium and 1 position to distribute reductions to the Governor’s Office in Item 54.04 of Chapter 781.
- *Consolidate Support Staff in the Cabinet.* Reduces funding by \$73,558 GF over the 2010-12 biennium from eliminating a support staff position.

- **Compensation Board**

- *Transfer the Compensation Board from the Office of Administration to the Public Safety Secretariat.* Proposes to transfer the Compensation Board from the Office of Administration to the Public Safety Secretariat.

- **Department of Employment Dispute Resolution**

- *Merge the Department of Employment Dispute Resolution Into the Department of Human Resources Management.* Transfers all of the funding and staffing for the Department of Employment Dispute Resolution into the Department of Human Resources Management. The budget does assume a savings of \$85,222 GF each year of the biennium as a result of the transfer in addition to the continuation of the \$164,974 in savings assumed for the Department of Employment Dispute Resolution for FY 2010 in HB/SB 29.

- **Department of General Services**

- *Transfer Funding for Personal Services from Capital Budget.* Increases the Departments’ operating budget by \$300,000 GF each year for professional

- *Transfer Funding for Administrative Lease Fees to Agencies.* Provides for the transfer of \$828,142 GF each year of the biennium from the Department of General Services to other agencies to cover the cost of fees charged for central lease administration.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$598,106 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.
- *Improve Efficiencies in Director's Office.* Assumes savings of \$575,417 GF in FY 2011 and FY 2012 from increased efficiencies in the Director's office. Included in the savings estimate is the assumption that GF support for one graphics position will be supplanted with funds from agencies who utilize the position's services.
- *Supplant General Fund Support for Personnel Costs with Other Sources.* Assumes savings of \$1.0 million GF in each year of the 2010-12 biennium from the supplanting of GF personnel costs with other revenue sources. Annual savings include \$495,000 from funding purchase and supply bid tabulations positions with purchase and supply funds, \$385,000 from funding purchase and supply account positions with nongeneral funds, and \$160,000 from funding one capital outlay cost reviewer from the appropriations of capital projects which the position supports.
- *Eliminate Certain Laboratory Services.* Proposes savings of \$174,000 GF in each year from eliminating refugee health screenings and milk and dairy tests that are currently performed at the DGS lab. This proposal eliminates 2 positions.
- *Eliminate Funding for Vacant Cost Estimator Position.* Includes savings of \$140,000 GF in each year by eliminating funding for a vacant cost estimator position.
- *Improve Efficiency in Lab Courier Services.* Assumes savings of \$120,000 GF in each year from renegotiating vendor and services by vendors to improve efficiencies.
- *Reduce Funding for FICAS system.* Proposes a reduction of \$50,000 GF in each year for the Facility Inventory Condition and Assessment System.

- **Department of Human Resources Management**

- *Merge the Department of Employment Dispute Resolution into the Department of Human Resources Management.* Transfers all of the funding and staffing for the Department of Employment Dispute Resolution into the Department of Human Resources Management. The budget assumes savings of \$85,222 GF each year of

- *Continue Strategies Included in Governor’s September 2009 Budget Reductions.* Assumes savings of \$594,864 GF in FY 2011 and 2012 from the continuation of the savings strategies proposed in the September 2009 plan. The FY 2011 and 2012 savings amounts are higher than the FY 2010 amount of \$511,053, because they realize a full year of savings from the elimination of statewide training offices.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$132,043 in each year from changes to benefit contribution rates and other centrally funded items.
- *Increase the Nongeneral Fund Appropriation for the Local Choice Health Insurance Program.* Proposes a \$60.0 million increase in the NGF appropriation for the Local Choice health insurance program to reflect changes in cost and participation in the program in each year.

- **Human Rights Council**

- *Governor’s September 2009 Budget Reductions.* Assumes savings of \$10,705 GF in FY 2011 and 2012 that was originally included as part of the September 2009 budget reductions.
- *Capture Portion of Savings from Eliminating Chief Deputy Position.* Assumes savings of \$13,787 GF in FY 2011 and FY 2012 from the elimination of the chief deputy position at the council effective January 16, 2009. The budget assumes a portion of the savings related to eliminating the chief deputy will be redirected to cover increased operating costs and hire one wage position.
- *Distribute Central Appropriations Reductions to Agency.* Reflects technical adjustment transferring GF savings of \$8,365 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.

- **Department of Minority Business Enterprise**

- *Eliminate Funding for Certification Support Staff.* Proposes savings of \$63,490 GF in FY 2012 from the elimination of a wage position within the certification unit.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$19,716 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.

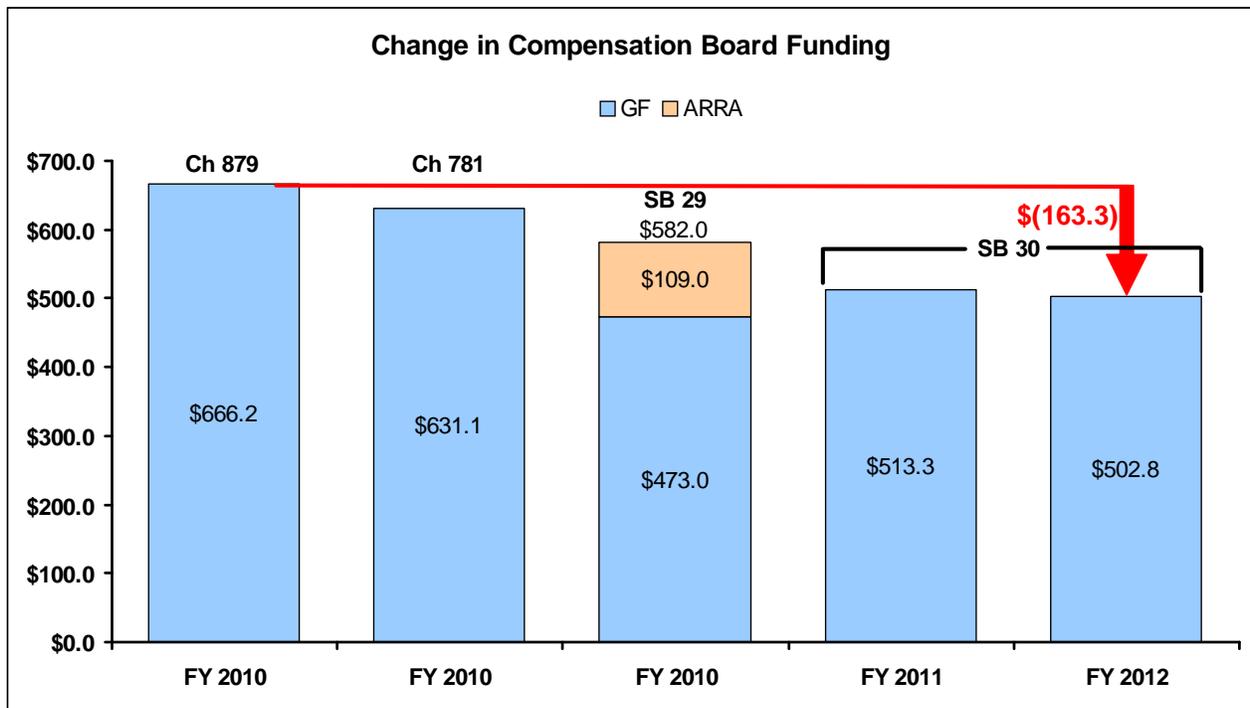
- *Reduced Administrative Expenses.* Includes savings of \$31,970 GF in FY 2011 and FY 2012 from reducing expenditures for travel through the increased use of teleconferencing.

