

SENATE OF VIRGINIA

Senate Finance Committee

Overview of Committee Budget Amendments to SB 850, as Introduced

February 11, 2009

Presentation Outline

2

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

Resources

Revenue Assumptions in Senate Finance Committee Substitute for SB 850

4

- The Senate Finance Committee amendments to SB 850 make no change to the official revenue forecast assumed in the budget as introduced.
- Revenue forecast in budget reflects a **downward** revision of \$2.9 billion.
- Temporary “placeholder” until:
 - a revised revenue forecast is available, and
 - impact of federal fiscal stimulus package is known.

Why no change to the forecast?

5

- The Secretary of Finance routinely provides the “revenue letter” detailing the prior month’s tax collections around the 13th or 14th of the month.
 - As of February 5th, analysis of tax collections for January had not yet been completed, according to a communication from the Secretary of Finance.
- The Secretary of Finance has indicated that an **official** revised forecast will be provided around the middle of the month.
 - At that time, Congress may have completed action on the federal stimulus package.

Mid-Session Re-forecasts

- Last year, during the 2008 Session, revenue performance through January prompted a downward revision to the revenue forecast.
- During the long session last year, the money committees reported budgets on February 17th.
 - The later report date allowed the Governor time to develop a revised forecast, with the benefit of January revenues in hand.
 - Committees were able to incorporate the revised downward revenue forecast in the budgets that they reported.

Key Strategies for SFC Budget

7

- Two tax policy changes – tax amnesty and accelerated sales tax – are “one time” revenues.
 - Careful to use as little of the one-time revenues as possible, leaving a large balance to address further revenue revisions.
- Recognize loss of revenues assumed in budget as introduced due to failed or modified legislation.
 - Close gap with on-going operating reductions; most budget areas contributed to spending cuts.
- Minimize restorations of spending cuts, evaluate equity of reductions.

Summary of Actions in SFC Amendments

8

(\$ in millions)	2008-10
Unappropriated Balance in SB 850 as introd.	\$11.1
Tax Policy Changes/Balances	<u>73.5</u>
Total Available Resources	\$84.6
Expenditures	
Va. Health Care Fund – replace NGF	\$154.9
Other Net Spending/Savings	<u>(114.2)</u>
Total Proposed Spending	\$40.7
Unappropriated Balance	\$43.9

Tax Policy/Other Revenue Actions

(\$ in millions)

9

Accelerated Sales Tax (SB 987 Sub)	\$100.0
Reverse Dealer Discount (SB 987)	(64.3)
Tax Amnesty (SB 1120)	37.0
Late-breaking Federal Tax Conformity	(9.1)
Reverse Proposed Clerks' Fee Action	(6.0)
Sales Tax from Cigarette Tax (SB 947 Failed)	(2.0)
Chesterfield Charter Clerks (SB 942)	(1.9)
\$1.50 of \$4 for Life to Support HHR Programs	9.5
Legislative Agency Reversions	4.8
Renewable Energy Tax Credit (SB 1141 Sub)	2.0
Marriage License Fee Increase (SB 1429)	0.9
VASAP Balance to Substance Abuse	0.5
Digital Media Fee (SB 1421)	0.3
Other Small Balances	<u>1.9</u>
Total Revenue Changes	\$73.5

Public Education

Overview of Public Education

11

- Governor's proposed amendments to Direct Aid to Public Education result in a net **decrease of \$691.9 million GF** when compared to Chapter 879, 2008 regular session.
- The Senate Finance Committee budget contains **amendments** that would result in a net **decrease of \$738.5 million GF** when compared to Chapter 879, 2008 regular session.
- The majority of GF savings occur in FY 2010.

Major Actions in SFC Amendments

12

- Adopts **temporary** reductions of \$368.4 million GF for public education, but modifies the proposed change in methodology that had been included in SB 850, as introduced.
- Allows school divisions to choose whether their school construction grant funding will be spent on non-recurring or on operating expenses.
- Defers 50 percent of the funding for textbooks or \$39.7 million GF in FY 2010.
- Provides \$1.1 million to account for expected growth in the number of teachers eligible for bonuses due to certification from the National Board for Professional Teaching Standards.
- Authorizes creation of a statewide health insurance program for employees of Virginia public school divisions. The Department of Human Resource Management is granted a \$20.0 million line of credit to cover implementation costs.

