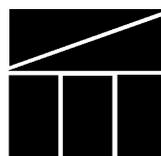


Governor Warner's proposed budget for 2006 and the 2006-2008 biennium

*A briefing for the Senate Finance Committee,
the House Appropriations Committee, and the
House Finance Committee*

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Introduction – Making the Budget More Transparent

- Tremendous effort was made to establish a structure to link state spending to specific performance and more clearly demonstrate the results achieved through government spending.
- “Service areas” were constructed as the basic unit of the budget to better describe the activities of government. Obsolete and vague descriptions of agency programs have been replaced with more straightforward language.
- Similar activities (for example, Administrative Support) in separate agencies now describe these activities in the same language for ease of tracking.
- The new form and structure of this budget meets a basic commitment to make the budget more understandable.

Introduction – Previous Budget Structure vs. New Structure

Previous Structure

❖ Programs/Subprograms =

Budgeting

Accounting System

❖ Activities =

Strategic

Virginia

New Structure

❖ Service Areas =

Budgeting

Accounting

Strategic

Performance Measurement

Introduction – Example of Service Areas

Department of Planning and Budget Service Structure Recommendations

<i>Current Programs/Subprograms</i>	<i>Recommended Service Structure</i> <i>Proposed Services = “*”</i>
Planning, Budgeting, and Evaluation Services (71500)	Planning, Budgeting, and Evaluation Services (71500)
Budget Development and Execution Services (71502)	Budget Development and Budget Execution Services (71502)*
	Legislation and Executive Order Review Services (71504)*
	Regulatory Review Services (71505)*
	Program Evaluation Services (71506)*
Administrative Services (71598)	Administrative Services (71598)*

Introduction – Budgeting and Planning by Service Area

- Strategic plans have been developed by each agency to clearly identify the goals of the organization – and to explain how these goals align with the overall objectives of the Commonwealth.
- Plans have also been created for each service area, detailing the activities of the agency, identifying who is served by these activities, and how much is budgeted to deliver these services.
- Quantified measures have been put in place to specify the agency's current and targeted performance levels in each service area. For the first time, Virginians can see not only how much is budgeted for state agencies but also what results each agency plans to achieve in each area.
- The quest for transparency is continuing. Each agency's strategic plan and service area plans will soon be published on its website so that all Virginians may readily understand what functions each agency performs, what that performance costs, and how that performance is measured. Additionally, each agency will soon begin providing updates on their progress toward performance targets.

Introduction – Example from 2006-2008 Budget Bill

Department of Forensic Science (778)

402.	Law Enforcement Scientific Support Services (30900)	32,478,850	32,136,754
	Biological Analysis Services (30901)	10,570,705	9,143,705
	Chemical Analysis Services (30902)	6,994,181	6,994,181
	Physical Evidence Services (30904)	8,267,727	8,267,727
	Training and Standards Services (30905)	573,005	573,005
	Administrative Services (30906)	6,073,232	7,158,136
Fund Sources:	General	32,478,850	32,136,754

Authority: Title 9.1, Chapter 1, Articles 1 and 2, and §§ 9.1-117 and 9.1-122.

A. Out of this appropriation, \$1,600,000 the first year and \$1,600,000 the second year from the general fund shall be used to fund operating costs of the Norfolk Public Health Building. Of this amount, \$200,000 in the first year and \$200,000 in the second year has been transferred from the Department of Health as its portion of the ongoing operating costs of this facility.

B.1. Included in this appropriation is a maximum of \$900,000 the first year and \$900,000 the second year from the general fund for the Virginia Institute of Forensic Science and Medicine to cover the costs of training scientists for the Department of Forensic Science.

2. The Department of Forensic Science and the Virginia Institute of Forensic Science and Medicine will annually review the memorandum of understanding (MOU) outlining the terms and conditions for support services provided by the department for the Institute, services to be provided by the Institute for the department, and the number of student fellows that will be financed by the funds provided by the department to the Institute. Copies of this MOU shall be provided to the Secretary of Public Safety.

3. The Department of Forensic Science shall require the development and use of an employment contract to specify that student fellows receiving stipends pursuant to this item shall agree to work for the Department of Forensic Science for at least two years following the completion of their certification program. The department shall consult with the Office of the Attorney General in the development of this contract.

Introduction – Example from 2006-2008 Budget Document

Department of Forensic Science

Mission Statement

The Department of Forensic Science’s mission is to protect the public’s safety, support law enforcement and the judiciary, and advance the growth and understanding of forensic science by the following:

- Perform accurate, relevant, reliable, thorough and timely analyses and examinations of evidence;
- Convey the results of analyses and examinations through clear, objective, balanced, and easily understood reports, consultations and testimony;
- Train law enforcement, the judiciary and the public in the use and understanding of forensic science; and,
- Develop, provide and maintain evidence collection resources.

Agency Goals:

- Ensure that Virginia receives accurate and timely forensic services.
- Enhance the quality and use of forensic evidence to improve public safety through fair and effective court proceedings.
- Exceed expectations for developing and maintaining appropriate human resources, responsible procurement practices, sound financial management and prudent technology use, while accomplishing the agency's objectives.

Customers Served:

Offices of Commonwealth’s Attorneys
 Other law enforcement agencies and state agencies (statewide)
 Circuit courts (in 31 circuits)
 General District and Juvenile & Domestic Relations Courts (32 districts)
 Office of the Chief Medical Examiner
 Sheriff’s offices and police departments

Agency Budget Summary

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
NEW OPERATING BUDGET SUMMARY:						
FY 2007 Base Budget	\$27,975,857	\$0	\$27,975,857	\$18,934,855	\$9,041,002	281.00
FY 2007 Addenda	\$4,502,993	\$0	\$4,502,993	\$1,308,115	\$3,194,878	24.00
FY 2007 TOTAL	\$32,478,850	\$0	\$32,478,850	\$20,242,970	\$12,235,880	305.00
FY 2008 Base Budget	\$27,975,857	\$0	\$27,975,857	\$18,934,855	\$9,041,002	281.00
FY 2008 Addenda	\$4,160,897	\$0	\$4,160,897	\$1,902,903	\$2,257,994	30.00
FY 2008 TOTAL	\$32,136,754	\$0	\$32,136,754	\$20,837,758	\$11,298,996	311.00

Agency Summary of Recommended Operating Budget Addenda

- Transfer centrally funded amounts to agency budgets
- Adjusts the agency budget to reflect amounts moved from Central Appropriations to cover the cost of items such as the continuation of 2005 and 2006 salary and health insurance premium increases, and changes in retirement and disability contribution rates. For each year, \$1.1 million (GF).
- Remove one-time spending for equipment
- Removes one-time funding provided during the 2005 Session of the General Assembly for equipment. For each

year, a reduction of \$99,000 (GF).

Introduction – Example from 2006-2008 Budget Document (continued)

2007	2007 Dollars	2008 Dollars	2008 Positions	2008 Positions
Service Area Budget				
<i>Base Budget</i>	\$9,143,705	\$9,143,705	281.00	281.00
<i>Reduce the drug case examination backlog</i>	\$1,427,000	\$0	0.00	0.00
Total for Service Area	\$10,570,705	\$9,143,705	281.00	281.00

Objective: Provide quality DNA and mitochondrial analyses of criminal evidence in a timely and expeditious manner.

