

SENATE OF VIRGINIA

Senate Finance Committee

Overview of Committee Budget Amendments

to

SB 29/SB 30, as Introduced

February 20, 2008

Presentation Outline

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- Resources
- Public Education and Other Education
- Higher Education
- Health and Human Resources
- Public Safety
- Economic Development
- Transportation
- Natural Resources
- General Government
- Capital Outlay

Resources

Addressing Lowered Revenue Forecast

- Challenge: Reduce revenues by \$1.4 billion over FY 2008, FY 2009 and FY 2010.
 - Governor convened two advisory groups in February to develop a revised forecast using inputs from year-to-date performance, plus changing national picture.
- February 12, 2008 Revenue Reforecast called for:
 - Reducing remainder of 2006-08 biennial budget by \$339.3 million, on top of \$641.0 million budget shortfall
 - Reducing FY 2009 revenues by \$520.1 million.
 - Reducing FY 2010 revenue by \$532.2 million.

**Closing the budget gap in FY 2008
“Caboose Bill” (SB 29) as introduced**

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(\$ in millions)	FY 2008
Revenue Shortfall	(\$522.3)
Net Reduction in Spending	290.1
Proposed Rainy Day Fund Withdrawal	<u>261.1</u>
Unappropriated Balance (SB 29 as introduced)	\$28.9

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**Closing the budget gap in FY 2008 (SB 29)
based on February Revenue Reforecast**

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SFC Budget - (\$ in millions)	FY 2008
SB 29 Unappropriated Balance	\$ 28.9
February Revenue Revision	<u>(339.3)</u>
Shortfall	(\$310.4)
Additional Rainy Day Fund Withdrawal	\$ 162.4
GF Balances from Capital Projects	70.0
Eliminate Maintenance Reserve	50.0
Other Revenues and Savings	<u>35.1</u>
Revised Unappropriated Balance	\$ 7.1

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Closing the Gap in FY 2009 and FY 2010 based on February Revenue Reforecast

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SFC Budget - (\$ in millions)	FY 2009	FY 2010
February Revenue Revision	(\$520.1)	(\$532.2)
Additional Revenues, Balances	54.8	39.3
Reductions in Spending	\$474.4	\$498.6
Revised Unappropriated Balance	\$9.1	\$5.7

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Major Spending Reductions, By Area

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SFC Budget - (\$ in millions)	FY 2009	FY 2010	Total
Reversion of GF Capital Projects	\$(230.0)	\$0.0	\$(230.0)
Public Education (not including salary increase)	(50.8)	(38.9)	(89.7)
Adjust education for revised sales tax forecast	(10.9)	(14.7)	(25.6)
Health and Human Resources	(34.2)	(46.1)	(80.3)
Higher Education	(28.5)	(12.7)	(41.2)
Natural Resources/Ag and Forestry	(13.0)	(6.4)	(19.4)
Economic Development	(9.9)	(0.1)	(10.0)
Public Safety	(8.9)	1.2	(7.7)
Transportation	0.0	(180.0)	(180.0)
Health Insurance Balances/VRS Savings	(72.8)	(66.9)	(139.7)
Nonstate Agencies	0.0	(5.8)	(5.8)
Compensation – Replace proposed 3% increase FY 10 with 2.5% in FY 10	0.0	(140.6)	(140.6)

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Strategies Used to Balance the Budget

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- Fully recognize revised revenue forecast.
- Use a limited amount of one-time resources, such as GF from capital outlay.
- Withdraw funds from the Rainy Day Fund consistent with Constitutional limitations (total of \$422 million in FY 08).
- Make targeted reductions to expanded or new spending, rather than additional across-the-board reductions.
- Almost all areas expected to contribute to spending cuts.
- Examine base budgets for savings ideas.

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Public Education and Other Education

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Direct Aid to Public Education Overview

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(\$ in millions)	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>
Chapter 847 Base Budget (FY 2008)	\$5,832.0	\$5,832.0	\$5,832.0
Changes Proposed in SB 29/SB30 as Introduced	(54.4)	400.1	680.6
<i>SFC Actions (includes second yr. salary increase)</i>	<i>(10.1)</i>	<i>(61.4)</i>	<i>(128.3)</i>
Net Change Over the Base, As Amended by SFC	(\$64.5)	\$338.7	\$552.3

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Direct Aid to Public Education Summary of Major GF Increases in SB30 As Introduced

