

Short VACo budget summary
(Posted on the web: www.vaco.org)

March 29, 2010

The House and Senate agreed to the joint conference committee report to House Bill 29 (FY 2010) and House Bill 30 (FY 2010-2012) on the evening of Sunday, March 14.

The House Appropriations and Senate Finance Committees have posted the [Conference Report for HB 29](#) and [Conference Report for HB 30](#). And both the [House](#) and [Senate](#) have provided summary documents.

VACo intends to release its comprehensive budget summary the week of March 29. It will include links to timely Compensation Board, 599, and PDC funding spreadsheets as well as VRS rates. [The Virginia Department of Education](#) released locality specific funding spreadsheets on March 18. The link above directs the reader to K-12 details for FY 2010 and FY 2010-2012. (Actual DOE link: <http://www.doe.virginia.gov/administrators/index.shtml>).

[The Compensation Board](#) released its state budget funding estimates on Friday, March 26.

VACo previously released the DOE and 599 funding spreadsheets.

Highlights of the HB 30 conference committee report

Car Tax Reimbursements: Restores the program.

State reductions in aid to localities (ATL): Captures general fund savings of \$60 million each year from state aid to local governments. The introduced budget eliminated the current biennial requirement for local governments to revert \$50 million a year in “local aid to the state.” However, the conference report reintroduces the requirement for FY 2011 and 2012 and increases the yearly contribution by \$10 million a year for an annual total of \$60 million in FY 2011 and \$60 million in FY 2012.

K-12: “Unfreezes” the composite index; fully funds the hold harmless in FY 2011, and funds 50 percent of the hold harmless in FY 2012.

K-12: A 12-month analysis of state funding for public education (K-12) finds a 9 percent reduction, which is calculated by comparing the adopted FY 2010 state budget of a year ago to the new FY 2011 state budget. Several factors suggest that 9 percent does not reflect the state’s structural K-12 budgetary challenges. For example, federal stimulus funding helped to buttress FY 2010 expenditures (\$584 million) while modest federal stimulus funding (\$126 million) and state and local VRS “savings,” estimated at greater than \$850 million for the new biennium, help to support FY 2010-2012 expenditures.

Sheriffs: Retains the law enforcement deputy sheriff staffing ratio of one deputy per 1,500 locality population.

FY 2011 across the board reductions equal 6.8 percent.

Commissioners of the Revenue: FY 2011 across the board reductions equal 17.94 percent.

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Treasurers: FY 2011 across the board reductions equal 22.86 percent.

Directors of Finance: FY 2011 across the board reductions equal 28.76 percent.

Circuit Court Clerks: FY 2011 across the board reductions equal 3.94 percent.

Commonwealth's Attorneys: FY 2011 across the board reductions equal 8.51 percent.

State responsible inmates: Adjusts the definition of state-responsible offenders from felons with sentences of one year or more to felons with sentences of two years or more.

Compensation Board: Remains in the Secretariat of Administration.

599 funding: 1.2 percent reduction from the current fiscal year.

VRS: In addition to capturing the savings of \$850 million (noted above under K-12), the General Assembly established future savings with the passage of [HB 1189 \(Putney\)](#) and [SB 232 \(Watkins\)](#). The bills:

- Mandate new state employees to pay the 5 percent employee contribution
- Allow localities and school divisions the option of requiring their current employees to pay the 5 percent employee share or any portion of it. If the locality/school division picks up less than 5 percent of the current employee contribution, all new employees are required to contribute the full employee contribution (5 percent). Localities/school divisions also have the option to require no current or new employee to pay the 5 percent employee contribution. Also, allows a 6 year phase in period for localities/school divisions.

Libraries: 15 percent reduction each year from the current fiscal year.

PDCs: Reduces state support for Planning District Commissions on average by more than 25 percent. However, five PDCs experience greater than average reductions ranging from 30 percent to 50 percent.

Local electoral boards and local registrars: 20 percent reduction each year from the current fiscal year.

Line of Duty: Transitions the Line of Duty benefit from fully state funded program to one paid by the employer. New premiums will be charged to state agencies and localities based on the number of employees potentially eligible to receive benefits under the program. The budget assumes that part of the funding for the benefits paid out in FY 2011 would come from cash borrowed from the VRS group life program. The new premiums will be collected from the affected employers beginning in FY 2012.

Communications Sales and Use Tax Fund: While the General Assembly will appropriate the dollars, they remain non-general funds (good news) and are not redirected to the treasurers and commissioners of the revenue (good news). Heretofore the funds have remained in a trust and have not been appropriated by the General Assembly. The new budget requires that the funds be appropriated but remain non-general. Although the state will treat the Fund as non-general for purposes of appropriating, the state will also consider the monies in the Fund as general to inflate its debt capacity.

Comprehensive Services Act (CSA): The introduced budget contained reductions of \$36.6 million in each year of the biennium due to lower caseloads and less expenditure growth. Also reflected in the introduced budget was a reduction in each year for mental health services for high risk children. TANF

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funding for the CSA Trust Fund was eliminated in the introduced budget, as was the “hold harmless” clause for residential services. The conference report reduces CSA funding by another \$2 million in FY 2011 due to a reduction in caseloads, bringing total reductions to \$38.6 million. The conference report also increases the local share of Medicaid-funded residential services provided under CSA similar to non-Medicaid residential services beginning July 1, 2011, resulting in a \$4 million savings to the state.

Commonwealth Center for Children and Adolescents (CCCA): The CCCA is a 48-bed mental health treatment facility in Staunton. The introduced budget proposed closing the facility over the biennium for a general fund savings of \$9.1 million exclusive of a \$2.1 million set aside for private inpatient mental health services for children. In order to prevent the closing of the facility, the conference report restores \$5 million from the general fund and \$1.8 million from non-general funds in FY 2011 and \$8.3 million from the general fund and \$1.8 million from non-general funds in FY 2012.

Local Social Services: The introduced budget proposed a one percent reduction for local social services operations over the biennium, with a net savings for the state of \$1.2 million general funding in each year. The conference report adopts the reduction contained in the introduced budget and further reduces financial assistance for local social services departments by an additional \$1.6 million in FY 2011 and an additional \$4.6 million in FY 2012. Conference report language is added, however, to eliminate the FY 2011 and FY 2012 reductions if Congress passes a six-month extension of increased Federal Medical Assistance Percentage (FMAP) through June 30, 2011.

Reconvened session and actions:

The General Assembly is scheduled to reconvene on Wed., April 21, to act on gubernatorial recommendations including vetoes and amendments. In accordance with the Constitution of Virginia, the governor may sign a bill into law, veto a bill or recommend amendments to a bill. The budget is a single bill. The governor also may propose line-item budget vetoes. The legislature acts on vetoes and amendments. Vetoes are overridden by a two-thirds vote, while amendments are adopted by a simple majority vote. If the Governor does not act on the bill, it shall become law without his signature.

Note: funding levels and details are not final until the budget bill becomes law – after the Reconvened Session.