<u>Key Performance Measure(s)</u>	<u>Measure Baseline(s)</u>	<u>Measure Targets(s)</u>
Number of cases received annually	4,100 cases received in FY2005	4,981 cases received in FY2008
Number of cases completed annually	4,426 cases completed in FY2005	4,512 cases completed in FY2008
Average turn-around time for completed cases in 2008	average of 182 days per case in FY05	average of 240 days case per case in 2008

Chemical Analysis Services

This service area provides chemical analyses of controlled substances and toxicological and trace evidence for state and local law enforcement agencies, medical examiners and prosecutors. This includes laboratory examination, reporting the results, and, as required, providing testimony in courts of law.

2007	2007 Dollars	2008 Dollars	2008 Positions	2008 Positions
Service Area Budget				
<i>Base Budget</i>	\$5,544,513	\$5,544,513	0.00	0.00
<i>Transfer centrally funded amounts to agency budgets</i>	\$1,088,042	\$1,088,042	0.00	0.00
<i>Remove one-time spending for equipment</i>	(\$99,000)	(\$99,000)	0.00	0.00
<i>Fund Department of Forensic Science positions</i>	\$235,626	\$235,626	0.00	0.00
<i>Replace scientific instruments</i>	\$225,000	\$225,000	0.00	0.00
Total for Service Area	\$6,994,181	\$6,994,181	0.00	0.00

Objective: Provide quality analyses of controlled substance evidence in a timely and expeditious manner

<u>Key Performance Measure(s)</u>	<u>Measure Baseline(s)</u>	<u>Measure Targets(s)</u>
Number of cases received annually	45,148 cases received in FY2005	51,500 cases received in FY2008
Number of cases completed annually	39,812 cases completed in FY2005	45,576 cases completed in 2008
Average turn-around time for 2008	average of 106 days per case in FY2005	average of 226 days per case
Completed controlled substance cases		

Physical Evidence Services

This service area provides scientific analyses of latent print/imaging, impression, firearm, toolmark, questioned document, and bloodstain evidence for state and local law enforcement agencies, medical examiners and prosecutors. This includes laboratory examination, reporting the results, and, as required, providing testimony in courts of law.

2007	2007 Dollars	2008 Dollars	2008 Positions	2008 Positions
Service Area Budget				

Examples of Performance Budgeting in the Governor's Introduced Budget

Department of Forensic Science

\$1.4 million (GF) is provided in 2007 for overtime and contracting out with accredited labs.

- The number of drug cases submitted to the department for analysis has increased significantly over the last several years and the turn-around time for many of these cases is several months.
- Funds in 2007, will allow the agency to contract with an accredited private laboratory to process the current backlog of cases, and to pay for mandatory overtime that will be required of agency drug chemists in FY2007, to reduce the current backlog in approximately two years.
- The funding requested will allow the agency to process 8,000 cases over a 12 month period.
- 4,000 cases will be out-sourced to an accredited private laboratory and 4,000 cases will be processed in-house utilizing overtime by agency drug chemists.
- This should reduce the current backlog of 16,500 cases to 8,500 cases by end of FY2007.
- This project will be evaluated in FY2007 to determine if the desired results are being achieved, and additional funding will be sought for FY2008 if the program proves successful.
- Many cases are currently being dismissed due to lack of laboratory results.

Introduction – Example from 2006-2008 Budget Document (continued)

► Fund Department of Forensic Science positions

Annualizes funding for positions given to the agency during the 2005 Session of the General Assembly. The funding for the positions had been phased in. For each year, \$235,626 (GF).

► Increase funding for laboratory maintenance and operating services

Provides funds to address the escalating costs for laboratory maintenance and operating services at the agency's four regional forensic laboratories. For each year, \$200,000 (GF).

► Adjust funding for agency expenditures related to cost of basic operations

Adjusts funding for changes in operating costs related to central agency services and various charges. These include rental charges at the seat of government, procurement fees, property insurance premiums, and workers compensation insurance premiums. It also includes adjustments for changes in project management and security provided by the Virginia Information Technologies Agency and the transformation to service-based billing for technology services other than hardware and software. For 2007, \$41,673 (GF). For 2008, \$43,289 (GF).

► Increase scientific and support staffing

Provides funds for additional forensic scientists and support staff for the four regional laboratories. For 2007, \$645,612 (GF) and 13 positions. For 2008, \$1.6 million (GF) and six additional positions.

► Reduce the drug case examination backlog

Provides funds to reduce the current backlog of cases through contract with an accredited private laboratory and mandatory overtime of agency drug chemists. For 2007, \$1.4 million (GF).

► Replace scientific instruments

Provides funds to replace a portion of the instrumentation needed to perform the scientific analysis called for under the Code of Virginia. This funding will provide for replacement and/or new technology necessary to support the objectives of the chemical analysis and physical evidence service areas. For each year, \$225,000 (GF).

► Replace breath alcohol instruments

Provides funds to replace the evidential breath test instruments used by police officers throughout the Commonwealth. The agency manages the breath alcohol program by providing, maintaining, and certifying instruments and training and certifying police officers in the use of this equipment. For each year, \$196,870 (GF).

► Increase training offered by the Virginia Forensic Science Academy

Provides funds to increase the offerings of the Virginia Forensic Science Academy of the Department of Forensics. The training is provided to local and state law enforcement officers for evidence collection and crime scene preservation. For each year, \$66,553 (GF).

► Increase laboratory space in the Central Laboratory

Provides funds to move the administrative function of the agency out of the Central Laboratory and use the vacated area to expand the agency's laboratory space. For 2007, \$178,500 (GF). For 2008, \$357,000 (GF).

► Provide full-time positions to perform operations and maintenance services for the department's four regional laboratories

Provides positions to assume operations and maintenance services for the department's four regional laboratories that currently are being outsourced. Contract services have been inadequate and unresponsive. For 2007, six positions.

► Increase position level to reflect previously created position

Provides a full-time position inadvertently omitted when the agency was established as an independent entity. No additional funds are required. For 2007, one position.

Agency Service Areas:

Biological Analysis Services

This service area provides scientific analyses of nuclear and mitochondrial DNA evidence for state and local law enforcement agencies. This includes laboratory examination, reporting the results, and, as required, providing testimony in courts of law.

Examples of Performance Budgeting in the Governor's Introduced Budget (continued)

Service Area Measures:

Number of cases received annually

Measure 1.1 Data Table

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
0	0	0	0	0	0	0	0	0	2,241	2,895	3,615	3,794	4,340	410
														0

Number of cases completed annually

Measure 1.1 Data Table

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
0	0	0	0	0	0	0	0	0	2,472	2,525	3,104	3,272	4,165	4,426

Average turn-around time for completed cases

Measure 1.1 Data Table

1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
0	0	0	0	0	0	0	0	0	113	109	157	179	211	182

Governor's budget objectives

- **Maintain the Commonwealth's financial stability for the long term.**
- **Meet the Commonwealth's commitment to fund core services.**
 - Public education
 - Higher education
 - Transportation
 - Safety net programs
 - Law enforcement/public safety
 - Environment
 - Economic development
- **Make targeted investments that will pay measurable returns in the future.**