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(\$ in millions)	<u>FY 2009</u>	<u>FY 2010</u>	<u>Total</u>
Net Technical Re-benchmarking	\$439.0	\$503.5	\$942.5
3.5% Teacher Salary Increase (3% for Support)	0	132.4	132.4
Literary Fund Proceeds – Supplant GF	(55.0)	25.0	(30.0)
Early Childhood Ed: Preschool for At-Risk 4s	15.1	15.1	30.2
Data Coordinators in Lower Performing Schools	0	2.1	2.1
National Board Certified Teachers' Awards	0.9	0.9	1.8
Virginia Virtual Advanced Placement School	0	1.0	1.0
Other Increases (<i>Communities in Schools; PALS PreK-3 diagnostic; Career Switcher Mentoring; Virginia Career Education Foundation; Project Discovery</i>)	0.5	1.2	1.7
Other Decreases (<i>CTE Equipment; Virginia Teaching Scholarship Program, Jobs for Virginia Graduates</i>)	(0.8)	(0.8)	(1.5)

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Re-benchmarking

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- Preliminary biennial cost as of July 2007 was **\$1.1 billion**.
 - Reflected updates for funded salaries, health care premiums, preliminary enrollment projections, transportation, textbooks, base year expenditures, etc.
- Proposed amount of **\$942.5 million** reflected the following changes:
 - **Decreases**
 - \$151.4 million due to slower enrollment growth than initially projected.
 - \$58.8 million due to lower retirement employer contribution rates - 9.35% for VRS - than those approved by the VRS Board.
 - Amortization period of 24 years; investment return of 8 percent.
 - \$41.8 million in Incentive & Categorical programs (primarily due to \$33.8 million full preschool calculation redirected to cost update and expansion).
 - **Increases**
 - Net \$45.7 million due to updated 1 ¼ Cent Sales Tax projections.
 - Net \$34.4 million due to updated Lottery proceeds projections (\$450M/yr.).
 - \$9.9 million due to updated Composite Index of Local Ability-to-Pay.

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Direct Aid to Public Education

Summary of SFC GF Amendments to SB29/SB30 As Introduced

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(\$ in millions)	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>
Technical: Hanover correction; Nat'l. Bd. Certification; regional special education; Sales Tax reforecast	(\$9.7)	(\$8.1)	(\$12.3)
Level fund local distribution of Lottery Proceeds		(17.2)	(17.2)
Reduce School Construction Grants by half		(13.8)	(13.7)
Education for a Lifetime: Balances; Virtual AP; Leadership Dev.		(1.9)	(2.4)
Proposed increases/new funding for: Data Coordinators; Communities in Schools; Virginia Career Education Foundation		(0.1)	(2.6)
Early Childhood Education: Update preschool PPA; add slots	(0.4)	(6.8)	(6.3)
Spending: Restore Teaching Scholarships and JVG; School Lunch Reimbursement at 5.0 cents; Governor's Schools		0.4	1.1
+\$57.6M for Teacher Salary Increase: 2.5% Dec. 2009		0	(74.7)
Literary Fund: Partially redirect to SOQ costs		(14.0)	0
Subtotal, SFC Actions Against SB29/SB30	(\$10.1)	(\$61.5)	(\$128.3)
In Central Approp.: VRS Rate @ 8.81%		(15.4)	(15.7)

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Technical Adjustments

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(\$ in millions)	<u>FY 08</u>	<u>FY 09</u>	<u>FY 10</u>
Correction to special education data submitted by Hanover		\$3.8	\$4.0
Update National Board Certified teacher awards based on latest data on expected awards in FY09		0.2	0.2
Regional Special Education Tuition Contracts	(4.0)	(1.0)	(1.7)
Net effect of the decrease in Sales Tax due to econ. development legislation		(0.2)	(0.1)
Net effect of the downward reforecast in Sales Tax and the offsetting increase in Basic Aid	(5.7)	(10.9)	(14.7)

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Non-Operating Funding *School Construction*

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- Redirects \$13.75 million per year by funding half of the FY08 level of School Construction Grants in each year.

Literary Fund:

- Directs \$14.0 million the first year from Literary Fund loans and interest rate subsidy to SOQ teacher retirement costs.
 - Maintains \$12.8 million in FY09 and \$15.0 million in FY10 for interest rate subsidy grants, plus an estimated \$25.0 million in FY 2010 for loans.