- **State Board of Elections**

- *Continue Strategies Included in Governor's September 2009 Budget Reductions.* Assumes savings of \$1.1 million GF in FY 2011 and 2012 from the continuation of the savings strategies proposed in the September 2009 plan. The majority of the savings, \$739,267 GF, is realized through a 10 percent reduction in payments to localities for general registrars and electoral board members salaries and travel expenses.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$101,683 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.
- *Suspend Mileage Reimbursement for Electoral Board Members.* Assumes GF savings of \$78,390 in FY 2011 and FY 2012 from suspending the reimbursement of mileage expenses for electoral board members.
- *Reduce Federal Funding Appropriation.* Reduces the federal fund appropriation within the State Board of Elections by \$5.5 million in FY 2011 and \$6.1 million in FY 2012 to reflect the depletion of federal Help America Vote Act funds.

Compensation Board (SB 30)

The recommended budget for the Compensation Board includes a net reduction of \$246.0 million GF over the biennium (a reduction of 19.5 percent below the base budget). This total includes varying percentage reductions for constitutional officers, regional jails, and jail per diems. Clerks of the Circuit Courts, Commonwealth’s Attorneys, and Sheriffs are reduced between 16.5 and 17.5 percent, compared to the base budget. For the Commissioners of Revenue, Treasurers, and Directors of Finance, the introduced budget removes all state funding except for the salaries of the elected constitutional officers. For the Sheriffs, the introduced budget does not restore the \$23 million in federal stimulus funds (the Byrne Justice Assistance Grant funds) used to restore proposed reductions in Sheriffs’ offices for FY 2010. The percentage reduction for regional jails is lower because of additional funds added to reflect the opening of new jails. Jail per diems are reduced for both local- and state-responsible offenders. And, for all of the constitutional offices, state funding for retirement, life insurance, the retiree health care credit, and liability insurance is removed.



- **SB 30, as introduced, contains six significant policy proposals:**
 - Transfer of the Compensation Board to the Office of Public Safety.
 - Reduces the ratio of deputy sheriffs from the requirement of 1 to 1,500 of population in § 15.2-1609.1 to 1 to 2,000.
 - Discontinues funding for employee benefits.
 - Allow localities to replace Treasurers and Commissioners with Directors of Finance (Item 425).
 - Discontinues funding of staff for local Treasurers, Commissioners of the Revenue, and Directors of Finance.
 - Decrease the per diem rate for maintenance of state and local prisoners in local and regional jails.

- **Summary of Reductions to Constitutional Officers.** The recommended budget for the Compensation Board includes a reduction of \$246.0 million for the biennium (or 19.5 percent below the base budget), including elimination of all state funding for Commissioners of the Revenue, Treasurers, and Directors of Finance, except for the salaries of the elected constitutional officers (\$45.2 million); reductions in the payment levels for jail per diems (\$38.8 million); elimination of state support for constitutional officer retirement and life insurance costs (\$61.6 million); and, suspension of funds for the career development programs for constitutional officers (\$11.4 million). The specifics of these reductions follow.
 - ***Removal of 2009 Restoration Funding.*** Removes \$14.3 million GF each year from the base budget which was added by the 2009 General Assembly to restore proposed FY 2010 reductions in the constitutional offices.
 - ***Support for Retirement and Life Insurance.*** Includes a net reduction of \$29.4 million GF each year by eliminating state support for retirement and group life insurance premiums for constitutional offices.
 - ***Retiree Health Care Credit and Liability Insurance.*** Includes a reduction of \$1.7 million GF each year by shifting to localities the responsibility for funding the remaining 50 percent of the retiree health care credit and liability insurance for constitutional officers and their employees.
 - ***Career Development Programs.*** Saves \$5.7 million GF each year by suspending the career development programs for constitutional offices.
 - ***Compensation Board Expenses.*** Includes a savings of \$226,227 GF each year by reducing agency discretionary expenditures, reducing office space and associated rental charges, and eliminating three vacant positions.

Description	Ch 879	Ch 781	SB 29	SB 30		Change FY 10 to FY 12			
	FY 2010	FY 2010	FY 2010	FY 2011	FY 2012	Ch 781 v SB 30		Ch 879 v SB 30	
						\$	%	\$	%
Local Sheriffs and Regional Jails (Staff)	424.1	397.9	257.1	350.8	338.1	(59.8)	(15%)	(86.0)	(20%)
Per Diem Payments	79.8	71.7	68.1	51.1	53.4	(18.4)	(26%)	(26.4)	(33%)
Commonwealth's Attorneys	67.4	66.2	62.5	55.3	55.3	(10.9)	(17%)	(12.1)	(18%)
Clerks of Circuit Courts	41.1	42.1	37.2	32.6	32.6	(9.5)	(23%)	(8.5)	(21%)
Treasurers	19.9	20.2	18.3	8.5	8.5	(11.7)	(58%)	(11.4)	(57%)
Commissioners of the Revenue	20.2	20.4	18.4	9.4	9.4	(11.0)	(54%)	(10.9)	(54%)
Directors of Finance	6.7	6.8	5.8	0.6	0.6	(6.2)	(91%)	(6.1)	(91%)
Constitutional Officers Liability Insurance	3.4	1.3	1.3	1.7	1.7	0.4	31%	(1.7)	(50%)
Compensation Board (Administration)	<u>3.6</u>	<u>4.5</u>	<u>4.2</u>	<u>3.3</u>	<u>3.3</u>	<u>(1.2)</u>	<u>(26%)</u>	<u>(0.3)</u>	<u>(8%)</u>
Total	\$666.2	\$631.1	\$473.0	\$513.3	\$502.8	(128.2)	(20%)	(163.3)	(25%)

Finance

The proposed amendments for the Finance secretariat for FY 2010 include a net decrease of \$37.1 million in general fund dollars which is a 5.4 percent decrease compared to Chapter 781 of the 2009 Acts of Assembly. The majority of the savings proposed for FY 2010 comes from a \$27.8 million reduction in debt service funding at the Treasury Board based on updated estimates.

The Governor's proposed amendments for the Finance secretariat for the 2010-12 biennium include a net increase of \$171.4 million in general fund dollars and \$60.1 million nongeneral fund compared to the Chapter 781 base. This represents a 12.6 percent increase in general fund appropriation compared to Chapter 781. Significant general fund expenditure proposals for the 2010-12 biennium include a \$40.0 million reserve fund for an anticipated FY 2013 deposit into the revenue stabilization fund and \$165.7 million in additional debt service requirements. Significant general fund savings actions proposed include proposals to eliminate the \$20.1 million general fund support for the Line of Duty program and supplant the appropriation with revenues from a new E-911 surcharge as well as funding with the VRS administered retiree health credit and group life insurance programs.

HB/SB 29

- **Department of Accounts**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$1.5 million GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. The majority of the savings comes from a reversion of \$1.3 million in general fund balances. The budget reduction plan includes 3 potential layoffs within the Department of Accounts.
- **Department of Accounts Transfer Payments**
 - *Governor's September 2009 Budget Reductions.* Includes savings of \$1.7 million GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. The savings is realized from the supplanting of general fund support for the Line of Duty program with \$1.2 million from the state employee retiree health credit benefit and \$500,000 from the group life insurance program.
 - *Capture Nongeneral Fund Balances from the Line of Duty Program.* Proposes to supplant \$2.2 million in general fund support in FY 2010 for the Line of Duty program with \$2.2 million in nongeneral fund balances in the Line of Duty Trust Fund. This is a modification to this action which as approved in the September budget reduction plan would have authorized the reversion of the nongeneral fund balances.