Caboose Bill for FY 2006

Major General Fund Changes to Resources

	<u>\$ Millions</u>
Balance Adjustments	
Unreserved general fund balance 6/30/05	\$ 1,126.6
Plus: Reserves to be spent in FY 2006	
July 1, 2005 payroll reserve	74.2
Reserve for FY2006 Revenue Stabilization Fund deposit	181.9
Technical adjustments	2.7
Less: Operating Reappropriations	(139.4)
Capital outlay reappropriations	(115.9)
Natural disaster reserve	(27.6)
Accelerated sales tax to transportation	(26.2)
BRAC authorization	(7.3)
Emergency energy authorization	<u>(17.0)</u>
Adjusted unreserved general fund balance 6/30/05	1,052.0
Anticipated balance in Appropriation Act (Chapter 951)	<u>(556.6)</u>
 Additional Balance for Appropriation 6/30/05	 495.4
 Additional Revenue FY 2006	 1,214.3
 Transfer changes	
Revenue Stabilization Fund refund	16.3
ABC profits	1.3
Local Real Estate/SOQ Fund (sales tax)	(18.8)
Lottery profits	(8.3)
Other	<u>(0.8)</u>
Transfer changes	<u>(10.3)</u>
 Total Additional General Fund Resources Available for Appropriation	 \$ 1,699.4

Caboose Bill for FY 2006

Major General Fund Changes to Spending

\$ in millions

Spending

Revenue Stabilization Fund	\$402.2
Water Quality Fund	56.6
Energy and utility costs	8.1
Special education (CSA)	7.5
Mental health/mental retardation facilities	5.7
State trooper strength	5.4
Criminal Fund	5.1
Property and casualty insurance	4.7
SOQ adjustments (ADM/sales tax/technical)	4.7
Foster Care	4.4
Enterprise Public-Private Partnership	3.3
Private prison contract	1.0
Medicaid	1.6
Line of Duty payments	1.5
Mandated Child Care	1.3
Other	<u>5.0</u>
Total spending	\$518.1

Savings

Personal property tax relief	(36.2)
Debt service	(18.5)
Involuntary Mental Commitments	(1.6)
Other	<u>(0.8)</u>
Total	(57.1)

Net general fund spending **\$461.0**

Summary of Major General Fund Changes Caboose Budget Bill for FY 2006

	<u>\$ Millions</u>
Available Resources:	
Unappropriated balance in Appropriation Act	\$ 4.3
Additional resources available for appropriation	<u>1,699.4</u>
Total	1,703.7
Additional Spending:	
Operating expenses	461.0
Capital outlay	<u>0.3</u>
Total	461.3
Unappropriated balance - Caboose Bill 6/30/06	\$ 1,242.4

Summary of General Fund 2006-2008 Budget

\$ in Millions

	<u>FY2007</u>	<u>FY2008</u>	<u>Biennium Total</u>
Resources:			
Balance	\$ 1,241.9	\$ (0.5)	\$ 1,241.4
Revenue	15,401.3	16,214.4	31,615.7
Transfers	<u>780.0</u>	<u>782.1</u>	<u>1,562.1</u>
Total Resources	17,423.2	16,996.0	34,419.2
Spending:			
Operating	16,810.9	16,633.5	33,444.4
Capital Outlay	<u>610.6</u>	<u>319.6</u>	<u>930.2</u>
Total Spending	17,421.5	16,953.1	34,374.6
Difference:	\$ 1.7	\$ 42.9	\$ 44.6

One-time spending is recommended to restore structural balance and maintain longer term stability in the general fund

\$ Millions

Total recommended one-time spending is over
\$1.5 billion from the general fund

Examples of one-time spending actions include :

Direct pay capital outlay projects	\$930.3
Fund 2006 transportation initiatives	339.0
Additional water quality funding	232.5
Total	\$1,501.8

General Fund Budget Recommendations

	FY2007	FY2008	Biennium Total
<u>Operating Expenses</u>			
Spending Above Current Services:			
Public (K-12) Education	687.9	816.6	1,504.5
Higher Education			
Research	87.1	15.3	102.4
Other	161.7	187.2	348.9
Transportation	477.8	146.7	624.5
Mental Health/Mental Retardation	63.3	72.5	135.8
Medicaid & Human Resources	247.6	437.9	685.5
Early Childhood	15.1	15.8	30.9
Healthy Virginians	2.2	2.2	4.3
Water Quality	233.9	1.2	235.2
Law Enforcement/Public Safety	120.4	169.0	289.3
Compensation & Benefits	124.9	172.2	297.2
Car Tax Relief	207.6	207.6	415.2
Other	156.7	186.4	343.1
Total Operating	2,586.2	2,430.5	5,016.8
<u>Capital Outlay</u>			
Deferred Maintenance	84.1	81.0	165.1
Cost Overruns (Existing Projects)	134.5	-	134.5
Energy	51.5	4.2	55.7
Equipment-Buildings coming on line	38.8	-	38.8
Higher Education			
Research	67.6	-	67.6
Other Higher Education	170.1	199.8	369.9
Other	64.2	34.7	98.9
Total Capital	610.6	319.6	930.3
<u>Grand Total</u>	\$ 3,196.8	\$ 2,750.2	\$ 5,947.0

Spending Recommendations for K-12 Public Education

GF \$ in millions

Update Direct Aid To Local School Divisions

Update Standards of Quality (SOQ) \$941.9

- Provides for the biennial update of the Standards of Quality based on fall membership, school instructional and support expenditures, funded instructional salaries, and other technical adjustments. It also reflects an increase of 10,758 in 2007 and 21,993 in 2008 in the average daily membership. These adjustments do not reflect any changes in policy, but adjusts the cost of continuing current programs with the required data revisions.

Adjust benefit contribution rates for SOQ positions \$165.9

- Supports contribution rates based on a valuation of fund assets and liabilities as of June 30, 2003, and provides retirement contribution funding by realizing the gains and losses of the system over 30 years as opposed to 23 years as originally calculated by the VRS actuary.

Update programs for 2005 Triennial Census Count \$7.8

- Updates funding for the Standards of Quality and incentive-based programs using the 2005 Triennial Census data. This data reflects an increase of 34,655 school-age children over the 2002 count.

Spending Recommendations for K-12 Public Education (continued)

GF \$ in millions

Update sales tax revenues **\$185.0**

- Provides additional funding to local school divisions based on the latest sales tax projections provided by the Department of Taxation.

Update programs for recalculation of the composite index **\$41.3**

- Updates accounts for Direct Aid to Public Education based on a biennial recalculation of the composite index, a measure of local ability-to-pay used to distribute funding to local school divisions.

Update funding for incentive-based programs **(\$26.8)**

- Adjusts funding for certain education programs exceeding the foundation of the Standards of Quality. These programs are designed to address educational needs of specific targeted student populations who require additional instructional support such as at-risk students. Funding for these programs is primarily formula-driven and subject to changes in fall membership, participation rates, and test scores.

Update funding for categorical programs **\$13.5**

- Provides increased funding for education programs that exceed the foundation of the Standards of Quality. State or federal statutes or regulations mandate most categorical programs. These adjustments update the cost of continuing the current programs with the required data revisions, as well as an increase in the adult literacy program.

Spending Recommendations for K-12 Public Education (continued)

GF \$ in millions

Update Lottery proceeds to school divisions **(\$12.2)**

- Adjusts funding to reflect a decrease in the estimate of lottery proceeds by \$15.7 million in both 2007 and 2008. This adjustment is based on the estimated impact of a North Carolina Lottery being fully operational by 2007.