Summary of K-12 Proposed Amendments

GF Amendments for the 2008-10 Biennium - (\$ in millions)			
	SB 850	SFC	Total
Spec. Ed. Child Count & 2008 Triennial Cens. Data	\$11.5	-	\$11.5
Revised Sales Tax Revenue Estimates /Tax Rev.	(65.0)	(9.4)	(74.4)
Enrollment, Participation, and Other Cost Factors	(83.1)	-	(83.1)
Reduce 50 Percent of Textbook Funding/ Defer	-	(39.7)	(39.7)
Reduce Supplemental Assistance Programs	(0.4)	-	(0.4)
Closure of State-Operated Facilities	(1.9)	1.2	(.7)
Retiree Health Care Credit & Group Life Rates	(2.7)	-	(2.7)
Eliminate School Construction Grants	(27.5)	27.5*	0
Adjust Literary Fund Transfers for VRS	(54.4)	-	(54.4)
Reassign Programs Funded by Lottery Proc. Fund	(55.8)	-	(55.8)
Eliminate 2.0% Salary Increase	(71.6)	-	(71.6)
Fund Current Estimate for Nat. Board Certification	-	1.2	1.2
Cap for Support Positions (Gov) / Reduction (Sen)	(340.9)	(27.5)*	(368.4)
Total	(\$691.8)	(\$46.7)	(\$738.5)

* The increase in school construction funding is offset with an equal \$ decrease in Basic Aid.

Higher Education

Overview of Higher Education

15

- Governor's proposed amendments result in a net **decrease of \$309.7 million GF** or a **8.0% decrease** over the original appropriation.
 - An additional **net decrease of \$22.4 million GF** is budgeted under Central Appropriations.
- The Senate Finance Committee budget contains **amendments** that would result in an **increase of \$5.4 million GF** over the introduced budget, or a **net decrease of \$304.3 million GF** over the original appropriation.
 - An additional net **decrease of \$22.0 million GF** is budgeted under Central Appropriations, an increase of \$0.4 million GF over the introduced budget.

Major Actions in SFC Amendments

16

- Provides an additional \$4.0 million for student financial assistance above the \$25.9 million that was included in the introduced budget.
- Allocates \$351,000 for SB 1214 to allow more flexibility in eligibility for the two-year transfer grant and maintains the \$1.3 million in additional funding for an increase in the award amounts for the grant that was included in the introduced budget and SB 1240.
- Rejects establishing limits on the authority of higher education institutions to set their own tuition rates.
- Restores \$4.0 million or two-thirds of the funding originally provided in FY 2010 for the Eminent Scholars program.

Summary of Proposed Amendments

17

Major GF Actions for the 2008-10 Biennium - (\$ in millions)			
	SB 850	SFC	Total
Across-the-Board Reductions to Colleges and Univ.	(\$296.3)	0	(\$296.3)
Elimination of Tuition Moderation Incentive Funding	(18.8)	0	(18.8)
Across-the-Board Reductions to Affiliated H.E.	(14.6)	0	(14.6)
Eminent Scholars Program	(6.0)	4.0	(2.0)
Elimination of Pay Practice Funding	(2.2)	0	(2.2)
Phase-out TAG Support for Graduate Programs	(2.1)	0	(2.1)
Transfer Autism Program at VCU to HHR	(0.9)	0	(0.9)
Undergraduate Student Financial Aid	25.9	4.0	29.9
Various Program Enhancements	5.2	(1.1)	4.1
Reduce Funding Under the Hi. Ed. Res. Initiative	-	(1.5)	(1.5)
Total	(\$309.7)	5.4	(304.3)

Various Program Enhancements

Agency	Program	SB 850	SFC	Total
ODU	Continue Modeling & Simulation Funding	\$2,099,838	(\$599,838)	\$1,500,000
VSU	Manufacturing & Logistics Program Increase	1,500,000	(1,000,000)	500,000
NSU	Materials Science Ph.D. Increase	0	500,000	500,000
UVA	Fund Health Insurance Premium Increase	1,132,304	0	1,132,304
VCCS	Fund New Equipment Lease	271,932	0	271,932
LU	Create Nursing Program	240,442	0	240,442
Total		\$5,244,516	(\$1,099,838)	\$4,144,678

Other Actions

Higher Education Actions in Central Accounts - (\$ in millions)			
	SB 850	SFC	Total
Elimination of Faculty Salary raise in FY 09 & FY 10	(\$37.0)	0	(\$37.0)
Provide funding for higher education restructuring incentives in FY 2010	13.3	0	13.3
Increase funding for the Two-Year Transfer Grant	1.3	0.4	1.7
Total	(\$22.4)	\$0.4	(\$22.0)

Other Actions

20

- **Restructuring Language**

- Proposes several changes to the annual assessment of institutional performance required under the Higher Education Restructuring Act.
 - Having both annual and biennial performance measures,
 - revising affordability measures around graduation rates and financial aid, and
 - redefining the administrative and financial measures depending upon the level of autonomy in which each institution operates.