- *Adjust Department of Accounts Distribution Payments to Localities.* Includes an increase of \$995,349 GF in FY 2010 for distribution payments to localities to reflect actual collections. The budget proposes an increase of \$530,000 in the distribution of rolling stock taxes and \$456,349 for the distribution of Tennessee Valley Authority payments in lieu of taxes.
- *Language Authorizing Additional Withdrawal from the Revenue Stabilization Fund.* Includes language authorizing an additional withdrawal from the revenue stabilization fund in FY 2010 of \$292.9 million. This withdrawal would leave the fund with an estimated balance of \$293.8 million at the end of FY 2010.

- **Department of Planning and Budget**

- *Governor’s September 2009 Budget Reductions.* Includes savings of \$1.0 million GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. The majority of the savings comes from a reversion of \$682,966 in general fund balances. The budget reduction plan also includes savings of \$158,208 from eliminating funding for a vacant position and a \$75,993 reduction in funding for the School Efficiency Review program.
- *Capture Additional General Fund Balances.* Includes a reversion of an additional \$192,986 in general fund balances in FY 2010 at the Department of Planning and Budget. This is in addition to a reversion of \$682,966 in GF balances assumed in the September 2009 budget reduction plan.

- **Department of Taxation**

- *Governor’s September 2009 Budget Reductions.* Includes savings of \$3.4 million GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. Half of the savings comes from a reversion of \$1.7 million in general fund balances. In addition to the \$3.4 million in general fund savings, the budget reduction plan assumed \$1.4 million in increased revenues as a result of the following actions; \$500,000 in additional court debt revenue transfers, \$500,000 in additional land preservation tax credit transfers and \$447,929 in transfers from other nongeneral fund sources.

- **Department of the Treasury**

- *Governor’s September 2009 Budget Reductions.* Includes savings of \$248,921 GF in FY 2010 to reflect actions taken as part of the September 2009 budget reductions. The majority of the savings comes from a reversion of \$186,000 in general fund balances.
- *Capture Additional General Fund Balances.* Includes a reversion of an additional \$39,000 in general fund balances in FY 2010 at the Department of the Treasury.

- **Treasury Board**

- *Adjust Debt Service Funding.* Decreases the general fund amounts required for debt service on outstanding obligations and issuances of currently authorized General Obligation, Virginia College Building Authority (VCBA), and Virginia Public Building Authority bond projects by \$27.8 million in FY 2010.

HB/SB 30

- **Secretary of Finance**

- *Distribute October 2008 Budget Reductions.* Reduces funding by \$176,765 GF each year of the 2010-12 biennium and 1.0 FTE position to distribute reductions to the Governor's Office in Item 54.04 of Chapter 781.
- *Consolidate Support Staff in the Cabinet.* Reduces funding by \$99,282 GF over the 2010-12 biennium from eliminating a support staff position.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$7,997 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.

- **Department of Accounts**

- *Governor's September 2009 Budget Reductions.* Includes savings of \$522,426 GF in FY 2011 and FY 2012 to reflect actions taken as part of the September 2009 budget reductions which are continued into the 2010-12 biennium. The majority of the savings, \$300,000 GF each year comes from the elimination of 3 positions, which will potentially result in 3 layoffs.
- *Allocate Nongeneral Fund Interest Earnings to Support Administrative Cost at DOA.* Allows the Department of Accounts to retain \$180,000 of nongeneral fund interest earnings in FY 2011 and FY 2012 and use these funds to supplant \$180,000 GF of administrative cost incurred in the calculation of interest earnings, charge card rebate distributions and exception processing tasks related to the administration of Tier Three higher education restructuring agreements.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$145,550 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.

- *Transfer Staff Person to Payroll Services Bureau.* Assumes GF savings of \$39,000 in both FY 2011 and FY 2012 from transferring the staff person who handles payroll processing for DOA, the Department of Planning and Budget and the Department of the Treasury to the payroll services bureau which is funded with internal service funds.
- *Nongeneral Fund Appropriation for VRS Distribution Payments.* Includes a \$1.0 million NGF appropriation in FY 2011 and FY 2012 to authorize DOA to disburse cash from the Commonwealth Health Research Fund which has been transferred from the Virginia Retirement System. DOA is authorized to act as the fiscal agent for the Commonwealth Health Research Board pursuant to §23-284, *Code of Virginia*.

- **Department of Accounts Transfer Payments**

- *Reserve Funding For Anticipated Mandatory Deposit into the Revenue Stabilization Fund in FY 2013.* Includes \$40.0 million GF in FY 2012 which is reserved in anticipation of a mandatory deposit into the revenue stabilization fund in FY 2013.
- *Adjust Department of Accounts Distribution Payments to Localities.* Includes an increase of \$1.5 million GF in FY 2011 and \$1.6 million in FY 2012 for distribution payments to localities to reflect current projections. The budget proposes an increase of \$530,000 each year in the distribution of rolling stock taxes and approximately \$1.0 million each year for the distribution of Tennessee Valley Authority payments in lieu of taxes.
- *Transfer General Fund Appropriation for Northern Virginia Transportation District from FY 2011 to FY 2012.* Transfers \$12.0 million GF funding from the Distribution of Recordation Taxes paid to the Northern Virginia Transportation District from FY 2011 to FY 2012. Under this proposal the transportation district would receive \$8.0 million from recordation taxes in FY 2011 and \$32.0 million in FY 2012.
- *Supplant GF support for the Line of Duty Act with Other Revenue Sources.* Proposes to supplant all of the \$10.1 million GF support for the Line of Duty Act in both FY 2011 and FY 2012 with nongeneral fund revenue sources. The proposal would supplant the GF support from three sources; \$300,000 each year from the VRS administered group life insurance, \$300,000 each year from the VRS administered group life insurance program, and \$9.5 million each year from an increase of 18 cents per month in the E-911 surcharge paid by cell phone users. This would increase the monthly surcharge from 75 cents to 93 cents. Language is also included in the budget to establish a line of credit for DOA of \$5.25 million to enable DOA to administer the Line of Duty program until sufficient revenues are received from the surcharge as well aide in the cash flow management of the state employees' flexible spending accounts.

- *Create a Nongeneral Fund Appropriation for State Employee Flexible Spending Accounts.* Establishes a new budget program with a NGF appropriation of \$21.6 million in FY 2011 and FY 2012 to better track and report reimbursements to state employees from their flexible spending accounts for health care and child care expenses.
- *Remove Appropriation for Sales Tax on Fuel Distribution.* Removes a \$71.1million NGF appropriation, in FY 2011 and FY 2012, within the Department of Accounts Transfer Payments for the distribution of sales tax on fuel to the Northern Virginia Transportation Commission and the Potomac Rappahannock Transportation Commission. The Department of Tax collects the sales tax and makes the transfer directly, therefore the appropriation is unnecessary. A companion amendment within the Department of Taxation reflects the disbursements are made by the Department of Taxation.

- **Department of Planning and Budget**

- *Governor’s September 2009 Budget Reductions.* Includes savings of \$439,935 GF in FY 2011 and \$550,338 in FY 2012 to reflect actions taken as part of the September 2009 budget reductions which are continued into the 2010-12 biennium. The budget reduction plan includes savings over the 2010-12 biennium of \$316,416 from eliminating funding for a vacant position, \$330,994 from reductions in funding for the School Efficiency Review program, and \$170,182 in reduced funding to support the Council on Virginia’s Future.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$129,602 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.