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Other Reductions

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(\$ in millions)	<u>FY 09</u>	<u>FY 10</u>
<u>Education for a Lifetime:</u>		
Capture likely balances: Mentor teachers in hard-to-staff schools; middle school math specialists; turnaround specialists	(\$1.4)	(\$1.0)
Defer proposed increase in Virtual Advanced Placement		(1.0)
Discontinue Leadership Development Grants	(0.5)	(0.5)
Data Coordinators in Low Performing High Schools		(\$2.1)
Communities in Schools		(0.5)
Level fund VA Career Education Foundation	(0.75)	(0.75)

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Early Childhood Education *Preschool Access and Quality*

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	SB 30		SFC	
	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2009</u>	<u>FY 2010</u>
<u>Uses</u>				
Direct Aid – Preschool GF	\$15.1	\$15.1	\$8.3	\$8.7
Direct Aid – Preschool NGF (TANF)	0.0	14.9	0.0	14.9
DOE – 3.0 FTE for evaluation/admin.	0.3	0.3	0.3	0.3
DSS – Quality Ratings System	1.3	3.3	1.3	1.7
DSS – Professional development	1.0	3.0	1.0	1.0
DSS - VA Early Childhood Foundation	0.5	1.5	0.5	0.5
Total GF Increase	\$18.2	\$23.2	\$11.4	\$12.2
Total NGF (TANF) Dollars	\$0.0	\$14.9	\$0.0	\$14.9

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Early Childhood Education

Preschool for At-Risk Four-Year-Olds

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- Total appropriation of \$61.4 million in FY09 and \$76.7 million in FY10 (including TANF dollars), up from \$53.1 million in FY08 (Ch. 847).
 - Restores current funding methodology (formula is based on 100% of free-lunch eligibility).
 - Updates per pupil amount from \$5,700 to \$6,000 in FY 09 and \$6,790 in FY 10.
 - Also adds slots for disadvantaged children by adding to the formula: 10% of reduced-lunch eligibility in FY09 and 20% in FY10.

- Also reduces FY 2008 funding by \$400,000.
 - Maintains \$1.3 million for expected one-time grants to 14 school divisions to increase participation by 575 students.

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Spending Against SB 30 As Introduced

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(\$ in millions)	<u>FY 09</u>	<u>FY 10</u>
Restore Teaching Scholarships	\$150,000	\$150,000
Restore Jobs for Virginia Graduates	\$100,000	\$100,000
School Lunch Reimbursement at 5.0 Cents Per	\$0	\$682,042
Governor's Schools: Planning grant for Manassas/PW school; Blue Ridge Virtual; Increase Cap	\$118,335	\$145,102

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Higher Education

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Summary of Proposed Amendments

- **SFC recommendations in SB 29** included several language changes, a reversion of \$354,000 GF from the Commonwealth Technology Research Fund, and \$200,000 GF to support the VT-Extension Equine Center after a quarantine at that facility.

Major GF Actions for the 2008-10 Biennium - (\$ in millions)			
	SB 30	SFC	Total
Base Adequacy	\$44.3	(\$22.1)	\$22.1
Continuation of Research at Colleges/Universities	25.5	(5.3)	20.2
Higher Education Research Initiative	21.3	(11.5)	9.8
Undergraduate Student Financial Aid	18.2	0	18.2
Various Program Enhancements	8.4	(4.2)	4.2
Reduce Eminent Scholars Program - SCHEV	(0.5)	0	(0.5)
TAG (level fund) and other small amendments	0	1.9	1.9
Total	\$117.2	(\$41.2)	\$75.9

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Base Adequacy

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- The introduced budget provided \$44.3 million GF for the 2008-10 biennium for base adequacy.
 - Institutions below 95% of the funding guidelines received funding to move halfway to 95%.
 - Institutions above 95% received a 1% increase.
 - Estimated average of 93.5% of the guidelines.
- The SFC budget contains \$22.1 million GF for base adequacy.
 - 50% of the original funding per year.
 - Estimated average of 92.9% of the guidelines.

2008-2010 GF \$ Increase			
Inst.	SB 30	SFC	Total
CNU	\$0.7	(\$0.3)	\$0.3
CWM	1.1	(0.6)	0.6
GMU	3.7	(1.8)	1.8
JMU	2.0	(1.0)	1.0
LU	0.8	(0.4)	0.4
UMW	0.6	(0.3)	0.3
NSU	0.6	(0.3)	0.3
ODU	3.1	(1.6)	1.6
RU	1.2	(0.6)	0.6
RBC	0.1	(0.05)	0.05
UVA	3.8	(1.9)	1.9
UVA-Wise	0.3	(0.1)	0.1
VCU	9.7	(4.8)	4.8
VCCS	8.8	(4.4)	4.4
VMI	0.2	(0.1)	0.1
VSU	0.5	(0.3)	0.3
VT	7.1	(3.6)	3.6
Total	\$44.3	(\$22.1)	\$22.1

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Undergraduate Student Financial Aid

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- SB 30 as introduced included \$18.2 million GF for need-based undergraduate student financial assistance for in-state students.
 - Partnership model.
 - Provided to help address tuition and fee increases.
- The SFC budget did not change the level of funding for undergraduate student financial aid.
 - Leaves the \$18.2 million GF.