- **Out-of-State Student Capital Fee**

- Captures savings of \$8.0 million GF the second year by increasing the capital fee for out-of-state students from \$2 per credit hour to \$6 per credit hour and distributes the revenue among the institutions of higher education based on the distribution set out in SB 850, as introduced.

Health and Human Resources

Overview of Health & Human Resources

22

- The Committee's amendments result in a net **general fund decrease of \$98.1 million**, an increase of \$124.0 million compared to the introduced budget.
- The increase is primarily the result of restoring \$154.9 million for Medicaid from additional revenues that were assumed to flow to the Virginia Health Care Fund in the introduced budget.
- Additional biennial savings of \$10.1 million are diverted from agency balances at the Health Department and the transfer of \$1.50 from vehicle registration fees to the general fund earmarked for the \$4.25 for Life Program (\$9.4 million).

Summary of Proposed Amendments

Major GF Changes for the 2008-10 Biennium (\$ in millions)			
Department	SB 850	SFC	Diff.
Medical Assistance Services	(85.4)	39.7	125.1
MH, MR and Substance Abuse Srvs.	(51.3)	(46.5)	4.8
Social Services	(44.1)	(45.9)	(1.8)
Health	(19.7)	(20.7)	(0.9)
Comprehensive Services Act	(13.0)	(16.0)	(3.0)
Rehabilitative Services/WWRC	(7.5)	(7.5)	-0-
All Other HHR Agencies	(1.1)	(1.3)	(0.2)
Total	(\$222.1)	(\$98.1)	\$124.0

Department of Medical Assistance Services

24

Major GF Increases for the 2008-10 Biennium - (\$ in millions)	
Medicaid Forecast*	\$268.4
FAMIS and SCHIP Forecast	11.7
Adjust funding for Virginia Health Care Fund	6.7
Adjust Funding for Involuntary Mental Commitments	1.8
Increase Consumer-directed Personal Care Rates by 3%	1.7
Total	\$290.3
* Already reflects a GF reduction of \$57.7 million for nursing homes, hospitals, psychiatric facilities and managed care organizations included in the introduced budget.	

Department of Medical Assistance Services

25

Budget Action	SB 850	SFC	Diff.
Additional revenues to VHCF from tobacco tax increase	(\$154.9)	\$ 0.0	\$154.9
Provider rate reductions and payment shifts	(151.1)	(178.0)	(26.9)
Long-term and health care service reductions	(46.3)	(46.3)	-0-
Other reductions	(15.5)	(17.3)	(1.8)
Administrative reductions and program efficiencies	(7.9)	(8.4)	(0.5)
Total	(\$375.7)	(\$250.0)	\$125.7

DMAS (Provider Rate Changes)

26

- The budget recommendations delay reimbursements for all providers by one week and shifts payments for hospitals, managed care organizations and the federal government into FY 2010, achieving savings of \$126.5 million.
- Hospital reimbursement rates are reduced for inpatient services, capital costs and psychiatric services (\$21.2 million);
- The recommendations also include provider rate reductions for physicians, dentists and nursing homes by 3 percent (\$22.0 million). In addition:
 - An exception from this reduction for Children's Hospital of the King's Daughter is eliminated (\$418,648) and reimbursements for indigent health care costs are reduced by 3 percent (\$3.7 million).
 - Extra payments for hospitals with NICUs are also eliminated (\$902,470).

DMAS (Long-term Services)

27

- Retains reductions for long-term care services such as:
 - Limiting spending on high-cost waiver recipients (\$9.2 million),
 - Capping enrollment in the E&D waiver (\$5.9 million),
 - Suspending the addition of 200 MR waiver slots (\$5.8 million), and
 - Removing environmental modifications and assistive technology from the HIV/AIDS waiver and the TECH waiver programs (\$3.9 million).