Increase salaries for public school employees **\$167.6**

- Provides additional funding for the state's share of a three percent salary increase for all public school employees, including instructional and support staff, effective December 1, 2006.

Increase funding for No Child Left Behind programs **\$6.6**

- Provides additional funding to support local school division requirements under the provisions of the federal No Child Left Behind (NCLB) Act of 2001.

Increase funding for Education for a Lifetime programs **\$6.1**

- Provides additional funding for teacher incentives in hard-to-staff schools. This program is designed to attract and retain licensed, highly qualified, and experienced teachers in hard-to-staff schools.

Spending Recommendations for K-12 Public Education (continued)

GF \$ in millions

Target Funding to Certain School Divisions

Support cost of competing adjustment **\$4.8**

- Supports the cost of competing adjustment for certain localities. Additional funding is provided to recognize the common labor market in the Northern Virginia region and certain localities contiguous to Planning District 8.

Support Educational Services

Implement statewide student information system **\$1.3**

- Provides funding for the development of a statewide, student-level data collection and education information management system that will improve the Department of Education's data collection, analysis, and reporting capability in order to meet the requirements of the federal No Child Left Behind Act.

Increase funding for National Board Certification program **\$0.5**

- Provides funding to support the current level of teacher bonuses for all teachers receiving the initial award prior to July 1, 2006, and additional funding to support awards for the latest estimate of new teachers who will become certified in 2007 and 2008.

Spending Recommendations for Higher Education

GF \$ in millions

Expand educational opportunity **\$218.0**

- Provides funds to help colleges absorb 56,500 new in-state students this decade, and to make sure students complete their degrees in a timely manner. Also includes funds for the New College Institute in Martinsville and other higher education organizations in Southside Virginia to work together to bring greater educational opportunities to the region.
- Support programs that encourage students who are not college bound to continue working toward high school graduation while pursuing technical training, and enabling young adults to secure GEDs and complete college courses in preparation for economically viable careers.

Faculty salaries and operations **\$53.7**

- Helps colleges and universities offer attractive faculty salary packages and operate and maintain new facilities that will be completed in 2006.

Provide affordable higher education **\$40.0**

- Provides additional need-based financial aid for in-state undergraduate students at our public colleges, larger Tuition Assistance Grants (TAG) for students at the independent colleges, and funding to waive out-of-state tuition for dependents of military personnel stationed in Virginia.

Spending Recommendations for Higher Education (continued)

GF \$ in millions

Targeted investments in research **\$79.9**

- Provides funding to bolster Virginia's research programs and hire top researchers in the fields of biomedical science, biomaterials engineering, nanotechnology, and modeling and simulation. Also provides \$90.6 million NGF.
- Through these efforts, Virginia can make progress in the search for cures for cancer, diabetes, tuberculosis, Alzheimer's and Parkinson's diseases, and avian flu.
- Also supports modeling and simulation research to evaluate complex human activities, such as the response to a natural disaster or fighting a battle, through computer models, which will allow both military and civilian organizations to better plan and prepare for those situations.
- Includes \$10 million GF and \$10 million NGF to fund collaborative, translational research aimed at commercialization of discoveries.

Increase support for graduate students **\$10.0**

- Funds to increase student aid to help universities attract and retain the best and brightest graduate students.

Specialized research equipment **\$4.6**

- Debt service to purchase \$26.5 million in advanced equipment at seven institutions.

Spending Recommendations for Higher Education (continued)

GF \$ in millions

Research programs in Southside Virginia **\$4.4**

- Provides funds to expand research programs at the Institute for Advanced Learning and Research in Danville.

Training for research technicians and engineers **\$3.5**

- Funds for the community colleges to train biomedical lab technicians and modeling and simulation technicians to support growing research programs and emerging industries, and for colleges to share graduate engineering courses through telecommunications.

Interest earnings on sponsored programs and indirect cost recoveries

- Returns \$14.3 million in interest earnings to the colleges and universities to invest in faculty start-up and other research costs.

Spending Recommendations for Transportation

GF \$ in millions

FRAN debt service **\$228.9**

- Supplement transportation funds used to pay debt service on Federal Reimbursement Anticipation Notes (FRANS). These notes were issued in order to utilize federal funds faster than otherwise would have been possible. The source of the GF infusion is a portion of the insurance premium tax revenue.

Mass transit capital costs **\$56.6**

- Additional funding to reimburse local mass transit systems for capital improvements. The source of the general fund infusion is a portion of the insurance premium tax revenue.

Match for federal highway bill earmarks **\$142.0**

- Up front funding for the required state match associated with \$567.9 million in federal funds for earmarked projects in transportation bill recently passed by Congress. Providing match from general fund today will enable projects to be accelerated and relieve pressure on state transportation funds and on localities.

Spending Recommendations for Transportation (continued)

GF \$ in millions

Supplemental funding for other federally-funded projects \$142.0

- Funding to supplement additional earmarked federal projects. No state match is required, but federal funds that have been made available are not sufficient to meet need. Infusion of general fund will help to close the gap between available funding and needed funding.

Integrated Port economic initiative \$54.0

- Funding for additional projects that will enable the Commonwealth to handle increased cargo traffic through its ports while minimizing additional truck traffic on the state's highways.

Teleworking \$1.0

- Funding for incentives to businesses to expand the number of their employees who can work from home at least part of the workweek, thereby decreasing the number of commuters on the highways.

Spending Recommendations for Health and Human Resources

GF \$ in millions

Medicaid

Utilization and inflation

\$484

- Fund enrollment growth of 3.4 percent in FY 2007 and 2.7 percent in FY 2008. Medicaid expenditures are forecast to increase by eight percent in FY 2007 and seven percent in FY 2008, slower growth than the last few years. A portion of increased funding is offset by higher revenue from the Virginia Health Care Fund. Additional Health Care Fund and federal funds amount to \$602 million over the biennium.

Medicare Prescription Drug Program

\$80.2

- The federal government requires payment for what Virginia otherwise would have been spent on “dual eligibles” and the federal calculation does not consider Virginia’s pharmacy savings initiatives, resulting in the need for additional funding for the payment. The cost of expected increases in Medicaid enrollment due to program outreach efforts is also included.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Provider Rate Increases **\$30.8**

- Increase physician services rates by three percent in FY 2008; adult day care services rates by five percent on January 1, 2007; increasing the hospital adjustment factor from 76 percent to 78 percent; and increasing the cost ceilings used to determine payments to nursing facilities. OB-GYN rates were previously increased. The federal share is \$30.8 million.

FAMIS and Medicaid SCHIP **\$11.6**

- Fund increases in projected utilization, inflation, and moderate growth in enrollment for the state children's health insurance programs. The federal share is \$18.6 million.

Comprehensive Services Act

Provide funding for Comprehensive Services Act **\$48.4**

- Funds mandated special education and foster care services for at-risk youth assuming an eight percent annual increase in cost of services. A decrease in nongeneral funds (\$10 million) is due to lower than projected Medicaid collections.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Social Services

**Fund increasing caseload and expenditures
in the adoption subsidy program** **\$28.9**

- Fully fund mandated and special needs adoption subsidies due to increasing caseloads and expenditures. The funding will ensure that the Commonwealth continues to meet its contractual obligations with adoptive parents.

Fund increased cost of eligibility determination **\$6.9**

- Fund the information technology costs associated with determining eligibility in local departments of social services. As new individuals apply for benefit programs in local departments, the cost of information technology utilization for eligibility has increased proportionally.

