

Updated VACo Budget Summary includes key locality-by-locality funding spreadsheets

This Dec. 30 document – VACo’s Preliminary Summary of Gov. Timothy M. Kaine’s proposed 2009-2010 Budget Recommendations – updates the version released on Dec. 18.

This version includes important locality-by-locality spreadsheets summarizing K-12 and HB 599 funding changes. It also summarizes a proposed change affecting excess court fees (under the Compensation Board).

New K-12 funding spreadsheets:

- A [summary of Gov. Kaine's FY 2009 K-12 funding changes \(locality-by-locality\)](#).
- The governor’s proposed FY 2010 changes affecting the number of [Administrative Support funded positions \(locality-by-locality\)](#).

Beginning in FY 2010, the governor proposes capping state funding for administrative support positions (non-instructional positions). The reduction equates to a 36 percent reduction of this classification or 13,000 state-funded positions. In the final analysis the state intends to fund one support position for every 4.03 instructional positions.

Local leaders also are urged to focus on the governor’s proposed budget language affecting VRS’ actuarial assumptions for local government pools (on the last page of the summary). The change would permit localities to apply the state assumptions and thereby reduce rates for FY 2010. The state assumptions: an investment return of eight percent, a cost of living increase of three percent, and an amortization period of 30 years.

VACo’s Preliminary Summary of Gov. Timothy M. Kaine’s proposed 2009-2010 Budget Recommendations

December 30, 2008

This summary outlines key gubernatorial recommendations affecting local governments. VACo will provide additional detail and information about the

governor's recommendations between now and the start of the 2009 legislative session. The session is scheduled to convene on Wednesday, Jan. 14.

The Virginia Department of Education (DOE) has released its locality-by-locality report of the Governor's amendments to the 2009-2010 Biennial Budget. The information is available as a "Supts Memo" off the [DOE Web site](#) and is available at [this link](#).

Additionally, DOE has provided VACo with two additional spreadsheets:

- The first provides a [summary of Gov. Kaine's FY 2009 K-12 funding changes \(locality-by-locality\)](#).
- The second shows the governor's proposed FY 2010 changes affecting the number of [administrative support funded positions \(locality-by-locality\)](#).

As discussed above, beginning in FY 2010, the governor proposes capping state funding for administrative support positions (non-instructional positions). The reduction equates to a 36-percent reduction of this classification or 13,000 state-funded positions. In the final analysis the state intends to fund one support position for every 4.03 instructional positions.

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Key Documents

Gov. Kaine's Web site includes links to the following (www.governor.virginia.gov):

- [View the full text of the governor's Dec. 17 remarks.](#)
- [View the 2009 Executive Budget.](#)

The Virginia Department of Planning and Budget's Web site has several helpful links including summary documents about the economic forecast and budget reductions (www.dpb.state.va.us).

Budget Shortfall

On Wednesday, Dec. 17, Gov. Kaine announced a revised 2009-2010 shortfall of \$2.9 billion. More than \$1.7 billion of the total falls in FY 2010. In October, Gov. Kaine broadcasted a 2009-2010 budget shortfall of \$2.5 billion. More than \$1.5 billion of the October total fell in FY 2010.

FY 2008 General Fund revenues totaled more than \$16.5 billion.

The governor must provide a revised revenue forecast during the 2009 legislative session. This forecast will account for second quarter data (October to December). Experts agree the state shortfall will increase as a result of this revision. A greater shortfall will require the governor and legislature to enact additional offsets.

December 2009 General Fund Revenue Adjustments (\$ in millions)

Source: Virginia Department of Planning and Budget

	<u>FY2009</u>	<u>FY2010</u>	<u>Total</u>
October Revenue Reforecast	\$ (956.4)	\$ (1,515.0)	\$ (2,471.4)
November Revenue Reforecast	(138.6)	(229.6)	(368.2)
Technical Changes	3.0	8.1	11.1
Transfers	\$ (45.9)	\$ (27.0)	\$ (72.9)
Total December Shortfall	\$ (1,137.9)	\$ (1,763.5)	\$ (2,901.4)

Rainy Day Fund Transfer

Gov. Kaine proposes transferring \$490 million from the Rainy Day Fund to the state’s General Fund in FY 2009. Kaine recommended a transfer of \$400 million in October. The fund balance currently is greater than \$1 billion. By law, the maximum allowable transfer for FY 2009 equals \$493.3 million. The governor does not propose an FY 2010 transfer.

Gov. Kaine FY 2009 budget balancing actions (October 2008)

Gov. Kaine administratively resolved the FY 2009 shortfall in October – with the exception of the proposed Rainy Day Fund transfer and the conversion of specific capital projects to debt. The Rainy Day Fund transfer and the debt conversion measure require legislative approval. (The budget authorizes the governor to enact, without legislative approval, up to 15 percent in administrative state budget cuts.)