DMAS (Health Care & Other Services)

28

- Eliminates funding for two programs that provide health care services to low-income, uninsured Virginian's (\$15.2 million) – the Indigent Health Care Trust Fund and the State/Local Hospitalization Program.
- Other recommendations:
 - **Restore** \$5.5 million GF to maintain services at SEVTC through December 31, 2009 (net savings of \$2.9 million),
 - **Implement** a provider tax on ICF/MRs (\$7.1 million), and
 - **Transfer** \$7.3 million to the Virginia Health Care Fund from the tobacco settlement fund for rising Medicaid costs.

Department of MH, MR & SA Services

Spending Increases	SB 850	SFC	Diff.
Funding for Autism Services	\$1.3	\$1.1	(\$0.2)
Regional Community Support Center	-0-	0.4	0.4
Spending Reductions			
5% Reduction to Community Services Boards	(\$24.8)	(\$24.8)	-0-
Administrative reductions and efficiencies	(13.7)	(13.7)	-0-
Service reductions and facility closures	(9.0)	(4.4)	4.6
Replace GF Spending with NGF Resources	(5.0)	(5.0)	-0-
Net change	(\$51.3)	(\$46.5)	\$4.8

Department of MH, MR & SA Services

30

- Includes a 5% reduction for CSBs equating to \$12.4 million GF each year.
- Restores \$4.7 million GF to continue providing acute mental health treatment services for children and adolescents at 50% of current bed capacity including:
 - \$4.0 million to operate 24 beds at the Commonwealth Center for Children and Adolescents in Staunton, and
 - \$700,000 to operate 8 beds in the adolescent unit at Southwestern Virginia Mental Health Institute in Marion.
- Maintains \$2.1 million GF for children needing inpatient mental health treatment services in private psychiatric facilities.

Department of Social Services

Spending Increases	SB 850	SFC	Diff.
Funding for Adoption Subsidy Payments	\$2.4	\$2.4	-0-
Funding for Virginia Food Banks	1.0	1.0	-0-
Relocate DSS Central Office	0.8	0.0	(0.8)
Spending Reductions			
Replace GF Spending with NGF Resources	(\$39.3)	(\$39.3)	-0-
Administrative reductions and efficiencies	(7.0)	(7.0)	-0-
Reduce foster care rate increase in FY 2010	(1.2)	(2.9)	(1.7)
Reduce funding for community-based service providers	(0.7)	(0.6)	0.1
Net change	(\$44.1)	(\$46.4)	(\$2.4)

Department of Social Services

32

- General fund spending reductions in DSS are largely accomplished by substituting federal TANF block grant funds for existing services such as cash assistance and child care (\$26.9 million) and programs currently funded with general funds (\$10.9 million GF).
- Other reductions within DSS include \$3.0 million from 80 agency layoffs, \$1.5 million by suspending an automation initiative and \$1.4 million by adjusting spending for the auxiliary grant program.
- Additional changes in the SFC's report include restoring \$90,000 GF for two child advocacy centers and a 3% rate reduction for auxiliary grant payments of \$1.7 million GF.

Other HHR Agencies

- Other spending reductions include:
 - \$3.0 million to reflect slowing growth in the number of children entering CSA through parental agreements; and
 - \$2.6 million from drinking water construction grants.

Additional funding includes:

- \$1.0 million to restore funding for Poison Control Centers; and
- \$1.0 million to maintain funding for community health centers and free clinics.

Public Safety

Overview of Public Safety

35

- The committee's proposed amendments result in a **net reduction of \$15.1 million GF** below SB 850, the budget as introduced (for the biennium).
 - Includes increases of \$3.0 million and reductions of \$18.1 million, compared to budget as introduced.
 - No new programs.
 - Significant downsizing.
 - Changes business as usual.

Summary of Proposed Amendments

36

Major GF Changes for the 2008-10 Biennium (\$ millions)		
Agency	SB 850	SFC
Corrections	(57.3)	(62.0)
Juvenile Justice	(21.5)	(21.5)
Correctional Education	(6.3)	(7.0)
Criminal Justice Services (incl. HB 599)	(21.3)	(22.5)
State Police	(11.4)	(18.6)
Military Affairs	(1.6)	(2.7)
All Other	(4.9)	(5.1)
Total for Public Safety Agencies	(124.3)	(139.4)

Committee Reductions

37

- Ten additional DCE teachers (-\$730,000)
- Additional \$5.5 million (undesignated) reduction in DOC
- Closure of Hanover Juvenile Corr. Cntr. (-\$1.8 million)
- Closure of Commonwealth Challenge (-\$1.1 million)
- Postponement of 115th and 116th Basic Trooper Schools at State Police until next biennium (-\$7.1 million)
- Increased reduction in Fire Programs Fund (NGF) from 5% to 7% (total - \$1.5 million; Part 3 Transfer)