2008-2010 GF \$ Increase SB 30 and SFC	
CNU	\$322,828
CWM	148,118
GMU	2,032,220
JMU	752,538
LU	362,260
UMW	185,248
NSU	745,392
ODU	2,165,638
RU	949,076
RBC	31,076
UVA	140,188
UVA-Wise	237,968
VCU	3,054,340
VCCS	5,188,922
VMI	9,988
VSU	1,074,146
VT	816,536
Total	\$18,216,482

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Higher Education Research

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- SB 30 as introduced included \$25.5 million GF over the biennium to continue research initiatives at higher education institutions. SFC recommendations include \$20.2 million **(table to the right)**.
- SB 30 as introduced included \$21.3 million GF for the higher education research initiative. SFC recommendations include \$9.8 million GF **(table below)**.

Research at Institutions (\$ in millions)			
HiEd Inst.	SB 30	SFC	Total
CWM	\$0.2	(\$0.05)	\$0.15
GMU	3.0	(0.7)	2.3
ODU	4.0	(0.0)	4.0
UVA	5.7	(1.4)	4.3
VCU	3.1	(0.8)	2.3
VCCS	0.4	(0.0)	0.4
VT	7.5	(1.9)	5.6
EVMS	1.5	(0.4)	1.1
Total	\$25.5	(\$5.3)	\$20.2

(\$ in millions)			
Program	SB 30	SFC	Total
CTRF	\$10.5	(\$6.5)	\$4.0
Jefferson Lab	7.5	(3.7)	3.7
VCERC	2.3	(0.8)	1.6
Hampton	1.0	(0.5)	0.5
Total	\$21.3	(\$11.5)	\$9.8

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Various Program Enhancements

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Agency	Program	SB 30	SFC	Total
EVMS	Operating Support	\$620,920	(\$310,460)	\$310,460
NCI	Program Expansion	1,000,000	(500,000)	500,000
IALR	Research Program Support	1,300,050	(650,025)	650,025
RHEC	Operating Support	140,000	(70,000)	70,000
SVHEC	Operating Support	898,000	(449,000)	449,000
	Workforce Needs	60,000	(30,000)	30,000
VIMS	Operating Support	350,000	(175,000)	175,000
VCU	SW Virginia Dental Clinic	100,000	(50,000)	50,000
	Autism Research	150,000	(75,000)	75,000
VCCS	Car. Coaches/Middle College	3,696,546	(1,848,273)	1,848,273
Total		\$8,315,516	(\$4,157,758)	\$4,157,758

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Health and Human Resources

Overview of HHR

- The introduced budget for HHR included net new spending of \$647 million GF for the biennium.
- The SFC's HHR budget totals \$563 million, \$85 million less than the mandatory and discretionary spending in the introduced budget.
- All new spending in HHR is offset by budget reductions.

Summary of HHR Spending

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Major GF Actions for the 2008-10 Biennium			
(\$ in millions)			
	SB 30	SFC	Total
State & Federal Mandates	\$567.5	0.0	\$567.5
Mental Health Initiative	41.6	0.4	42.1
Foster Care & Adoption Services	25.8	(11.9)	13.9
Health & Health Care	21.3	(14.0)	7.3
Early Childhood Education	10.6	(4.6)	6.0
Other HHR spending	19.7	(2.0)	17.7
Savings	(39.2)	(52.6)	(91.8)
Total	\$647.3	(\$84.7)	\$562.6

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Federal and State Mandated Services

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- \$567.5 million is included for mandated services:
 - \$371.2 million to fully fund anticipated growth in the Medicaid and FAMIS programs;
 - \$169.1 million to address rising caseloads and costs for foster care and adoptions; and
 - \$27.2 million to offset reductions in federal funding for local Departments of Social Services and child support enforcement activities.

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Mental Health Initiative

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- With the exception of additional staff, the SFC budget for mental health largely mirrors the introduced budget:
 - \$41.2 million for community-based mental health services:
 - Outpatient services for children and adults (\$10.3 million),
 - Case management services (\$8.8 million),
 - Emergency services (\$14.6 million),
 - Services to divert individuals with mental illness from jails and prisons (\$6.0 million);
 - Crisis intervention training (\$0.6 million); and
 - Licensing staff and accountability (\$0.9 million).
 - Senate Finance budget also provides \$500,000 for behavioral health services for veterans and \$328,354 related to the involuntary commitment of minors (SB 276).