- **Department of Taxation**

- *Governor’s September 2009 Budget Reductions.* Includes savings of \$3.4 million GF in FY 2011 and FY 2012 to reflect actions taken as part of the September 2009 budget reductions which are continued into the 2010-12 biennium. The budget reduction plan includes \$2.0 million in turnover and vacancy savings each year and \$695,900 in savings each year from a reduction in discretionary expenditures. In addition, the plan assumes \$500,000 in additional court debt revenue transfers and \$100,000 in additional land preservation tax credit transfers in both FY 2011 and FY 2012.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$1.8 million in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.

- *Savings from Eliminating Norfolk District Office.* Assumes savings of \$64,163 GF in both FY 2011 and FY 2012 from eliminating the Norfolk district office beginning January 1, 2010. The employees in this office would be allowed to telework.
- *Enact Legislation to Require Electronic Filing Under Certain Circumstances.* Assumes savings of \$95,000 GF in FY 2012 associated with legislation which will be proposed during the 2010 Session requiring income tax preparers with a large volume and certain large retailers who file consolidated tax returns to file electronically.
- *Transfer Appropriation for Sales Tax on Fuel Distribution in the Department of Taxation.* Establishes an NGF appropriation of \$61.0 million in FY 2011 and \$60.0 million FY 2012 within the Department of Taxation for the distribution of sales tax on fuel to the Northern Virginia Transportation Commission and the Potomac Rappahannock Transportation Commission. The appropriation was previously included in the Department of Accounts Transfer Payments, however, the Department of Tax collects the sales tax and makes the transfer directly. In addition to transferring the appropriation to the correct agency the budget decreases the appropriation from \$71.1 million annually to \$61.0 million in FY 2011 and \$60.0 million in FY 2012 to reflect the revised collection estimates.
- *Charge Localities for the Cost Associated with the Value Use Taxation Program.* Assumes revenues of \$105,000 each year from charging localities for the cost incurred in the value use taxation program. Under this program, the Department of Taxation works with Virginia Tech on value use estimates for local Commissioners of Revenue to be used in the calculation of the assessed value of agricultural property.

- **Department of the Treasury**

- *Transfer Balances from State Insurance Reserve Trust Fund.* Proposes in FY 2011 a one-time transfer to the general fund of \$4.3 million in cash balances from the Commonwealth's State Insurance Reserve Trust Fund. The proposed transfer includes \$1.74 million from property insurance and \$2.61 million from medical professional insurance.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$146,052 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.
- *Increase Fee Charged for Non-Arbitrage Program.* Supplants \$50,000 GF support in FY 2011 and FY 2012 with increased NGF revenues from an increase in the fees charged to government entities that participate in the State Non-Arbitrage Program.

- ***Provide NGF Funding for 3 Additional Positions.*** Proposes NGF appropriation of \$146,231 in FY 2011 and \$159,112 in FY 2012 for three additional positions within the Unclaimed Property Division.
- ***Charge a Fee of 10 Basis Points for 9(C) Debt Financings.*** Assumes revenues of \$75,000 in both FY 2011 and FY 2012 from charging institutions that participate in 9(C) debt financing a charge of 10 basis points. This proposal is similar to the current process used for the Virginia College Building Authority debt financings.
- ***Reduce Advertising Cost for Unclaimed Property.*** Proposes savings from increasing the income threshold which determines if the Treasury is required to print the name of the individual in the newspapers. It is estimated that this proposal would reduce advertising costs and increase deposits into the Literary Fund by \$105,000 each year.

- **Treasury Board**

- ***Adjust Debt Service Funding.*** Increases the general fund amounts required for debt service on outstanding obligations and issuances of currently authorized General Obligation, Virginia College Building Authority (VCBA), and Virginia Public Building Authority bond projects by \$59.0 million in FY 2011 and \$106.8 million in FY 2012.
- ***Distribute Central Appropriations Reductions to Agency.*** Reflects a technical adjustment transferring GF savings of \$4,562 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.

Technology

The Governor's proposed amendments for the Office of Technology for FY 2010 include general fund reductions totaling \$2.3 million and nongeneral fund reductions totaling \$3.7 million. The proposed general fund reductions include \$1.0 million from the implementation of the Governor's September 2009 Budget Reduction Plan and \$1.3 million in reduced costs for information technology services and the overhead associated with those services. The proposed nongeneral fund reductions include the transfer of an additional \$2.0 million in Wireless E-911 funds to the Compensation Board for support of sheriffs' dispatchers and the elimination of \$1.7 million associated with development and maintenance of the Virginia Election and Information Registration System (VERIS). Responsibility for the maintenance of this system has been transferred to the State Board of Elections.

The proposed general fund appropriation for the Office of Technology during the 2010-2012 biennium totals \$8.8 million, representing a reduction of \$7.6 million when compared to the secretariat's current appropriations in Chapter 781 of the 2009 Acts of Assembly. General fund reductions include \$2.3 million from the continuation of the Governor's September 2009 Budget Reduction Plan and \$4.9 million from continuation of reduced costs for information technology services and overhead charges. The proposed nongeneral fund appropriation for the secretariat, totaling \$94.8 million, represents an overall reduction of \$5.6 million over Chapter 781.

The secretariat's nongeneral fund appropriation includes increased spending of \$4.9 million that is offset by reductions totaling \$10.5 million. The largest nongeneral fund spending increase is \$3.4 million for repayment of the Enterprise Applications Division's working capital advance. This advance is supporting the development of enterprise accounting and budgeting systems. The source of the funding for this repayment is from durable medical equipment procurement savings that otherwise would be deposited into the general fund. Nongeneral fund reductions include \$3.5 million from the elimination of the appropriation for VERIS, \$4.0 million in additional transfers from the Wireless E-911 Fund to support the costs of sheriffs' dispatchers, and \$3.0 million in revenue reductions and other transfers from the Wireless E-911 Fund and geographic information system services.

HB/SB 29

- **Innovation and Entrepreneurship Investment Authority**
 - *Governor's September 2009 Budget Reductions.* Includes general fund savings of \$651,250 in FY 2010 from reductions in funding for equity investments in Virginia-based technology and life science companies and funding for technology-based research.
- **Virginia Information Technologies Agency**

- *Governor’s September 2009 Budget Reductions.* Includes general fund savings of \$377,088 in FY 2010 from the elimination of organizational memberships and subscriptions, reduced use of consultants for technology services, reduced transition expenses for Chief Information Officer, and the elimination of a technology governance position.

HB/SB 30

- **Secretary of Technology**

- *Consolidate Support Positions in the Cabinet Funding.* Includes a general fund reduction of \$46,493 in both FY 2011 and FY 2012 from the elimination of a staff position. However, there is no corresponding reduction in the actual employment level authorized.
- *Establish Line of Credit for Productivity Investment Fund Projects.* Includes a line of credit totaling \$10.0 million is established to fund Productivity Investment Fund projects previously funded with general funds in Central Appropriations.

- **Innovation and Entrepreneurship Investment Authority**

- *Governor’s September 2009 Budget Reductions.* Continues the on-going strategies contained in the September 2009 Reduction Plan from the reduction in funding for equity investments in Virginia-based technology and life sciences companies and the reduced funding for technology-based research activities. Includes general fund savings of \$651,250 in both FY 2011 and FY 2012.

- **Virginia Information Technologies Agency**

- *Governor’s September 2009 Budget Reductions.* Continues the on-going strategies contained in the September 2009 Reduction Plan from the elimination of organizational memberships and subscriptions, reducing transition expenses for the Chief Information Officer, using existing staff rather than consultants to develop information technology strategic plans, perform agency outreach, and integrate the Commonwealth’s IT infrastructure and applications, and reductions in technology governance. In combination, these strategies generated general fund savings of \$497,510 in FY 2011 and FY 2012.
- *Reduce Information Technology Expenses.* Includes general fund savings of \$953,565 in FY 2010, and slightly more than \$1.0 million in both FY 2011 and FY 2012 from reductions in information technology service rates, and a reduction in information technology surcharges. These savings will be captured from affected general fund agencies through a reversion clearing account. In addition, the strategy produces nongeneral fund savings of \$365,982 in FY 2011 and FY 2012, which will be captured through a transfer to the general fund.