Committee Increases

38

- Restores 12 mental health treatment positions in state juvenile correctional centers (\$800,000)
- Restores substance abuse treatment funds in DOC district probation offices (\$400,000)
- Restores hazmat funding (\$275,000)
- Restores pilot project to develop Phase I of the electronic veterans' claims system (\$50,000)
- Partially restores VA Wilderness Institute (\$1.0 million)
- Adds second year funding for Internet Crimes Against Children (ICAC) task forces (\$400,000)

Offender Population Initiatives

39

- **Early Release** extends 30 days to 90 days; restricted to non-violent (per 17.1-805); and no drug dealers
- **Behavioral Corrections** SB 1196 provides option for judge to suspend remainder of sentence after successful completion of 24-month treatment program; restricted to non-violent offenders (per 17.1-805); no drug dealers
 - Temporary probation officers (+ \$0.4 million)
 - Local community corrections and pretrial release programs; diverts 3,000 offenders (+ \$1.5 million)

Electronic Incarceration

40

- Committee recognizes Virginia cannot afford unlimited prison construction to continue to incarcerate non-violent, lower-risk offenders who can safely be held accountable through alternative punishment options.
- Budget language creates task force of DOC, Sheriffs, Regional Jails Superintendents, Commonwealth's Attorneys, and VCSC to develop recommendations to expand the use of electronic incarceration, in order to divert at least 500 additional offenders in FY 2010 (SB 1540 recommitted to committee).

Jail Finance

41

- The committee recognizes Virginia does not have sufficient debt capacity to provide unlimited state reimbursement for local and regional jail capital projects.
- SB 1386 eliminates, for the time being, the authority for the Board of Corrections to approve new jail projects (after those approved by the Board of Corrections by June 1, 2009, or open by May 1, 2009).
- Budget language retains the authority for certain projects that are already underway.
- Budget language creates joint subcommittee.

HB 599

- Last year, the adopted budget for state aid to localities with police departments (HB 599) was \$205.0 million for each year of the current biennium.
- For FY 2009, funding is reduced 3.8 % to \$197.3 million, consistent with the October revenue re-forecast.
- For FY 2010, funding is reduced 7% (compared to the original FY 2010 appropriation of \$205.0 million) to \$190.7 million. The reduction is across-the-board.

Economic Development and Natural Resources

Overview of Commerce & Trade

44

- The Senate amendments include additional **GF reductions totaling \$9.9 million in FY 2010** for Commerce & Trade agencies:
 - Combined with the **\$17.6 million GF reductions** in SB 850, as introduced, net reductions total **\$27.6 million GF for the biennium.**
- A net of **\$6.3 million GF** will be available in the second year for the Governor's Opportunity Fund for economic development projects.
- Provides **\$1.2 million GF in FY 2010** for the Fort Monroe FADA.
- Provides **\$500,000 GF in FY 2010** for Clean Energy Manufacturing Grants.
- Delay a portion of the higher education component of an aerospace incentive grant by **\$1.3 million GF in FY 2010** (in Central Appropriations).
 - Consistent with the 15% reductions to colleges and universities.
 - Provides a net of \$7.3 million for the higher education grant in FY2010.

Summary of Proposed Amendments

Major GF Changes for the 2008-10 Biennium (\$ millions)		
Program	SB 850	SFC
Virginia Economic Development Partnership	\$17.0	\$16.4
Virginia Tourism Authority	14.5	14.0
Governor's Opportunity Fund	12.5	6.3
Higher Ed. Portion of Aerospace Incentive Grant	8.6	7.3
Jobs Investment Program	8.5	8.2
Clean Energy Manufacturing Grants	2.0	0.5
Fort Monroe FADA	1.5	1.2

Overview of Agriculture & Forestry

46

- Generates savings of **\$2.6 million GF in FY 2010** in the VDACS Weights and Measures program:
 - Establishes an initial annual user fee of \$22 per device to level fund the program with NGF in FY 2010 and language requiring the Board of Agriculture and Consumer Services to adopt permanent fees beginning in FY 2011.
 - The language also requires the Board to examine the potential to privatize the program and report to the 2010 General Assembly.
- **Reduces** funding for the Purchase of Development Rights matching grants program by **\$250,000 GF in FY 2010**.
- There are no additional GF reductions to operating budgets in the Agriculture & Forestry Secretariat.
 - Cuts to these agencies in the introduced budget total **\$9.1 million GF** and the elimination of 42 FTE positions