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Foster Care and Adoption Services

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- The introduced budget included \$25.8 million for improvements to foster care and adoption services. The SFC budget includes \$13.9 million, a reduction of \$11.9 million compared to the introduced budget.

	SB 30	SFC	Total
Foster care rate increase	\$12.2	(\$3.7)	\$8.5
Improve recruitment & retention	6.9	(3.4)	3.5
Provide child welfare training	4.4	(2.8)	1.6
Increase foster care visitations	2.0	(2.0)	0.0
Establish CSA Data System	0.3	0.0	0.3
Total	\$25.8	(\$11.9)	\$13.9

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Health & Health Care

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- The introduced budget included \$21.3 million for health and health care services. The SFC budget includes \$7.3 million, a reduction of \$14.0 million.

	SB 30	SFC	Total
Health safety net expansion	\$10.0	(\$6.5)	\$3.5
VirginiaShare Program	7.8	(5.8)	2.0
Expand FAMIS Moms Program	2.6	(1.0)	1.6
Other health care spending	1.0	(0.7)	0.3
Total	\$21.3	(\$14.0)	\$7.3

Totals may not add due to rounding.

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Early Childhood Education

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- The introduced budget included \$10.6 million GF to improve the quality of early childhood education in the Commonwealth. The SFC budget includes \$6.0 million GF, a reduction of \$4.6 million.

	SB 30	SFC	Total
Quality rating information system	\$4.7	(\$1.7)	\$3.0
Early childhood workforce	4.0	(2.0)	2.0
Early Childhood Foundation	2.0	(1.0)	1.0
Total	\$10.6	(\$4.6)	\$6.0

Totals may not add due to rounding.

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Other HHR Spending

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- The introduced budget included \$19.7 million GF for agency operations, service expansions and other initiatives. The SFC budget includes \$17.7 million GF, a reduction of \$2.0 million.

	SB 30	SFC	Total
Agency operations	\$10.7	(\$3.1)	\$7.6
Service expansions	9.0	(1.6)	7.4
Other initiatives	0.0	2.7	2.7
Total	\$19.7	(\$2.0)	\$17.7

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HHR Savings

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- The introduced budget included savings of \$39.2 million GF. The SFC budget includes savings of \$91.8 million GF.

	SB 30	SFC	Total
2% Inflation for hospitals	0.0	(29.6)	(29.6)
Additional revenue to the VHCF	(18.4)	(6.6)	(25.0)
2% Inflation for nursing homes	0.0	(11.6)	(11.6)
CSA Local Match Rates	(12.5)	8.1	(4.4)
All other HHR Savings	(8.3)	(12.9)	(21.2)
Total	(\$39.2)	(\$52.6)	(\$91.8)

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Summary of Caboose Bill

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- The introduced budget included a net savings of \$3.8 million GF. The SFC budget includes a net savings of \$4.1 million GF by including a reduction of \$250,000 for the Northern Virginia PACE program.

	SB 30	SFC	Total
State and federal mandates	\$10.8	\$0.0	\$10.8
Additional revenue to the VHCF	(13.3)	0.0	(13.3)
Involuntary Mental Commitments	(1.4)	0.0	(1.4)
Net Increase (Decrease)	(\$3.8)	0.0	(\$3.8)
Reduces NOVA PACE program	0.0	(0.3)	(0.3)
Total	(\$3.8)	(\$0.3)	(\$4.1)

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Public Safety

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Overview of Public Safety

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- The SFC budget for the 2008-10 biennium provides a net increase of \$29.9 million GF (a 0.8 percent increase) compared to the adjusted base budget, which includes continuation of the October 2007 reductions.

Major GF Actions for the 2008-10 Biennium - (\$ in millions)			
	SB 30	SFC	Total
Inmate Health Care	\$23.8	0.0	\$23.8
Prisoner Reentry Program	\$3.8	(\$0.3)	\$3.5
St. Brides Phase II (delayed opening)	\$21.6	(\$10.8)	\$10.8
HB 599 (full funding first year only)	\$0	\$5.0	\$5.0
Total Above the Base Budget	\$37.6	(\$7.7)	\$29.9

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Prisoner Re-entry

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- The SFC budget adds \$3.5 million GF and 23 new positions for the Department of Corrections (DOC) for a modest expansion of the existing prisoner re-entry initiative:
 - Technical violator center (\$0.4 million, 4 FTE)
 - Three prison transition centers (\$1.1 million, 9 FTE).
 - Transitional probation officers (\$2.0 million, 10 FTE).
- The SFC HHR budget also includes \$1.1 million GF and six positions in the Department of Social Services to supplement services in the existing five prisoner reentry councils.