Mental Health/Mental Retardation Transformation

**Invest in mental health and substance abuse
community services** **\$51.5**

- Expand community-based services by providing targeted funding increases to Community Services Boards.
 - > A portion of the funds is directly related to the projected reduction in census at Eastern State Hospital in Williamsburg.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

- > Another portion of the funds will be used to reduce pressure for community placement in Health Planning Regions one and two.
- > The remainder will be used for statewide discharge assistance plans, mental health services for children and adolescents, and community-based recovery support services.

Invest in mental retardation community services **\$55.6**

- Provide additional funds for the Home and Community Based Mental Retardation Waiver Program by increasing the number of slots available for facility discharges and community diversion.
 - > A dedicated amount is set aside to transition current facility residents at Southeastern and Central Virginia Training Centers into community placements as the facilities are being replaced.
 - > An equal number of slots are dedicated for statewide diversion efforts.
 - > The funds will also be used to provide a ten percent rate increase to providers of congregate homes for waiver clients and a five percent increase for providers of other waiver services.
 - > Additional funding is included for start-up costs incurred by new waiver clients as well as an increase to guardianship services.
- This initiative will also increase nongeneral funds by \$52.5 million as a result of Medicaid reimbursement.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Assume savings at facilities targeted for replacement (\$14.8)

- Reduces funding for the four facilities proposed for replacement. Savings will be realized as individuals are transferred out into the community, staffing is reduced and more efficient facilities are built. There is an accompanying reduction in nongeneral funds (\$9.2 million) from reduced Medicaid collections.

Facility Replacements

- A separate bill includes \$209.5 million, to be financed through the Virginia Public Building Authority (VPBA), for the replacement of Eastern State Hospital and Central Virginia and Southeastern Virginia training centers
- Additionally, the Caboose bill contains language permitting the replacement of Western State Hospital through the Public Private Educational Partnership Educational Facilities and Infrastructure Act (PPEA).

Facility	<i>\$ in millions</i>
Central Virginia Training Center	\$94.4
Southeastern Virginia Training Center	\$55.4
Eastern State Hospital	\$59.7
Western State Hospital	\$80.5

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

- Assumes that the construction of new facilities will commence in September of 2006 and will require approximately four years to complete the construction and transition of facility residents. \$7.1 million from the general fund has been included for VPBA debt service.

Additional Olmstead Investments

**Increase personal maintenance allowance for long-term care
waivers** **\$2.1**

- Funding to increase the allowance from 100 to 150 percent of Supplemental Security Income for the Medicaid long-term care waivers. This action allows individuals on those waivers to keep more of their income for living expenses, reducing the chance of institutionalization.

Provide funding for Committee Activities **\$0.5**

- Adds funding to ensure that adequate resources are available for Community Integration Oversight Advisory Committee salaries and related expenses.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Long Term Employment Support Services (LTESS) \$1.5

- Increases the number of individuals with significant disabilities receiving long term support for maintaining employment. A total of 1,000 more people with significant disabilities will be served.

Early Childhood

Increase funds for Early Intervention services for infants and toddlers \$8.2

- Provides funds to address the current waiting list and provide for Early Intervention services for infants and toddlers identified through an annual child count.

Expand Resource Mothers program \$1.1

- Expands the Resource Mother's program to support and mentor an additional 115 pregnant teens. The Resource Mothers program assigns community health workers to pregnant teens to help them transition into parenthood.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Fund mandated child care expenses **\$14.8**

- Adds funds for federally mandated child care services to Temporary Assistance for Needy Families (TANF) recipients enrolled in Virginia Initiative for Employment not Welfare (VIEW) activities, as well as those persons transitioning from TANF. Child care services allow individuals to reduce their dependence on public assistance and transition to self-sufficiency.

Establish Virginia Early Childhood Foundation **\$8.6**

- Provides funding to establish a foundation to address issues facing young children in the Commonwealth. This foundation will partner with private and non-profit entities with a goal of leveraging a dollar for each state dollar provided. This funding will then be used to seed and foster community programs that improve health, safety, and well-being of Virginia's youth.

Eliminate mental retardation urgent care waiting list for children under age six **\$5.4**

- Funds 110 Mental Retardation Waiver slots to eliminate the urgent care waiting list for children under the age of six. This action allows children with developmental disabilities access to services at an early age. The federal share is \$5.4 million.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

Increase funding for Healthy Families of Virginia **\$1.0**

- Provides funds to Healthy Families of Virginia to stabilize and enhance statewide services. Healthy Families provides in-home parenting education and support services to at-risk parents of children from birth to five years of age who need individualized and comprehensive support.

Healthy Virginians

CHIP of Virginia **\$0.7**

- Provides additional funding to the Comprehensive Health Investment Program (CHIP) of Virginia to add eight community workers to serve an additional 475 children. CHIP provides home visits to families for medical case management, developmental screening, transportation to medical appointments, teaching of parental skills, and assisting with educational issues.

Breast and cervical cancer screening services **\$0.8**

- Expands breast and cervical cancer screening services to more eligible women 40-49 years of age in local health departments. An additional 2,144 low-income women will receive screening and diagnostic services.

Spending Recommendations for Health and Human Resources (continued)

GF \$ in millions

St. Mary's Health Wagon **\$0.2**

- Funds St. Mary's Health Wagon to provide health services to residents in Dickenson, Buchanan, and Wise counties. The Health Wagon provides free medical, dental, and eye care to 7,000 patients each year.

Virginia Health Care Foundation **\$0.5**

- Increases funding for the Virginia Health Care Foundation to hire medication assistance caseworkers in localities throughout the state. These workers will use the Pharmacy Connection software to obtain free prescription medications from the drug companies' Patient Assistance Programs for uninsured Virginians with chronic diseases.

Obesity pilot program for children **\$0.4**

- Implement an obesity pilot as part of the Medicaid program's disease management program. The pilot program would include over 100 children in Southwest Virginia and provide nutritional education and other types of assistance to improve the health outcomes of children considered obese.

Spending Recommendations for Public Safety

GF \$ in millions

Staff and operate new and expanded prisons **\$98.0**

- Staffing and operating costs for the expansions of St. Brides and Deerfield Correctional Centers and the new prisons being constructed in Tazewell and Pittsylvania counties. These facilities, adding more than 3,400 beds to the state's prison capacity, will open late in the first year of the biennium.

Improve success of offender re-entry and transition **\$9.1**

- Funding for a variety of programs and services that will improve the chances for adult and juvenile offenders to make a successful re-entry and transition into the community and become productive citizens. The recommendations include expansion of vocational training for adult and juvenile offenders, funding for pre-and post incarceration services from nonprofit groups, development of reintegration and transition programs for juvenile offenders, and establishing positions to coordinate the transition of adult offenders into the community after being released from incarceration.

Strengthen the capability of the State Police **\$15.6**

- Funding to maximize the filling of trooper positions and to update the agency's automated systems.

Expand capacity to analyze forensic evidence **\$4.4**

- Funding for additional positions, contracting with private sector to help reduce drug case backlog, replacement of instruments, and increased lab space.