- ***Reduce Overhead Charges for Information Technology Services.*** Produces general fund savings of \$344,909 in FY 2010 and \$1.4 million in FY 2011 and FY 2012 from implementation of administrative efficiencies, which will reduce the agency’s overhead charges to customers for services. These savings will be captured from affected general fund agencies through a reversion clearing account. In addition, the strategy produces nongeneral fund savings of \$587,441 in FY 2011 and FY 2012, which will be captured through a Part 3 transfer.
- ***Reduce Nongeneral Fund Appropriation.*** Eliminates an appropriation of \$1.8 million NGF in both FY 2011 and FY 2012 provided to the Enterprise Applications Division for the Virginia Election and Registration Information System. Responsibility for this system has been transferred to the State Board of Elections.
- ***Transfer Wireless E-911 Funds to Support Sheriff Dispatchers.*** Proposes to increase by \$2.0 million the transfer from the Wireless E-911 fund to the Compensation Board to support sheriff’s dispatchers in FY 2010, FY 2011, and FY 2012. This brings the total transfer in each year to \$8.0 million.
- ***Reduce Wireless E-911 Program and Geographic Information Services.*** Includes nongeneral fund reductions of \$1.6 million in FY 2011 and FY 2012 reflecting reduced revenues and the planned transfer of \$125,000 each year to the general fund.
- ***Provide Funding for Repayment of Working Capital Advance.*** Provides \$1.5 million NGF in FY 2011 and \$1.8 million NGF in FY 2012 toward repayment of the Enterprise Applications Division’s working capital advance. This working capital advance is being used for development of new central accounting and budgeting systems. The source of the funding for repayment of the capital advance is savings from the reimbursements for durable medical equipment purchased by the Departments of Medical Assistance Services and Behavioral Health and Developmental Services. Typically, any savings from these items would be deposited into the general fund.
- ***Adjust Appropriations for Special Services Fund.*** Provides an increase of \$459,528 NGF in FY 2011 and 2012 to reflect revenue and expenditure projections for the Acquisition Services Special Fund, which provides procurement, contracting services, and special services for those programs ineligible for federal reimbursement.
- ***Provide Web Administration Costs.*** Provides \$330,000 in nongeneral fund support to re-establish the administrative costs for the vendor supporting the Commonwealth’s web portal services.
- ***Increase Line of Credit.*** Proposed an increase in the agency’s available line of credit by \$10.0 million to a total of \$40.0 million.

Central Appropriations

Proposed amendments for FY 2010 result in a net reduction of \$37.5 million GF in the Central Appropriations. This includes decreases of \$88.0 million GF and increases of \$50.5 million GF. The strategies announced in the Governor's September 2009 Budget Reduction Plan account for \$59.5 million of the decreases, while \$28.5 million are newly proposed reductions. Reductions of \$59.4 million GF in funding for teachers that were included under the September 2009 strategies for Central Appropriations have been relocated to public education, and the \$1.7 million reduction for Line of Duty Act benefits is included under the Department of Accounts.

General fund decreases in Central Appropriations for FY 2010 include: a reduction of \$36.1 million from suspension of employers retirement contribution rates for the fourth quarter of FY 2010, \$13.2 million GF through the suspension of employer contributions for Group Life Insurance, Sickness and disability Coverage, and the Retiree Health Care Credit in the fourth quarter of FY 2010, \$19.8 million GF by recording the employee retirement contributions for the fourth quarter of FY 2010 in July instead of June, \$9.3 million GF by implementing a one day furlough of Executive Branch state employees, \$3.2 million GF by lowering agency service charges for use of the state purchasing system (eVA), \$2.5 million GF by suspending the employer cash match on state employee deferred compensation plan, \$1.3 million GF by reducing funding for state-supported local employees by 1/249 of such employees annual salary, which is equivalent to a one day furlough, and \$2.6 million from other actions.

Proposed general fund increases in Central Appropriations for FY 2010 include: \$30.9 million GF in FY 2010 for assistance to localities impacted by the recommendations of the federal Base Realignment and Closure (BRAC) Commission, and economic development incentive payments to SRI International and Rolls Royce; \$19.4 million GF for a one-time correction in the decentralized service rates charged by VITA; and \$188,334 for other actions

For the 2010-12 biennium proposed general fund appropriations for Central Appropriations result in a net reduction of \$1,934.3 million GF. This includes decreases of \$2,035.4 million GF and increases of \$100.9 million GF. The strategies announced in September 2009, account for \$0.8 million of the decreases, while \$2,034.5 million are newly proposed reductions.

General fund decreases in Central Appropriations for the 2010-12 biennium include: a reduction of \$1,900.0 million GF from elimination of the personal property tax relief program, reductions of \$125.8 million GF in employee compensation and benefit programs, \$8.4 million from elimination of payments to institutions of higher education for interest on NGF balances held by the state treasury and a prorated share of rebates received by the Commonwealth on credit card purchases in FY 2012, and \$533,974 from other actions.

The proposed compensation reductions include: \$66.2 million GF from reinstatement of an employee retirement contribution by state and local employees, \$33.9 million GF by recording the employee retirement contributions for the fourth quarter of FY 2011 in July instead of June, \$23.7 million GF by suspending the employer cash match on state employee deferred

compensation plan accounts, and \$2.0 million GF from reductions in the employer premiums for state employee group life insurance, the Virginia Sickness and disability Program, and the state employee health insurance credit.

Proposed general fund increases in Central Appropriations for the 2010-12 biennium include: \$98.5 million for increases in the cost of state employee benefit programs, \$2.4 million for the Governor’s Miscellaneous Contingency Reserve, and \$132,692 GF of payments to institutions of higher education for interest on NGF balances held by the state treasury and a prorated share of rebates received by the Commonwealth on credit card purchases in FY 2012.

The proposed compensation reductions include: \$77.8 million GF for the employers’ share of the increase in health insurance premiums for the State employee Health Insurance Program and the University of Virginia Health Insurance program, \$14.0 million for the revised employer contribution rates for the VRS state employee retirement system, the State Police Officers Retirement System (SPORS), the Virginia Law Officers Retirement System (VALORS), and the Judicial Retirement System (JRS), and \$6.8 million GF for an increase in Workers’ Compensation Insurance premiums.

Governor’s September 2009 Budget Reductions

- **Governor’s September 2009 Budget Reductions.** The strategies announced in September 2009, contained \$120.5 million in savings from actions in the Central Appropriations. Of these reductions \$59.5 million are included under Central Appropriations in HB/SB 29 and \$0.8 million are continued in HB/SB 30. The \$59.4 million of reductions teachers are included under public education, and the \$1.7 million reduction for line of duty act benefits is included under the Department of Accounts.