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Out-of-State Prisoners

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- The Governor's October 2007 budget reductions included cuts in DOC of \$4.0 million in FY 2008 (SB 29), and \$19.2 million in each year of the 2008-10 biennium (SB 30), to be offset with revenues from contracting to hold federal or other out-of-state inmates.
 - The budget reduction plan assumes up to 500 non-state inmates in FY 2008 and up to 1,000 in FY 2009 and 2010.
 - Language authorizes DOC to expand that number.
- To date, DOC has not secured an expected contract with federal Immigration and Customs Enforcement (ICE), but DOC is exploring likely contracts with at least one other state.
 - If the full amount of these nongeneral funds is not available, other budget reductions in DOC will become necessary in the next biennium.

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House Bill 599

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- The SFC budget adds \$2.5 million each year above the introduced budget to fully fund (in the first year only) state aid to localities with police departments.
 - Actual funding for FY 2006 was \$191.3 million.
 - By statute, this amount should be increased each year by the percentage increase in total general fund revenues.
 - The FY 2008 appropriation of \$215.8 million was cut 5% (to \$205.0 million) in the Governor's October 2007 reductions, and HB 599 was level funded at that amount in the introduced budget.
 - Based on the most recent general fund revenue forecast, the actual amount required by the statute is \$207.5 million for FY 2009.
 - The committee recommends this amount for FY 2009 and FY 2010, which requires adding \$2.5 million each year.

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Other Amendments

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- State Troopers:
 - Adds 10 new troopers (\$2.2 million GF).
 - Adds 16 new troopers for Dulles Access Road (\$3 million NGF).
- State Police Helicopters:
 - Replaces Medevac helicopters in Lynchburg and Abingdon, with language authorizing existing funds for debt service payments.
- Wounded Warrior Program:
 - Adds \$0.5 million and 4 FTE positions in Veterans Services.
- Training for law enforcement agencies in immigration law and policy:
 - Adds \$0.2 million for the Virginia Center for Policing Innovation.

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Economic Development

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Economic Development Overview

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- Introduced budget proposed \$82.6 million in new GF expenditures.
- SFC budget provides for a biennial **reduction** of \$9.8 million compared to the introduced budget.
- Continues fiscally responsible commitments to the Commonwealth's business partners:
 - Aerospace Engine Manufacturing - \$10.7 million new biennial spending, \$108.0 million commitment over 20 years
 - Semiconductor Manufacturing - \$24.3 in required payments, \$13.8 in accelerated payments
 - Advanced Drug Research - \$4 million in continued commitments
- Provides \$25.0 million in assistance to communities facing base closure.

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Summary of Proposed Economic Development Spending

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Major Actions for the 2008-10 Biennium (\$ in millions)			
	SB29	SFC	Total
Foreclosure Counseling	0.75	(0.25)	0.5
Governor's Opportunity Fund	1.5	(0.75)	0.75
SB 29 Total	2.25	(1.0)	1.25
	SB 30	SFC	Total
Governor's Opportunity Fund	15.1	(5.9)	9.2
Accelerated Research Payments	7.0	(3.0)	4.0
Virginia Investment Partnership	3.6	(0.8)	2.8
SB 30 Total	25.7	(9.7)	16.0

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Energy Management Program

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- Investment of \$812,000 in the biennium, projected annual savings of \$30 million.
- SFC budget includes a total of \$35 million in savings over the biennium
- Savings strategies include:
 - Energy Procurement Performance Contracting
 - Energy Efficiency
 - Agency Energy Manager Training
- Columbia Natural Gas Overcharge resulted in reimbursement to VSP of \$1.2 million

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Transportation

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Transportation Overview

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- Introduced budget proposed over \$9.88 billion for Virginia's Transportation agencies in the biennium.
- SFC budget reduces NGF revenues by \$127.2 million for repeal of abusive driver fees (SB 1), offset by increased gas tax revenues of \$147.2 million (SB 713).
- Unrealized "surplus" of \$180.0 million paid back to General Fund.
- Rejected proposed \$10 drivers license fee increase to provide funding for addressing the unfunded federal Real ID mandate and replacement of 20-year old computer system.
 - Replaced with bipartisan effort to provide additional funds of \$31.0 million annually **without** increasing fees charged to customers by allowing license's to be valid for 8 years (SB 116).