Spending Recommendations for Employee Compensation and Benefits

GF \$ in millions

Salary increases for state employees **\$113.0**

- Provides a base salary increase of three percent on November 25, 2006, for all full-time state employees.
- Employees must receive a performance evaluation of at least “contributor” (or equivalent) to receive this increase.
- Also provides state agencies the equivalent of 0.5 percent of salaries for use to address specific issues in recruitment, retention, and reward in state employee compensation.

Salary increases for state supported local employees **\$40.3**

- Provides a three percent salary increase for state-supported local employees on December 1, 2006
- State-supported local employees include constitutional officers, local social services employees, local election board employees, local health employees, local juvenile justice workers, Community Services Board employees, and others.

State employee health insurance **\$71.1**

- Provides for an increase in the premiums paid by state agencies on behalf of state employees for health insurance coverage and provides for an enhanced wellness benefit.

Spending Recommendations for Employee Compensation and Benefits

GF \$ in millions

State employee retirement contributions **\$43.2**

- Provides funding for changes in the contribution rates paid by state agencies on behalf of their employees for the various state employee retirement programs (includes retirement for full-time state employees, state troopers, judges, and other law enforcement officers.)
- Contribution rates are based on a valuation of retirement system assets and liabilities which assume an investment return of eight percent, a cost of living adjustment of three percent, and the realization of gains and losses over a 30 year period.

Other state employee benefits **\$29.3**

- Provides for increases in the contribution rates paid by state agencies on behalf of their employees for group life insurance, sickness and disability coverage, and the state employee retiree health care credit.

Spending Recommendations for Natural Resources

GF \$ in millions

Water Quality Improvement

Additional funding in 2006 **\$56.6**

- Deposit for non-point sources Department of Conservation and Recreation (\$39.6 million) and the Department of Environmental Quality for point sources (\$17.0 million).

Additional funding in 2006-08 Biennium **\$233.5**

- Additional deposit to Virginia Water Quality Improvement Fund in Department of Environmental Quality (\$200.0 million in 2007). This funding will reduce nitrogen loads by 2.6 million pounds per year, or almost two-thirds of the state's 2010 point source goal included in the 2000 Chesapeake Bay Agreement.
- Provides funding (\$25.0 million in 2007) for grants to local governments that are located outside the Chesapeake Bay watershed for point source projects (publicly owned treatment works and on-site systems) and the development of local and regional wastewater treatment plans, preliminary engineering, and environmental reviews.
- Provides funding (\$7.5 million in 2007) for the City of Richmond and City of Lynchburg's combined sewer overflow projects (\$3.75 million for each city).
- Provides \$1.0 million in additional funds for Soil and Water Conservation Districts.

Other Spending Recommendations (continued)

GF \$ in millions

Keep Commitments to Companies

Semiconductor manufacturing performance grants **\$37.2**

- Provides funding for semiconductor manufacturing performance grant payments under the Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program (\$3.7 million in each year) and Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program II (\$10.5 million in 2007 and \$19.3 million in 2008).

Semiconductor manufacturing education grants **\$5.0**

- Provides funding for semiconductor manufacturing education grants. Of the \$5 million in total grants, \$3 million will be provided to Virginia Commonwealth University's School of Engineering in 2007 in support of the Infineon Technologies major expansion. Of the remaining \$2 million, which is in support of the Micron Technology, Inc. major expansion, \$1 million will be used in 2008 to establish a Northern Virginia Community College training program and \$1 million will be provided in 2008 to the Virginia Microelectronics Consortium.

Virginia Investment Partnership grants **\$1.6**

- Provides funding for investment partnership grants under the Virginia Investment Partnership Act.

Other Spending Recommendations

GF \$ in millions

Marketing the Commonwealth

Jamestown 2007 Commemoration **\$1.8**

- Provides additional funds to advertise and market the statewide commemorative events marking the 400th anniversary of the founding of Jamestown in 1607.

Leverage advertising and marketing funds **\$1.0**

- Increases funding for the Virginia Tourism Authority's partnership leveraging program, which is designed to leverage state marketing dollars with a two-to-one match or better by public and private partnerships.

Virginia Economic Development Partnership advertising **\$1.0**

- Provides funding for advertising. The funding will be used for research, media strategy, and message development; advertising production; and media placement.

Other Spending Recommendations (continued)

GF \$ in millions

Encourage Electronic Health Records (EHR) \$7.0

- Enhance efforts to use electronic health records. Fund concepts for Master Patient Index and Regional Health Information Organizations, technical assistance positions in the Department of Health, grants to providers for software, and an expansion of the Carilion pilot project for electronic health records in local health departments.

Fund drinking water construction projects \$10.0

- Fund an offset to the decrease in the Drinking Water State Revolving Fund grant awarded to the Virginia Department of Health from the U.S. Environmental Protection Agency (EPA). Additional funds will make up this loss of funds from the EPA as well as increase the State's investment in financing resources available for drinking water projects. The additional funds will be grants only.

Ensure food safety \$0.6

- Addresses the increase in the number of restaurant inspections in Loudoun, Rappahannock, Thomas Jefferson, and Prince William local health department districts by adding funding to hire more restaurant inspectors for these districts.

Recruit and retain local medical examiners \$1.2

- Recruit and retain local medical examiners by increasing the reimbursement for death investigations from \$50 to \$150 per case. An increase in reimbursement will address the continuing decrease in the number of local medical examiners over the past 10 years that has resulted in 30 counties without local medical examiner services.

Other Spending Recommendations (continued)

GF \$ in millions

Raise assisted living facility rate and personal care allowance

- Adjusts the assisted living facility rate to reflect a \$38 increase, from \$944 to \$982. The new rate includes a \$24 federal Supplemental Security Income increase and a \$14 auxiliary grant (AG) increase supported with existing general fund dollars. The rate increase improves care. In addition, the personal care allowance is raised by \$8, from \$62 to \$70. The monthly stipend is used by AG recipients to purchase incidental items, such as non-covered medications and toiletries.

Maintain services at Area Agencies on Aging impacted by census changes **\$2.5**

- Prevents rural Area Agencies on Aging from losing funding due to census changes. The 2000 census data resulted in a shift of funding from some AAAs to others. The action also provides AAAs with increased populations the prescribed additional federal funding to provide necessary services.

Expand Public Guardianship and Conservator programs **\$0.3**

- Funds the expansion of existing guardianship programs or new ones into areas of the state that are currently not served. This action provides guardianship services to another 60 individuals who do not have family, friends or anyone else to make decisions for them.

Capital Outlay (General)

- The proposed capital budget of over \$2.1 billion includes \$930.4 million from the general fund.
- The first priority for capital is to address deferred maintenance.
- The next priority is to address cost overruns in existing projects and previously unfunded equipment and furnishing needs in existing projects that will be completed during the biennium.
- The remaining amount is earmarked for infrastructure requirements and other critical needs.

Maintenance (reserve & deferred)	\$165.1 M
Cost overruns	\$134.5 M
Equipment for existing projects	\$38.8 M
Energy	\$55.7 M
Higher education research	\$67.6 M
Higher education other	\$369.9 M
Other	<u>\$98.9 M</u>
Grand Total	\$930.4 M

- No additional bond authorizations requiring tax-supported debt of the Commonwealth are recommended in the Governor's budget, although some projects are authorized which use 9(c) and 9(d) debt of colleges and universities.