Central Appropriations - September 2009 Budget Reductions			
(\$ in millions)			
<u>Action</u>	<u>State Employees</u>	<u>Teachers</u>	<u>Total</u>
Suspend Fourth Quarter Retirement Contributions	\$36.1	\$51.3	\$87.4
Reduce Contributions for Non-retirement Benefits	\$13.2	\$8.1	\$21.3
May 28, 2010 Furlough	\$9.3	\$0.0	\$9.3
Supplant Some Line of Duty Act with Employee Benefits	\$1.7	\$0.0	\$1.7
Delay Purchase of Replacement Vehicles	\$0.7	\$0.0	\$0.7
Reduce Productivity Investment Fund	<u>\$0.1</u>	<u>\$0.0</u>	<u>\$0.1</u>
Total: Central Appropriations	\$61.1	\$59.4	\$120.5

HB/SB 29

- **Higher Education Interest**
 - *Higher Education Interest and Charge Card Rebates.* Proposes an additional \$132,692 million GF in FY 2010 to pay institutions of higher education interest on NGF balances held by the state treasury and a prorated share of rebates received by the Commonwealth on credit card purchases.
- **Planning Budgeting and Evaluation**
 - *Productivity Investment Fund.* Proposes a reduction of \$94,800 GF in FY 2010 in support for the Productivity Investment Fund.
- **Compensation Supplements**
 - *State Employee Furlough.* Proposes to save \$9.3 million GF in FY 2010 by implementing a one day furlough of Executive Branch state employees on May 28, 2010. Essential employees, such as state police, and corrections officers, will be placed on an alternative furlough schedule. This strategy recovers salaries only; the Commonwealth will continue to pay benefits so there will be no reduction in retirement, group life insurance, disability, or other salary-based benefits. In addition, \$7.6 million saved from eligible nongeneral fund sources will be transferred to the general fund for a total impact of \$16.9 million.
 - Most Executive Branch employees would take the furlough day on the Friday before the Memorial Day weekend.
 - Certain employees (faculty, public safety, etc.) will take the furlough day on an alternative schedule that will vary by agency.
 - A one day furlough represents a reduction of 0.35 percent in the annual salary.
 - *State-support Local Employee Furlough.* Proposes to save \$1.3 million GF in FY 2010 by reducing funding for state-supported local employees by 1/249 of such employees annual salary, which is equivalent to a one day furlough. This strategy recovers salaries only. The local employer will determine the actual method of implementing this reduction. A reduction of \$237,978 GF for this purpose is taken directly against the budget of the Compensation Board for application of this reduction to employees of locally-elected constitutional officers.
 - *Suspend Deferred Compensation Cash Match.* Proposes to save \$2.5 million GF in FY 2010 by suspending the employer cash match on state employee deferred

- **Employee Benefit Reversions**

- ***Suspend Fourth Quarter FY 2010 Retirement Contributions.*** Proposes to save \$36.1 million GF in FY 2010 through the suspension of employer retirement contributions for the fourth quarter. In addition, \$18.1 million saved from eligible nongeneral fund sources will be transferred to the general fund for a total impact of \$54.2 million.
- ***Suspend Fourth Quarter FY 2010 Benefit Contributions.*** Proposes to save \$13.2 million GF in FY 2010 through the suspension of employer contributions for Group Life Insurance, Sickness and Disability Coverage, and the Retiree Health Care Credit in the fourth quarter of FY 2010. In addition, \$10.5 million saved from eligible nongeneral fund sources will be transferred to the general fund for a total impact of \$23.7 million.
- ***Delay Recording the Fourth Quarter VRS Retirement Payment.*** Proposes to save \$19.8 million GF in FY 2010 by recording the employee retirement contributions for the fourth quarter of FY 2010 in July instead of June. At present, these contributions are paid into a holding account in June and transferred to the VRS in July. In addition, \$12.8 million saved from eligible nongeneral fund sources will be transferred to the general fund for a total impact of \$32.6 million.
- ***Local Employee Severance Program.*** Proposes a language amendment that would extend severance benefits provided to state employees under the Workforce transition Act of 1995 to employees of school boards and other political subdivisions who are involuntarily separated from employment. Local governing bodies would be required to pass a resolution electing to participate in this program. No additional funding is provided.
 - The "cash-out" benefits are phased in to give the greatest benefit to long term employees. The minimum benefit is four weeks and a maximum benefit of thirty-six weeks.

<u>Years of Service</u>	<u>Weeks of Severance Pay</u>	<u>Comments</u>	<u>Years of Service</u>	<u>Weeks of Severance Pay</u>	<u>Comments</u>
<= 2	4	4 weeks base	13	20	12+2 per year over 9
3	5	4+1 per year over 2	14	22	12+2 per year over 9
4	6	4+1 per year over 2	15	30	2 weeks per year max = 36 weeks
5	7	4+1 per year over 2	16	32	2 weeks per year max = 36 weeks
6	8	4+1 per year over 2	17	34	2 weeks per year max = 36 weeks
7	9	4+1 per year over 2	18	36	2 weeks per year max = 36 weeks
8	10	4+1 per year over 2	19	36	2 weeks per year max = 36 weeks
9	11	4+1 per year over 2	20	36	2 weeks per year max = 36 weeks
10	14	12+2 per year over 9	21	36	2 weeks per year max = 36 weeks
11	16	12+2 per year over 9	22	36	2 weeks per year max = 36 weeks
12	18	12+2 per year over 9	23	36	2 weeks per year max = 36 weeks
13	20	12+2 per year over 9			Change points

- Continued coverage under group health and life insurance programs for up to 12 months, with the employer paying the employer's premium.
- In lieu of severance pay, an eligible employee aged 50 or over may elect to purchase service or age credit and retire. Purchase of such credits would be at the rate of 15 percent of salary per year of service or age -- up to the value of the involuntary "cash out" benefit. This cost will be factored into the retirement rates of the employer, or the teacher retirement pool, beginning with the June 30, 2011 actuarial valuation, which will establish the retirement rates for the 2012-2014 biennium.

- **Unanticipated Expenditures**

- *Economic Development Assistance*

- *Incentive Payments to SRI International.* Proposes to restore \$9.4 million GF in FY 2010 for economic development incentive payments to SRI International. The general fund support for these payments had been eliminated in anticipation of funding with federal funds available under the American Recovery and Reinvestment Act of 2009 (ARRA). Final rules for the use of these funds disallowed their use for this purpose.
 - *Incentive for Rolls Royce.* Proposes to restore \$2.0 million GF in FY 2010 for economic development incentive payments to Rolls Royce to locate an aerospace

Base Realignment and Closure (BRAC) Assistance

- ***BRAC Assistance.*** Proposes to restore \$19.5 million GF in FY 2010 for assistance to localities impacted by the recommendations of the federal Base Realignment and Closure (BRAC) Commission. The general fund support for these payments had been eliminated in anticipation of funding with federal funds available under the American Recovery and Reinvestment Act of 2009 (ARRA). Final rules for the use of these funds disallowed their use for this purpose.

Undistributed Support

- ***VITA Rates.*** Recommends \$19.4 million GF in FY 2010 for a one-time correction in the decentralized service rates charged by VITA to state agencies under the Northrop Grumman contract for the provision of information technology services, including \$2.8 million in proposed increases that were deferred by the Joint Legislative Audit and Review Commission in December 2009.
- ***Payroll Service Bureau Rates.*** Proposes an additional \$55,642 GF in FY 2010 for increases in service charges by the Department of Accounts for operation of the Payroll Service Bureau at the seat of government, in Richmond.

• **State Agency Reductions**

- ***State Agency Reversions.*** Proposes to capture additional savings of \$1.7 million GF in FY 2010 from all state agencies except institutions of higher education.
- ***Delay Replacement of Motor Pool Vehicles.*** Proposes to save \$0.8 million GF in FY 2010 by delaying the purchase of new vehicles for the state's central motor pool.
- ***Purchasing System Rates.*** Proposes to achieve savings of \$3.2 million GF in FY 2010 by lowering agency service charges for use of the state purchasing system (eVA) from 1.0 percent to 0.1 percent.