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Summary of Proposed Transportation Spending

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Major Actions for the 2008-10 Biennium (\$ in millions)			
Increases / Decreases	SB30	SFC	Total
Revenues Generated by HB3202 (NGF)	399.5	(127.2)	272.3
"Surplus" General Fund Revenue	180.0	(180.0)	0.0
Gas Tax Revenues (NGF)	0.0	147.2	147.2
Replace License Fee Increase with 8-year License Renewal (NGF)	28.7	2.3	31.0
Collection of Transportation Authority Revenues (NGF)	0.0	6.8	6.8
Total	608.2	(150.9)	457.3

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Natural Resources

Agriculture & Natural Resources Overview

- Introduced budget proposed \$25.5 million in new GF spending for Agriculture and Natural Resource programs.
- Senate Finance reductions / fund shifts reduce GF commitments by more than \$19.0 million.
- Continues Virginia's Commitment to Natural Resource Protection:
 - \$50.0 million for land conservation,
 - \$25.0 million to repair unsafe state and local dams, and
 - \$20.0 million for agricultural best management practices.
- Funding for six new state parks in six-year capital plan.
- Operating expenses for current parks in second year.
- Restore funding for citizen water quality monitoring program.

Summary of Proposed Agriculture & Natural Resources Spending

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Major GF Actions for the 2008-10 Biennium (\$ in millions)			
	SB30	SFC	Total GF
Purchase of Development Rights	6.0	(4.0)	2.0
Replace GF with WQIF Interest (\$20 million NGF)	6.0	(6.0)	0.0
Reduce Dam Loan	2.0	(2.0)	0.0
Dam Safety Bonds (NGF)	20.0	5.0	25.0
Virginia Outdoor Foundation	1.9	(1.0)	0.9
Replace CSO GF with Bonds (\$40 million NGF)	6.0	(6.0)	0.0
Total General Funds Only	21.9	(19.0)	2.9

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General Government

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Judicial Department

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- The SFC budget for the 2008-10 biennium provides an increase of \$39.7 million GF (a 5.0 percent increase) compared to the adjusted base budget.
- Major GF highlights include:
 - Criminal Fund cost increases:
 - \$15 million in SB 29; \$10 million each year in FY 2009 and FY 2010.
 - Additional funds for court-appointed counsel fees:
 - \$1.0 million each year to expand waivers as approved in 2007, for attorneys representing juveniles in cases where the charge would be a felony if committed by an adult.
 - Magistrate system improvements (SB 244):
 - \$7.9 million and 46 positions over two years.
 - Increased staffing, training, oversight and videoconferencing.

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Judges and Court Staffing

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- New Judgeships (\$3.8 million each year):
 - Circuit Courts (SB 178):
 - Six new judges, in the 10th, 14th, 15th, 26th, 27th, and 30th circuits.
 - General District Courts (SB 179):
 - Four new judges, in the 2nd, 11th, 15th, and 26th districts.
 - Juvenile and Domestic Relations (SB 179):
 - Six new judges, in the 1st, 11th, 15th, 16th, 28th, and 29th districts.
- Additional Court Staff (\$2.4 million phased in over two years):
 - Circuit deputy clerks (12).
 - District deputy clerks (20).
 - Courtroom security deputies (16).

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Nongeneral Funds

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- Courts Technology Fund:
 - Additional \$1.0 million each year in SB 29 (FY 2008) and SB 30 to reflect actual collections of court fees.

- Virginia State Bar (SB 248):
 - Additional \$4.25 million per year for the Virginia Legal Services Corporation, for legal aid, from a \$5 increase in civil filing fees.

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Summary of Recommended Amendments for the Office of Administration

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Major GF Changes for the 2008-10 Biennium - (\$ in millions)			
Description	SB 30	SFC	Total
Continue October 2007 Reductions	(\$5.3)	\$0.0	(\$5.3)
Comp Bd: Jail Per Diem Payments	\$29.7	(\$3.8)	\$25.9
Comp Bd: Staff New Jails	\$20.5	\$0.0	\$20.5
Comp Bd: Deputy Sheriffs' Retirement	\$6.0	\$0.0	\$6.0
Constitutional Officer Savings	(\$12.6)	(\$0.3)	(\$12.9)
Comp Bd: Sheriffs' & Circuit Court Clerks' Staff for New Judges	\$0.0	\$1.0	\$1.0
Comp Bd: SAVIN Victim Notification	\$0.0	\$1.5	\$1.5
Other	(\$4.6)	\$0.5	(\$4.1)
Net GF Change	\$33.7	(\$1.1)	\$32.6