Gov. Kaine’s FY 2009 Corrective Actions in October 2008:

Source: Virginia Department of Planning and Budget

- Revenue Stabilization Fund withdrawal: \$490 M*
- Bond existing general fund capital projects: \$250 M*
- Agency reductions: \$279 M
- Literary Fund balances: \$51.3 M
- Capture FY 2008 General Fund balances: \$40.7 M
- Delay state and local employee 2 percent salary increases: \$44.7 M
- Balance in current budget (Chapter 879 – the FY 2009-2010 budget adopted last spring) including August Reduction Plan: \$24.4 M
- K-12 Sales Tax adjustment: \$20.7 M

HB 599 payment adjustments: \$7.7 M

Revert excess in Higher Education Tuition Moderation Fund: \$6.2 M

Total FY 2009 Corrective Actions in October 2008: \$1,214.7 M

* Requires legislative approval

Key Proposed Revenue Measurers of Dec. 17, 2008:

- (\$71.6 million) in FY 2010 by eliminating the planned teacher and support staff salary increase.
- (44.7 million) in FY 2010 by delaying a 2 percent state and state supported local employee pay raise.
- Gov. Kaine's proposes doubling the state Cigarette Tax to 60 cents per pack. The new funding will support Medicaid payments. The proposal generates more than \$150 million in FY 2010.
- Gov. Kaine proposes eliminating the Dealer Discount that vendors currently keep for administering the state and local sales and use tax. The savings generates more than \$64 million in FY 2010. Approximately one-third of the savings, or more than \$20 million, supports public education.
- Gov. Kaine proposes capping the allowable annual credit for the Land Preservation Tax Credit. The annual allowance is adjusted downward from \$100,000 per beneficiary to \$50,000.

State Job Eliminations

- Gov. Kaine proposes eliminating more than 1,500 state government positions supported by the General Fund. More than 1,000 employees will lose their jobs.
- Separate from the above, VDOT intends to eliminate approximately 900 positions. VDOT is funded with Non-General Funds.

Proposed Budget Reductions Impacting Local Governments

In addition to the actions outlined below, counties and cities are required to comply with the previously enacted \$100 million [Aid to Locality Reductions](#) - \$50 million in FY 2009, and \$50 million in FY 2010.

Public Education

Proposed public education reductions equate to greater than 9 percent. (The 9 percent figure compares Gov. Kaine's proposed FY 2010 spending against the adopted FY 2009

budget – adopted last spring. The administration advises that the cut is 8 percent – 8 percent against the revised FY 2009 spending (revised in accordance with revenue re-estimates).

The Virginia Department of Education has released its locality-by-locality report of the Governor’s amendments to the 2009-2010 Biennial Budget. The information is available as a “Supts Memo” off the [DOE Web site](#) and is available at [this link](#).

Additionally, DOE has provided VACo with a [summary of Gov. Kaine's FY 2009 K-12 funding changes \(locality-by-locality\)](#).

Additionally:

- (\$340 million) in FY 2010 to cap state funding for administrative support positions (non-instructional positions): [Administrative Support funded positions \(locality-by-locality\)](#).

The reduction equates to a 36 percent reduction of this classification or 13,000 state-funded positions. In the final analysis the state intends to fund one support position for every 4.03 instructional positions.

The proposal affects the following positions: assistant superintendents, additional central office personnel, instructional administrators, including health and IT, clerical as well as operating and maintenance personnel. The reduction is not intended to impact superintendents, school board members, school bus drivers and school nurses.

The governor’s office argues that the reduction permits localities to achieve equivalent savings and or to spread the cuts out beyond the Administrative Classification.

- (\$252.4 million) in net mandated and technical adjustments to reflect economic conditions - including the updated triennial school census data, new sales and use tax revenue estimates, and new Lottery Fund revenue estimates.
- (\$71.6 million) in FY 2010 by eliminating the planned teacher and support staff salary increase.
- (\$55.8 million) in FY 2010 by eliminating the Lottery Funds for school construction grants.*

These dollars are re-directed to several programs: Alternative Education, ISAEP, Project Graduation, Education for a Lifetime/NCLB, Special Education Regional Tuition and Vocational Education.

- The budget includes a FY 2010 “stop-loss” provision: more than \$60 million in one-time Lottery Funds to prevent localities from falling below \$403.90 per pupil.
- (\$27.5 million) by eliminating the school construction grant program.*
- (\$1.6 million) by changing the assumptions used to calculate the contribution rate for Group Life program.
- (\$1 million) by changing the assumptions used to calculate the rate for the retiree health care credit program; the state reduction creates local savings.
- (\$146,169) in FY 2010 by reducing funding available for school resource officer grants.