HB/SB 30

- **Personal Property Tax Relief**

- *Eliminate the Personal Property Tax Relief Program.* Proposes to save \$950.0 million GF in FY 2011 and \$950.0 million GF in FY 2012 by elimination of funding for the Personal Property Tax Relief Program (Car Tax).

The Governor proposes, through separate legislation, to implement a statewide 1 percent income tax surcharge phased in over two years. The revenues, while not assumed within the budget, when fully implemented are estimated to generate \$1.9 billion annually which would flow back to local governments under the existing Personal Property Tax Relief Program formula. In order to receive their portion of the revenue, local governments must agree to fully eliminate the property tax on personal vehicles.

- **Higher Education Interest**

- *Higher Education Interest and Charge Card Rebates.* Proposes an additional \$132,692 million GF in FY 2011 to continue payments to institutions of higher education for interest on NGF balances held by the state treasury and a prorated share of rebates received by the Commonwealth on credit card purchases. A reduction of \$8.4 million GF is proposed for FY 2012, eliminating funding for the program.

- **Planning Budgeting and Evaluation**

- *Productivity Investment Fund.* Proposes a reduction of \$150,000 GF in FY 2011 and \$650,000 GF in FY 2012 in support for the Productivity Investment Fund. The FY 2012 action eliminates funding for this program

- **Tobacco Settlement**

- *Distribution of Tobacco Settlement.* Proposes reduction of \$3.4 million NGF in FY 2011 and \$3.4 million NGF to reflect actual estimated payments under the Master Settlement Agreement (MSA).

- **Compensation Supplements**

- *Suspend Deferred Compensation Cash Match.* Proposes to save \$11.9 million GF in FY 2011 and \$11.9 million GF in FY 2012 by suspending the employer cash match on state employee deferred compensation plan accounts of up to \$20 per pay period. In addition, \$7.0 million NGF in FY 2011 and \$7.0 million NGF in FY 2012 saved from eligible nongeneral fund sources will be transferred to the general fund for a total impact of \$37.8 million.

- **Employer Health Insurance Premium Increases.** Proposes an additional \$20.3 million GF in FY 2011 and \$57.5 million GF in FY 2012 to fund the employers' share of the increase in health insurance premiums for the State employee Health Insurance Program and the University of Virginia Health Insurance program. The rates will increase by 5 percent effective July 1, 2010 and 10 percent effective July 1, 2011 for the state health insurance program. Benefit levels under the state program are maintained with the exception of small savings that are derived from the requirement that maintenance drugs be obtained through the maintenance drug network, and the elimination of coverage for non-sedating antihistamines and erectile dysfunction drugs.

2010-12 Health Insurance Increases (\$ millions GF)			
	<u>FY 2011</u>	<u>FY 2012</u>	<u>Total</u>
State Health Insurance Program	\$ 19.0	\$ 56.3	\$ 75.3
UVa Health Insurance Plan	<u>\$ 1.2</u>	<u>\$ 1.2</u>	<u>\$ 2.4</u>
Total	\$ 20.2	\$ 57.5	\$ 77.7

- **State Employee Workers' Compensation Premium Increases.** Recommends an increase of \$3.1 million GF in FY 2011 and \$3.7 million GF in FY 2012 to fund the increase in workers' Compensation Insurance premiums.
- **Virginia Retirement System Employer Contribution Rates.** Proposes an increase of \$6.8 million GF in FY 2011 and \$7.1 million GF in FY 2012 to fund the revised employer contribution rates for the VRS state employee retirement system, the State Police Officers Retirement System (SPORS), the Virginia Law Officers Retirement System (VALORS), and the Judicial Retirement System (JRS).

The Virginia Retirement System Board of Trustees certified rates based on a valuation of assets and liabilities using and assumed investment return of 7.5 percent, a cost-of-living increase of 2.5 percent, and an amortization period of 20 years. However, budget language establishes the employer contribution rates based on a valuation of assets and liabilities using an assumed investment return of 8.0 percent, a cost-of-living increase of 3.0 percent, and an amortization period of 30 years. These are the same assumptions used in the budget for FY 2010.

- **Other VRS Provided Employee Benefits.** Proposes savings of \$1.0 million GF in FY 2011 and \$1.0 million GF in FY 2012 from reductions in the employer premiums

- ***Delay Recording the Fourth Quarter VRS Retirement Payment.*** Proposes to save \$33.9 million GF in FY 2011 by recording the employee retirement contributions for the fourth quarter of FY 2011 in July instead of June. At present, these contributions are paid into a holding account in June and transferred to the VRS in July.
- ***State Employee Virginia Retirement System Contributions.*** Proposes to save \$18.3 million GF in FY 2011 and \$37.4 million GF in FY 2012 by partial reinstatement of the employee contribution for VRS retirement. Since 1983 the Commonwealth has paid the statutorily required 5.0 percent employee contribution on behalf of its employees. As proposed, employees will begin to pay the first 1 percent of this contribution on July 1, 2010, and 2 percent on July 1, 2011. In addition, \$12.0 million NGF the first year and \$24.6 million NGF the first year saved from eligible nongeneral fund sources will be transferred to the general fund for a total impact of \$92.3 million.
- ***State Employee Optional Retirement Plan Contributions.*** Proposes to save \$3.4 million GF the first year and \$7.0 million GF the second year by instituting an employee contribution for the optional retirement plans. At present, the state contribution to these programs is statutorily set at 10.4 percent of salary. There is no mandatory employee contribution. As proposed faculty and other affected employees will begin to pay the first 1 percent of this contribution on July 1, 2010, and 2.0 percent on July 1, 2011. In addition, \$3.9 million NGF the first year and \$8.0 million NGF the first year saved from eligible nongeneral fund sources will be transferred to the general fund for a total impact of \$22.3 million
- ***Public Employee Retirement Eligibility.*** Proposed language included in the budget will increase the early retirement requirements for state employees, teachers, and employees of political subdivisions hired on or after July 1, 2010 and covered by the Virginia Retirement System (VRS) and the Judicial Retirement System (JRS) from the current age 50 with 30 years of service to age 55 with 30 years of service. The early retirement requirements for state employees in the state Police Officers Retirement System (SPORS) and Virginia Law Officers Retirement System (VALORS) will increase from the current age 50 with 25 years of service to age 55 with 25 years of service.
- ***Retirees' Annual Cost of Living Adjustments.*** Proposed language included in the budget will alter the calculation of the annual cost of living adjustments (COLAs) provided to members of the Virginia Retirement System (VRS), the Judicial Retirement System (JRS), the State Police Officers Retirement System (SPORS), and Virginia Law Officers Retirement System (VALORS) who are hired on or after July

Examples of COLA Increases			
<u>Example: CPI Increase</u>	<u>10.0%</u>	<u>5.0%</u>	<u>3.0%</u>
Current COLA (Max = 5%):			
Fully recognize the first 3%	3.0%	3.0%	3.0%
1/2 of the next 4%	<u>2.0%</u>	<u>1.0%</u>	<u>0.0%</u>
Total COLA	5.0%	4.0%	3.0%
Proposed COLA (Max = 4%):			
Fully recognize the first 2%	2.0%	2.0%	2.0%
1/2 of the next 4%	<u>2.0%</u>	<u>1.5%</u>	<u>0.5%</u>
Total COLA	4.0%	3.5%	2.5%

- *Local Employee Severance Program.* Proposes a language amendment that would continue the local employee severance program proposed in the amendments included in HB/SB 29. (See above.) No additional funding is provided.