SENATE FINANCE COMMITTEE

Summary of Recommended Amendments for the Office of Finance ⁵⁹

Major GF Changes for the 2008-10 Biennium - (\$ in millions)			
Description	SB 30	SFC	Total
October 2007 Reductions	(\$10.4)	\$0.0	(\$10.4)
"Rainy Day Fund" Deposit	\$21.3	\$0.0	\$21.3
Line of Duty Act (SB 329)	\$3.9	(\$22.3)	(\$18.4)
Wine Tax & ABC Profits	(\$16.0)	\$0.0	(\$16.0)
VPBA & VCBA Debt Service	\$198.1	\$28.0	\$226.1
Other Changes	\$1.3	\$0.0	\$1.3
Total Changes	\$198.2	\$5.7	\$203.9

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Overview of Office of Technology ⁶⁰

- The Senate Finance Committee's recommended amendments result in no net change from the original appropriation.
 - **\$3.3 million** GF increase offsets previously budgeted savings in FY 2007 from implementation of VITA.
 - **(\$3.3 million)** GF decrease transfers these savings to FY 2008.

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Summary of Information Technology Actions

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- Retains Information Technology procurement and E-911 grant program within the Virginia Information Technologies Agency.
 - Directs VDEM Director to serve as chair of E-911 board.

- Strengthens responsibilities of the Virginia Enterprise Applications Program (VEAP) office.
 - VEAP Director to coordinate statewide data standardization efforts with DGS, DHRM, DOA, VDOT, TAX, and Treasury.
 - Directs VDOT to proceed with replacement of financial accounting system.

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Summary of Recommended Amendments for Central Accounts

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Major GF Changes for the 2008-10 Biennium - (\$ in millions)			
Description	SB 30	SFC	Total
Productivity Investment Fund	\$1.5	(\$1.5)	\$0.0
3% Salary Increase - FY 2010	\$122.1	(\$122.1)	\$0.0
2.5% Salary Increase - FY 2010	\$0.0	\$56.1	\$56.1
State Employee Workers Compensation Premiums	\$2.8	\$0.0	\$2.8
DGS Rental Charges	\$2.3	\$0.0	\$2.3
Higher Education Interest	\$10.7	\$0.0	\$10.7
VRS Retirement Contributions	\$12.3	(\$55.2)	(\$42.9)
SRI International incentives	\$7.0	(\$3.0)	\$4.0
BRAC Funding	\$25.0	\$0.0	\$25.0
VTA Rates	\$19.0	\$0.0	\$19.0
State Employee Health Insurance	\$33.9	(\$82.7)	(\$48.8)
Other State Employee Benefit Costs	(\$6.3)	\$0.0	(\$6.3)
State Energy Savings	\$0.0	(\$35.0)	(\$35.0)
Other Changes	(\$15.2)	\$0.0	(\$15.2)
Total GF Changes	\$215.1	(\$243.4)	(\$28.3)

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Capital Outlay

Overview of Capital Outlay

- Recommended amendments for capital projects result in an **increase of \$2,366.5 million** (All Funds) over the original appropriation.
 - **\$233.0 million** GF net decrease – mostly from conversion of previously funded projects to VPBA debt.
 - **\$2,559.5 million** NGF increase – mostly for projects at institutions of higher education.
- Bond authorizations in SB 795 are not included in these totals.

Changes in Capital Fund Sources

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Capital Outlay Funds FY 2008 & 2008-2010 Biennium (\$ in Millions)			
Fund Type	SB 29 & SB 30	SFC	Total
General Fund	\$104.0	(\$337.0)	(\$233.0)
Treasury Loans	\$0.0	\$110.8	\$110.8
Total Bonds	\$1,637.9	\$516.8	\$2,154.7
VCBA Bonds	\$214.4	\$30.9	\$245.3
VPBA Bonds	\$493.4	\$410.0	\$903.4
9c Revenue Bonds	\$350.6	\$0.0	\$350.6
9d Revenue Bonds	\$331.5	\$75.9	\$407.4
Port Authority Bonds	\$248.0	\$0.0	\$248.0
Nongeneral Funds	\$303.3	\$30.7	\$334.0
Total: Capital Outlay	\$2,045.2	\$321.3	\$2,366.5

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Summary of Recommended Amendments

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Major GF Supported Increases FY 2008 & 2008-2010 Biennium - (\$ in Millions)			
Major Category	SB 29 & SB 30	SFC	Total
Project Cost Overruns and Supplements	\$32.0	\$14.7	\$46.7
Equipment for Previously Approved Projects	\$61.0	\$1.0	\$62.0
Planning	\$1.5	\$94.3	\$95.8
New Renovation Projects	\$236.3	\$5.5	\$241.8
New Construction Projects	\$422.1	\$13.7	\$435.8
Acquisition	\$58.6	\$85.0	\$143.6
Total GF supported Increases	\$811.5	\$214.2	\$1,025.7

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