Overview of Natural Resources

47

- Provides **\$18.5 million in FY 2010** to be deposited in the Natural Resources Commitment Fund for Agricultural Best Management Practices that support water quality:
 - \$8.5 million GF (**Reduced by \$1.5 million** GF from SB 850, as introduced).
 - \$10.0 million NGF (\$5.2 million from the WQIF Reserve Fund and \$4.8 million from WQIF Nonpoint Source interest earnings).
- There are no additional GF reductions to operating budgets for Natural Resources agencies.
 - Cuts to the agencies in the introduced budget total **\$24.0 million GF** and the elimination of 81 FTE positions

General Government

Legislative Department

49

- **Legislative Reversion Clearing Account:** Additional budget reductions of \$3.4 million the first year and \$1.4 million the second year from the Senate and from other agencies within the Legislative Department.
- **Capitol Police:** Additional reduction of \$726,050 each year and nine unfilled positions.
- **Legislative Services:** \$180,600 for redistricting expenses, including mapping space, work stations, hardware and software.

Judicial Department

50

- The **net increase** for the Judicial Department for the biennium is \$7.1 million, or 0.9 %, raising the biennial budget for the Judicial Department to \$817.6 million GF.
 - The committee budget **adds** \$5.4 million GF each year for the Criminal Fund, and \$0.6 million GF each year for the judicial portion of the Involuntary Mental Commitment Fund, plus an additional \$50,000 for expenses of special justices (SB 1078).
 - The committee budget also includes a **reversion clearing account**, with GF reductions of -\$2.0 million in FY 2009 and -\$3.0 million in 2010, as proposed by the Chief Justice.

Judicial Department (Reductions)

Agency	Description	SB 850	SFC
Courts	Delay hiring positions by 90 days	(\$2.4)	(\$2.4)
	Eliminate three positions (3 layoffs)	(\$0.4)	(\$0.4)
	District court judges leave balances	(\$0.4)	(\$0.4)
	Education and training expenses	(\$0.6)	(\$0.6)
	Other reductions	(\$0.3)	(\$0.3)
JIRC	Judicial Inquiry and Review Comm.	(<\$0.1)	(<\$0.1)
VCSC	Virginia Criminal Sentencing Comm.	(<\$0.1)	(<\$0.1)
IDC	Indigent Defense Commission	(\$0.9)	(\$0.9)
	TOTAL Judicial Department	(\$5.0)	(\$5.0)

Summary of SFC Amendments Administration

52

Major GF Changes for the 2008-10 Biennium - (\$ in millions)		
Agency	SB 850	SFC
Secretary of Administration	(\$ 1.0)	(\$ 1.2)
Compensation Board	(55.9)	(56.8)
Department of Employee Dispute Resolution	(1.3)	(1.3)
Department of General Services	(2.8)	(2.8)
Department of Human Resource Management	(0.6)	(0.6)
Human Rights Council	(0.8)	(0.3)
Department of Minority Business Enterprise	(0.2)	(0.2)
State Board of Elections	(0.7)	(0.7)
Total: Office of Administration	(\$63.4)	(\$64.2)

Summary of SFC Amendments Compensation Board

53

Major GF Changes for the 2008-10 Biennium - (\$ in millions)		
Program	SB 850	SFC
Administration	+\$0.3	+\$0.3
Constitutional Officers' Liability Insurance	(2.1)	(2.1)
Sheriffs	(37.8)	(37.8)
Commonwealth's Attorneys	(4.7)	(4.7)
Clerks of the Circuit Courts	(3.9)	(4.8)
Jail Per diem Payments	(5.6)	(5.6)
Treasurers	(0.7)	(0.7)
Directors of Finance	(0.5)	(0.5)
Commissioners of the Revenue	(0.9)	(0.9)
Total: Compensation Board	(\$55.9)	(\$56.8)

Compensation Board

54

- **Major Reductions**

- \$40.7 million from reduced funding for constitutional officers (FY10: -7.0% Sheriffs and Commonwealth's Attorneys; 10.0% all others.),
- \$12.0 million GF from supplanting E-911 funds with general funds to support dispatcher positions,
- \$1.8 million GF from liability insurance and administration,
- \$1.4 million GF from supplanting general funds with technology trust fund revenue to support circuit court clerk offices, and
- \$0.9 million GF for the budget impact of the Chesterfield Charter change (SB 942).