- **Unanticipated Expenditures**

Miscellaneous Contingency Reserve

- *Additional Appropriation.* Proposes an additional \$1.2 million GF in FY 2011 and \$1.2 million GF in FY 2012 for the Governor’s Miscellaneous Contingency Reserve.

- **State Agency Reductions**

- *Expenses of Annual Leases.* Proposes to capture additional savings of \$80,632 GF in FY 2011 and \$80,632 GF in FY 2012 from a reduction in the administrative expenses of annual leases.

- *Purchasing System Administrative Expenses.* Proposes to achieve savings of \$186,355 GF in FY 2011 and \$186,355 GF in FY 2012 by lowering the administrative expenses of annual leases.

- **Federal Stimulus Funding**

- *Federal Stimulus Funding.* Proposed language makes several changes to the Commonwealth’s use of federal stimulus funds available under the American Recovery and Reinvestment Act of 2009:
 - Fiscal Stimulus – Higher Education. The allocation of federal stimulus funding for support of Educational and General Programs at institutions higher education is proposed to be reduced by \$51.7 million in FY 2010.
 - Fiscal Stimulus - General. The allocation of \$109.5 million of general fiscal stimulus previously approved for FY 2010 is proposed to be reallocated from twenty-one individual items (nine capital projects and twelve operating programs) to support local sheriffs’ offices, and local and regional jails under the Compensation Board. This corresponds to action taken at the end of FY 2009, which reallocated general fiscal stimulus previously set aside for FY 2011 to support local sheriffs’ offices, and local and regional jails under the Compensation Board

Independent

The Governor's proposed amendments for the Independent Agencies for FY 2010 result in a net decrease of \$52,476 in general fund dollars compared to Chapter 781 of the 2009 Acts of Assembly. The Governor's proposed budget for the Independent Agencies for the 2010-12 biennium includes a net decrease of \$110,474 in general fund dollars and a net increase of \$198.8 million nongeneral fund compared to Chapter 781. The decreases in GF appropriation in both FY 2010 and the 2010-12 biennium result from reduced administrative support within the Virginia Retirement System (VRS) and the Virginia Office of Protection and Advocacy. The majority of the proposed NGF increase in the 2010-12 biennium is from a proposal to increase the appropriation of the Virginia College Savings Plan by \$185.4 million to reflect increased participation and cost of the Virginia Prepaid Education Program and the Virginia Education Savings Trust Program.

HB/SB 29

- **Virginia Retirement System**
 - *Eliminate General Fund Administrative Funding for VolSAP.* Removes the \$28,000 in GF support appropriated to support the administrative cost incurred in administration of the Volunteer Firefighters Rescue Squad Workers Service Award program.
- **Virginia Office of Protection and Advocacy**
 - *Reduce General Fund Support for VOPA per September Budget Reduction Plan.* The September 2009 budget reductions included savings of \$24,746 or 10 percent of general fund support for the Virginia Office for Protection and Advocacy.

HB/SB 30

- **Virginia Retirement System**
 - *Eliminate General Fund Administrative Funding for VolSAP.* Removes the \$28,000 in GF support appropriated in both FY 2011 and FY 2012 for the administrative cost incurred in administration of the Volunteer Firefighters Rescue Squad Workers Service Award program.
 - *Adjust Administrative Appropriation to Reflect Cost Related to VRS Modernization Project.* Reduces the Virginia Retirement Systems (VRS) administrative appropriation by \$2.9 million NGF in FY 2011 and \$8.4 million in FY 2012 to reflect the current projections of cost for the VRS modernization project.

- *Funding for Off-Site Data Center.* Includes \$478,000 NGF in both FY 2011 and FY 2012 to house new systems, under the VRS modernization project, in a secure offsite facility.
- *Provide Funding for Software Purchase for the Modernization Project.* Provides \$368,325 NGF in one-time funding in FY 2011 to upgrade agency software, including various Microsoft products used throughout the agency. This upgrade is needed prior to the completion of the VRS modernization project.
- *Provide Funding for a Network Management System.* Provides \$70,000 NGF in one-time funding in FY 2011 to implement a network management system which will include multiple network monitoring points and a central management device.
- *Funding for Security Monitoring Services.* Provides additional appropriations of \$84,000 NGF in both FY 2011 and FY 2012 to contract with a company to provide security monitoring services for the VRS' information technology systems.
- *Provide VRS Administrative Funding Related to Line of Duty Initiatives.* Includes \$225,000 NGF in both FY 2011 and FY 2012 for additional administrative costs related to the proposal to fund a portion of the Line of Duty benefits through the VRS group life insurance and retiree health credit programs as opposed to a GF appropriation for the Line of Duty Act as previously done.

- **State Corporation Commission**

- *Increase the Number of Positions Authorized at the Commission.* Proposes to increase the number of authorized positions within the agency by 7 positions to reflect increased workload.
- *Increase Appropriation to Reflect Federal Grants.* Increases the NGF appropriation for the Commission by \$700,000 in FY 2011 and \$750,000 in FY 2012 for increased federal grants for the Commission's pipeline safety and underground utility damage prevention enforcement costs.
- *Increase Appropriation for Energy Sense Program.* Proposes an increase in the Commission's appropriation of \$1.2 million NGF in both FY 2011 and FY 2012 for the Energy Sense program to reflect actual revenues for the program which was created by the 2009 General Assembly.

- **Virginia College Savings Plan**

- *Adjust Appropriation for Projected Payments out of the Plan.* Includes an increase in the NGF base appropriation of \$81.0 million in FY 2011 and \$104.4 million in FY 2012 for increases within the Virginia Prepaid Education Program and the Virginia Education Savings Trust Program. The increases reflect growth in participation in the programs and recent increases in tuition costs.

- *Increased Funding for Scholarships, Awards and Other Initiatives.* Provides \$2.0 million NGF in FY 2011 and FY 2012 to increase support to programs which provide scholarships, awards, and other forms of support for students from low-to-moderate income families.
- *Adjust Appropriation for Increased Administrative Expenses at the Agency.* Provides an additional \$1.1 million NGF and an additional 12.0 positions in FY 2011 and FY 2012 to reflect increased workloads within the agency as a result of increased participation in the programs offered by the agency.
- *Reorganization of Units within the Agency.* Proposes an increase of \$2,001 NGF in FY 2011 and \$257,478 NGF in FY 2012 to reflect increased administrative costs for the Virginia Prepaid Education Program and the Virginia Education Savings Trust Program due to increased participation in the programs.

- **Virginia Workers' Compensation Commission**

- *Increase Funding for General Administrative Costs.* Proposes an increase of \$3.3 million NGF in both FY 2011 and FY 2012 to reflect increases in general administrative cost incurred as a result of the increase in staffing approved in the 2008-10 biennium. Funding would cover increased costs for building and grounds maintenance, postage, travel, rent, utilities and equipment.
- *Increased NGF Funding for Crime Victim Compensation Services.* Provides an increase of \$2.9 million NGF in both FY 2011 and FY 2012 to reflect increased costs incurred for the Crime Victim Compensation Services and the Sexual Assault Forensic Exam payment.

- **Virginia Office of Protection and Advocacy**

- *Reduce General Fund Support for VOPA per September Budget Reduction Plan.* Included in the September 2009 budget reductions was a reduction of 10 percent, \$24,746, in general fund support for the Virginia Office for Protection. This \$24,746 reduction is continued in both FY 2011 and FY 2012.
- *Distribute Central Appropriations Reductions to Agency.* Reflects a technical adjustment transferring GF savings of \$2,491 in FY 2011 and FY 2012 from changes to benefit contribution rates and other centrally funded items.