Capital Outlay (Maintenance Reserve & Deferred Maintenance)

- Maintenance Reserve/Deferred Maintenance funding includes \$165.1 million from the general fund.
- The APA's Facility Inventory Condition and Assessment System (FICAS) identified over \$2.0 billion in capital needs have been identified, with \$1.6 billion of that being critical in nature (needed within the next 24 months).
- \$67 million a year for central maintenance reserve.
 - ✓ Agency heads will provide DPB plans for the use of these funds prior to their allotment
 - ✓ Agencies may transfer their funds to supplement operating expenses required for day-to-day operation of a facility to maintain its functionality or those required for preserving a facility and its components from failure or deterioration in order to realize its anticipated useful life.
- \$31.1 million for other major repairs
 - ✓ \$16.0 million for Norfolk State and Virginia State maintenance reserve.
 - ✓ \$14.1 million for major roof replacement projects.
 - ✓ \$1.0 million for necessary repairs.

Capital Outlay (Cost Overruns)

- Funds \$134.5 million from the general fund for cost overruns on existing projects.
- Many of these unanticipated costs are attributed to price increases in raw materials, such as steel and plywood, and labor.
- Others are due to dated cost estimates which were the basis of the original project appropriation.

Agency Name	Project Title	GF Dollars (in millions)
Community College System	Provide supplemental funding for previously authorized capital projects	\$59.2
University of Virginia	Upgrade Main Heating Plant for Environmental Compliance	\$7.3
Museum of Fine Arts	Expand and Renovate Museum	\$6.3
Marine Science	Construct Marine Research Building Complex	\$6.0
VCU	Construct Massey Cancer Center Addition	\$6.0
Virginia Tech	Construct Institute for Critical Technology and Applied Science, Phase I	\$4.0
Virginia Tech	Construct Fine Arts Center and Renovate Henderson Hall	\$3.9
George Mason	Renovate Thompson Hall	\$3.8
George Mason	Construct Academic V	\$3.6
Veterans' Services	Sitter-Barfoot Veterans Care Center Cost Overruns	\$3.2
Norfolk State	Construct RISE Center	\$3.0
Virginia Military Institute	Renovate Mallory Hall	\$2.9
Mary Washington/M-MM	Construct James Monroe Center Building 2	\$2.5
Christopher Newport	Renovate and construct addition to Gosnold Hall	\$2.3
Longwood University	Addition for Wygal Connector	\$2.1
Corrections - Central Office	Upgrade Haynesville Wastewater Treatment Plant	\$1.9
Norfolk State	Renovate Robinson Technology Building	\$1.8

Capital Outlay (Cost Overruns continued)

Corrections - Central Office	Construct New Bridge and Entrance Road at Bland	\$1.5
Juvenile Justice	Expand Reception and Diagnostic Center, DCE school and Infirmary	\$1.5
VCU	Construct Engineering Bioprocessing Facility	\$1.5
Longwood University	Renovate Heating Plant (phase II) Modernizing heating plant - phase II	\$1.2
Norfolk State	Police and Public Safety Building	\$1.0
Radford	Renovate Young Hall	\$1.0
University of Virginia	Upgrade Cavalier Substation	\$0.9
Agriculture	Provide funding for Harrisonburg Laboratory construction cost over-runs	\$0.8
Corrections - Central Office	Upgrade Pocahontas wastewater treatment plant	\$0.8
Juvenile Justice	Renovate Beaumont Cottages - Phase II	\$0.8
Virginia Tech	Construct Building Construction Laboratory	\$0.8
VCU	Renovate Music Center	\$0.6
Corrections - Central Office	Renovate James River Jail Building	\$0.4
Richard Bland	Renovate and Expand Art Building and Library	\$0.4
Corrections - Central Office	Steam and Water Line Repair and Replacement	\$0.3
Frontier Culture Museum	Construct and Restore Maintenance Building	\$0.3
Forestry	Construct Grayson and Carroll County Office on Matthews State Forest	\$0.2
Forestry	Construct Abingdon Mechanic Shop and Cold Storage Facility	\$0.2
Jamestown/Yorktown	Jamestown Settlement Sewer Pump Station	\$0.2
Longwood University	Improve storm water retention structure	\$0.2
Gunston Hall	Additions to Ann Mason Building (16305)	\$0.1
Longwood University	Construct Addition to Willett Hall	<u>\$0.1</u>
	Total	\$134.5

Capital Outlay (Equipment for Previously Funded Projects)

- \$38.8 million for equipment and furnishing needs in existing projects.

Agency	Project	GF Dollars (in millions)
Community College System	Construct Sciences Building, Virginia Beach Campus, Tidewater	\$5.9
General Services	Provide Furnishings for Washington Building	\$4.8
James Madison	Renovate Miller Hall	\$2.3
Virginia Tech	Construct Biology Building	\$2.3
Community College System	Construct Parham Road Campus, Phase IV, J. Sargeant Reynolds	\$2.1
Community College System	Construct Phase III, Renovate Phases I & II, Alexandria Campus, Northern Virginia	\$1.8
Old Dominion University	Renovate Batten Arts & Letters	\$1.8
Community College System	Renovate and construct addition to Webber Hall, Virginia Western	\$1.7
Longwood University	Addition for Bedford Wygal Connector	\$1.6
VCU	Construct School of Engineering, Phase II	\$1.6
Longwood University	Renovate Jarman Hall	\$1.5
Old Dominion University	Construct Tri-Cities Higher Education Center	\$1.4
Community College System	Construct Regional Automotive Technology Center, Chesapeake Campus, Tidewater	\$1.2
Community College System	Construct Learning Resources Building, Southwest Virginia	\$1.0
Community College System	Construct Science and Technology Building, Piedmont Virginia	\$0.9
Old Dominion University	Construct Physical Science Building, Phase II	\$0.8
VCU	Renovate Sanger Research Laboratory, Phase I	\$0.8
Community College System	Construct Workforce Services Development Center, Lord Fairfax	\$0.7
Radford	Construct Fine Arts Center - Equipment	\$0.7

Capital Outlay (Equipment for Previously Funded Projects continued)

Virginia State	Gandy Hall Equipment	\$0.7
Community College System	Renovate Instructional Labs, John Tyler	\$0.6
George Mason	Renovate Thompson, West, and Pohick	\$0.5
Community College System	Construct Business Development and Workforce Training Center, Eastern Shore	\$0.4
Community College System	Renovate top floor of Galax Hall, Wytheville	\$0.3
Community College System	Renovate West Hall and Learning Resource Center, Patrick Henry	\$0.3
Richard Bland	Renovate and Expand Art Building and Library	\$0.3
VCU	Construct New School of Nursing	\$0.3
Community College System	Construct Science Building Addition, Blue Ridge	\$0.2
Community College System	Construct Workforce Training and Technology Center, J. Sargeant Reynolds	\$0.2
VCU	Renovate Franklin Terrace	\$0.1
VCU	Renovate Hibbs Building	\$0.1
VCU	Renovate Music Center	<u>\$0.1</u>
	Total	\$38.8

Capital Outlay (Energy Projects)

- Provides \$55.7 million from the general fund dollars to increase energy efficiency.
- Capital investments replace aged and failing infrastructure such as heating, ventilation, and air conditioning systems, heating plants, and power plants at state facilities through Virginia.