- **Major Increase**

- An additional \$3.5 million GF in the second year for staffing at new jails.

Summary of SFC Amendments Finance

55

Major GF Changes for the 2008-10 Biennium - (\$ in millions)		
Agency	Gov.	Senate
Secretary of Finance	(\$<0.1)	(\$<0.1)
Department of Accounts	(0.9)	(0.9)
Department of Accounts Transfer Payments	(4.5)	(12.7)
Department of Planning and Budget	(2.0)	(2.0)
Department of Taxation	+1.2	+1.7
Department of the Treasury	(0.4)	(0.4)
Treasury Board	(14.7)	(24.3)
Total: Office of Finance	(\$21.3)	(\$38.6)

Department of Taxation

56

- **Cost of Legislation**

- SB 1120 Tax Amnesty Program – Authorizes a Treasury Loan of \$6.9 million to offset expenses of the Tax Amnesty Program. **Net FY 2010 revenue = \$37.0 million GF.**
- SB 1431 Digital Media Fee – Authorizes the capture of systems modification costs in FY 2010, up to total of \$320,000, from fees collected. **Net FY 2010 revenue = \$250,000 GF.**
- SB 905 Taxpayer's Power of Attorney – Provides \$549,492 GF in FY 2010 for system changes required to automatically generate duplicate copies of documents for taxpayer's power of attorney.

Department of Taxation

57

- **Tax Compliance**

- An additional \$5.8 million GF is recommended for the Department of Taxation to hire 55 new tax compliance audit staff.
- Additional revenue estimated at \$22.9 million GF is projected to be realized from this initiative (included in introduced budget).

- **Relocation**

- An additional \$2.1 million GF is recommended to relocate Tax staff to the Main Street Center.

Overview of Technology

58

- Proposed amendments provide a net GF **reduction** of **\$7.5 million**
- Merges the Virginia Enterprise Applications Partnership into a Division within the Virginia Information Technologies Agency
 - Creation of the Division and enumeration of the responsibilities of Chief Applications Officer are contained in legislation.
 - Prohibits the expenditure of VITA overhead recoveries for operations of the Division.
 - Does not result in any cost savings.
- Transfers \$12.0 million NGF from the Wireless E-911 Fund to the Compensation Board to support sheriff emergency dispatchers.
- Eliminates \$6.0 million GF in FY10 to cover unbudgeted agency technology costs (Central Appropriations).

Summary of SFC Amendments

Major GF Decreases for the 2006-08 Biennium (\$ in millions)		
Program	SB 850	SFC
Reduce Growth Acceleration Program (ITA)	\$0.6	\$0.6
Restructure Innovative Technology Authority (ITA)	0.5	0.5
Eliminate CTRF Administrative Support (ITA)	0.2	0.2
Reduce VECTC (ITA)	0.1	0.1
Reduce Contracted Services (VITA)	0.7	0.7
Reduce Productivity Incentive Funds (CA)	0.1	0.3
Accelerate Cost Containment Efforts (CA)	0.0	6.0

Summary of SFC Amendments Central Appropriations

Major GF Changes for the 2008-10 Biennium - (\$ in millions)		
Program	Gov.	Senate
Car Tax	\$ 0.0	\$ 0.0
Compensation Supplements	(173.1)	(173.1)
Employee Benefit Reversion	(32.6)	(30.6)
Payments for Special & Unanticipated Expenses	(1.9)	(5.9)
State Agency Reversions	(12.0)	(12.0)
Local Aid Reversions	0.0	0.0
Transition Support	0.6	0.6
Other Central Appropriations	11.1	11.5
Total: Central Appropriations	(\$208.0)	(\$209.5)

Transportation

Overview of Transportation

62

- The introduced bill **reduced** Transportation revenues by **\$670.1 million** for the biennium, approximately 7 percent.
 - Of these reductions, **\$574.2 million** is to the Department of Transportation.
 - Approximately 10 percent reduction in staffing, more than 1,100 fulltime equivalent positions.
- The committee took no actions to further reduce the revenues for Transportation.

Summary of Transportation Reductions

(assumed in introduced budget – no changes by SFC)

63

NGF Reductions for the 2006-08 Biennium (\$ in millions)	
Department of Transportation	(\$574.2)
Department of Rail and Public Transportation	(40.8)
Department of Motor Vehicles	(10.5)
Department of Aviation	(6.2)
Virginia Port Authority	(28.4)
Total	(\$670.1)

Senate Finance Committee Amendments

VDOT

64

- Provides guidelines and reporting requirements for implementing VDOT's reduction-in-force efforts, including:
 - Reduction of at least 30% of central office divisions, residency offices, and repair shops.
 - Contractual expenditures not less than 70%.
 - Objective and transparent methodology, opportunity for public involvement.
 - Not more than 7,500 positions filled by the end of FY 2010.
- Requires VDOT to review other states' programs for reforestation of urban construction zones and develop a reforestation plan for the Capital Beltway High-Occupancy Toll (HOT) Lanes.

Senate Finance Committee Amendments

DRPT

65

- Allows the Virginia Railway Express to competitively procure liability insurance from public or private providers.
- Establishes a one-time competitive grant for Mass Transit Operating funding.
 - Ten percent reduction to Capital Funds.
 - Preference to services that would be eliminated and higher than average local support.
 - Requires CTB approval of grant awards.
- Requires DRPT to improve planning for intercity passenger rail service.
 - Identify costs of construction phases and timelines for current TransDominion Express and Urban Crescent corridors.
 - Identify opportunities for intercity rail connection to Norfolk and Virginia Beach.

Other Actions

66

- Authorizes the Department of Planning and Budget to allocate bond revenues pursuant to HB 3202 (2007) as revenues permit.
 - Designated insurance premium revenues have been insufficient to support issuance.
- Delays Port Authority issuance of Craney Island Marine Terminal construction bonds until FY 2011.
- Slows implementation of DMV information systems redesign for Real ID.
 - \$11.4 million in Uninsured Motorist Funds transferred to GF.

Capital Outlay

Summary of Proposed Amendments

68

Major GF Changes for the 2008-10 Biennium - (\$ in millions)			
	GF	GF Bonds	Total
Actions to Balance the Budget	(\$350.0)	\$406.0	\$56.0
New GF Spending	\$8.6	\$44.6	\$53.2
Total: GF Supported Capital	(\$341.4)	\$450.6	\$109.2

Summary of Proposed Amendments

Major GF Changes for the 2008-10 Biennium - (\$ in millions)			
Actions to Balance the Budget	GF	GF Bonds	Total
Debt for NGF Deposit	\$0.0	\$56.0	\$56.0
Supplant 2008 Cash Flow Projects	(100.0)	100.0	0.0
Supplant GF Projects	(250.0)	250.0	0.0
Total: Actions to Balance the Budget	(\$350.0)	\$406.0	\$56.0

Summary of Proposed Amendments

70

Major GF Changes for the 2008-10 Biennium - (\$ in millions)			
New GF Spending	GF	GF Bonds	Total
Renovations and Improvements	\$0.0	\$6.7	\$6.7
Equipment for Completed Projects	8.6	26.2	34.8
Project Supplements	0.0	11.7	11.7
Total: New GF Spending	\$8.6	\$44.6	\$53.2

Summary of Proposed Amendments

71

- Provides an additional \$8.6 million GF for equipment for previously authorized capital projects. With this increase, the total recommended for equipment in SB 850 is \$34.8 million.
- Allows projects authorized for preplanning or planning in the 2008 capital bond bill to continue planning with nongeneral funds.
- Provides \$62.6 million from general and nongeneral fund supported bonds for construction, or acquisition and renovation of community housing for people with mental retardation in central and southeastern Virginia.

Mental Retardation Training Centers

72

- **Central Virginia Training Center**
 - Provides \$27.5 million (\$12.2 million from general fund supported bonds and \$15.3 million from non-general fund supported bonds) for construction, or acquisition and renovation of community housing in the service area of CVTC.
 - \$24.5 million remains for renovation of CVTC as a 300 bed facility.
- **Southeastern Virginia Training Center**
 - Provides \$35.0 million (\$23.8 million from general fund supported bonds and \$11.2 million from non-general fund supported bonds) for construction or acquisition and renovation of community housing in the service area of SVTC.
- A provisional plan for the community housing is included in the amendment, with changes allowed only for “material changes in circumstances”, and subject to General Assembly review.

Debt Capacity

- Debt Capacity for the 2009 session is severely limited when compared to recent General Assembly Sessions.
- The Commonwealth's debt capacity may be further eroded in the event of additional general fund revenue reductions.