<u>Agency Name</u>	<u>Project Title</u>	<u>GF \$ in millions</u>
Virginia Tech	Renovation of Campus Heating Plant	\$17.3
University of Virginia	Upgrade Heat Plant for Environmental Compliance	\$12.5
William & Mary	Renovate Power Plant and Make Utility Improvements (umbrella)	\$8.3
Community College System	Repair or replace HVAC, electrical systems, various campuses	\$7.1
Mental Health (Central Office)	Replace-Repair Boilers/Steamlines/HVAC at DMHMR Facilities	\$4.8
Juvenile Justice	HVAC upgrades	\$2.1
Corrections - Central Office	Replace HVAC system in Powhatan medical building	\$2.0
General Services	Energy Efficiency projects for Capitol Complex	<u>\$1.7</u>
Total		\$55.7

Capital Outlay (Higher Education)

GF \$ in millions

Provide state-of-the-art facilities for research **\$117.6**

- Provides \$67.6 million GF matched by \$132.4 million NGF for construction of new research facilities at VPI, UVA, VCU and GMU.
- Provides \$50 million in VCBA bond authorization, to be matched by at least \$50 million NGF, for a capital fund to construct research facilities in response to opportunities that arise between legislative sessions.

Provide modern, efficient academic facilities **\$414.9**

- Includes \$19.0 million to renovate the Business Building at VCU, to house the Schools of Education and Social Work after the business program moves to its new facility.
- Provides \$18.2 million to expand the barracks at VMI, plan a renovation of the existing barracks space, and construct leadership development facilities.
- Provides \$20.2 million to construct a performing and fine arts building at ODU.
- Adds \$24.0 million for JMU's purchase of Rockingham Memorial Hospital and \$6.0 million for CWM's purchase of Williamsburg Community Hospital.

Capital Outlay (Higher Education continued)

GF \$ in millions

- Includes \$155.6 million for 13 high priority renovation and construction projects at community colleges throughout the Commonwealth, and replacement of failing building systems at six VCCS campuses.
- Includes \$52.0 million for utility improvements at CWM, LU, ODU, RBC, UVA, VSU and VPI.
- Provides \$3.4 million to replace the VIMS Eastern Shore Seawater Laboratory.
- Includes \$15.4 million for a new academic building at CNU and \$14.0 million for the academic portion of new campus development at GMU.
- Provides \$87.0 million for renovations at CWM, LU, NSU, ODU, RBC, RU, UMW, UVA-W, VCU, VPI, and VSU.

Improve the Commonwealth's cultural facilities \$6.3

- Includes funds for renovation and construction projects at the Frontier Culture Museum, development of a new exhibit at the Science Museum of Virginia, and repairs and renovations to older facilities at the Virginia Museum of Fine Arts.

Capital Outlay (Other Projects)

GF \$ in millions

- Funds for other projects total \$98.9 million from the general fund.
- Includes modifications to existing structures and facilities, including life safety code improvements, mechanical and electrical upgrades, etc.
- A limited number of major renovation projects to extend the useful life of buildings or to re-configure them for a different use.
Examples include:
 - ✓ \$5.0 million to renovate Virginia Industries for the Blind, Richmond Plant
 - ✓ \$2.2 million to renovate Morson Row
 - ✓ \$2.7 million to renovate State Police's administrative headquarters.
- \$11 million for the preservation of forestlands in Virginia through the purchase of almost 10,000 acres of forest property (Bromley Mountain in Washington County and another tract in Sussex County).
- Examples for new construction include:
 - ✓ \$5.7 million--additional expansion of Deerfield Correctional Center
 - ✓ \$5.2 million--additional programming space for juvenile correctional centers
 - ✓ \$5.7 million--new dormitories at adult correctional facilities
 - ✓ \$3.2 million --new Winchester armory
 - ✓ \$20.4 million to construct roads, cabins, and campgrounds for Conservation and Recreation.
- Separate bill authorizing issuance of an additional \$201.9 million in VPBA bonds for the Statewide Agencies Radio System (STARS). Will provide funds needed to complete statewide implementation by 2009.

Capital Outlay (other projects)

GF \$ in millions

Acquire “Big Woods” tract \$7.4

- Provides funding for the acquisition by the Department of Forestry of approximately 4,900 acres in Sussex County.
- The tract will be managed cooperatively between the departments of Forestry, Game and Inland Fisheries and Conservation and Recreation to maximize recreational opportunities and interagency expertise.

Construct state park cabins and campgrounds \$20.4

- Funds construction of revenue producing cabins and campgrounds and related infrastructure at four state parks.

Replace and repair boilers and steamlines at mental health facilities \$4.8

- Provides funds for the replacement and repair of boilers and steamlines at Central State Hospital and Northern Virginia Training Center. The current systems are old and inefficient, with dilapidated pipelines and failing boilers. This funding will permit the agency to make the most critical repairs and will allow for more energy efficient boiler systems.

Repair R.N. Anderson Vocational Training Building \$2.5

- This project combines two of WWRC’s requests, to repair the roof on the R.N. Anderson building and to address repairs in the same building.
- The retaining walls for this building are deteriorated and collapsing; the roofing system has started to experience a high rate of deterioration, which has resulted in numerous roof leaks. The roof will be replaced and repairs will be made to the walls.

Capital Outlay (other projects continued)

GF \$ in millions

Renovate Virginia Industries for the Blind, Richmond Plant, Phase II **\$3.9**

- Provides funds to address operating system failures. This project was partially funded by the General Assembly last session for correction of environmental hazards and life safety code issues with the building. Additional funding now is needed to complete the renovation.
- This phase funds rented space so that the plant can continue its services during the renovation and will also include an addition to the current facility to address the need for greater floor area for the production operations of the plant and employee support areas.

Replace roofs on three buildings, Rehabilitation Center for the Blind and Visually Impaired **\$2.0**

- Provides funds to replace the roofs of the Administration/Activities Building, the Recreation Building, and the Dining Hall located at the Rehabilitation Center for the Blind and Vision Impaired. All three of these buildings have active roof leaks and have been on the Maintenance Reserve project list for over 10 years.

General Fund Budget Recommendations

\$ in Millions

	FY2007	FY2008	Biennium Total
<u>Operating Expenses</u>			
Current Services	14,224.7	14,202.9	28,427.6
Additional Spending:			
Public (K-12) Education	687.9	816.6	1,504.5
Higher Education			
Research	87.1	15.3	102.4
Other	161.7	187.2	348.9
Transportation	477.8	146.7	624.5
Mental Health/Mental Retardation	63.3	72.5	135.8
Medicaid & Human Resources	247.6	437.9	685.5
Early Childhood	15.1	15.8	30.9
Healthy Virginians	2.2	2.2	4.3
Water Quality	233.9	1.2	235.2
Law Enforcement/Public Safety	120.4	169.0	289.3
Compensation & Benefits	124.9	172.2	297.2
Car Tax Relief	207.6	207.6	415.2
Other	156.7	186.4	343.1
Total Operating	16,810.9	16,633.4	33,444.4
<u>Capital Outlay</u>			
Deferred Maintenance	84.1	81.0	165.1
Cost Overruns (Existing Projects)	134.5	-	134.5
Energy	51.5	4.2	55.7
Equipment-Buildings coming on line	38.8	-	38.8
Higher Education			
Research	67.6	-	67.6
Other Higher Education	170.1	199.8	369.9
Other	64.2	34.7	98.9
Total Capital	610.6	319.6	930.3
<u>Grand Total, General Fund</u>	\$ 17,421.5	\$ 16,953.1	\$ 34,374.6