* These actions eliminate all state grant funds for school construction.

Compensation Board

- (\$402,725) in FY 2010 by removing all state General Funds supporting constitutional officers’ retiree health care credit. (State support was reduced from 100 percent to 50 percent in the 2008 Session.)
- (\$43.4 million) in FY 2010 by implementing across-the-board reductions of 7 percent for offices of sheriff and the commonwealth’s attorney, and 10 percent for offices of the commissioners of the revenue, treasurers, directors of finance and circuit court clerks.

The percentage reduction to sheriffs and commonwealth’s attorneys is similar to reductions to State Police and HB599 law enforcement funding. The percentage reductions to the remaining constitutional offices are similar to reductions taken by state finance agencies. These reductions do not apply to funding supporting the salaries of the elected constitutional officers.

HB 599 funding: (\$22 million) total in FY 2009 and 2010 for HB 599 payments:
[Gov. Kaine's proposed FY 2009 and FY 2010 599 payments \(DCJS' estimates\)](#)

The FY 2010 reduction equates to a 7 percent cut against FY 2009 payments. The governor’s October budget actions reduced HB 599 payments by \$7.7 million. The October reduction was tied to the change in revenue estimates and in

accordance with prevailing practice. In FY 2010, the governor is proposing a base cut of 7 percent rather than adjusting the revenues for the change in revenue estimates. This base cut is intended to parallel similar proposed cuts to additional public safety operations including the State Police and Sheriff offices.

- A \$12 million transfer from the Wireless E-911 Fund (VITA) to support "...the efforts of sheriff dispatchers within the Compensation Board." This transfer is taken from the Service Providers' (the industry's) share of the Fund: \$6 million in FY 2009 and \$6 million in FY 2010. (For several years the budget has required annual transfer to the Virginia Department of State Police of \$3.7 million. The new, proposed transfer is in addition to the existing transfer to VSP.)
- Amendments to the budget propose changing the distribution of excess fees collected by Clerks of the Circuit Courts. Currently, localities retain two-thirds of the fees and the Commonwealth receives one-third. The proposed budget flips the distribution for FY 2010 by appropriating two-thirds of the fees to the state and one-third to localities.

Estimated impact:

FY 2008 actual fee collections:

- Total collected: \$26 million
- Local share of the total (two-thirds of the above): \$17.4 million
- State share of the total (one-third of the above): \$8.6 million

The Section 51.1-137 of the Code of Va. requires the state to fund Compensation Board Salaries. Excess fees have been allocated for this purpose. In order to comply with this statutory requirement and implement the governor's budget proposal, DPB's FY 2010 estimates allocate one-third of excess fees plus an additional \$1.9 million to localities.

FY 2010 estimate:

- Total: \$26 million
- State share: \$15.5 million
- Local share: \$10.5 million

State Board of Elections

- (\$80,000) in FY 2010 by requiring cities and towns to pay the costs associated with municipal elections held in May. Currently, the State Board of Elections incurs expenses for printing election materials (election forms and envelopes) and for printing, producing, distributing, and processing poll books.

Agriculture and Consumer Affairs

- (\$500,000) in FY 2010 by reducing funding for matching grants by 50 percent to localities for the purchase of development rights (PDR) programs to preserve agricultural land.

Commerce and Trade

- (\$313,805) in FY 2009 and (\$313,805) in FY 2010 by reducing economic development incentives to new and expanding businesses under the Virginia Jobs Investment Program.
- \$5 million is added in FY 2010 to the Governor's Development Opportunity Fund to provide grants and loans assisting localities in the creation of new jobs and investment.
- \$1.6 million in FY 2010 is provided for the Fort Monroe Federal Area Development Authority. This funding gives approximately 50 percent of the estimated operating expenses for the authority.

Housing and Community Development

- (\$1.1 million) in FY 2009 and (\$2.25 million) in FY 2010 by reducing funding for the Virginia Enterprise Zone program.
- (\$100,000) in FY 2010 by eliminating funding to assist three homeless shelters. Funds are used for rehabilitation, repair, and improvements to bring emergency shelter and transitional housing facilities into compliance with health and building codes, and for administration, operations and supportive services.
- (\$225,000) in FY 2010 by reducing funding for public water projects in Southwest Virginia. This strategy will result in a reduction in the scope of projects and number of households served. This reduction leaves a balance of \$2.1 million to provide services.
- (\$56,250) in FY 2010 by reducing funding for planning efforts for water and sewer projects. This action will result in a reduction of \$18,750 to each of the three Planning District Commissions (LENOWISCO, Cumberland Plateau and Mount Rogers) that receive these funds.
- (\$200,469) in FY 2010 by reducing funding included in the Department of Housing and Community Development's (DHCD) budget for Southeast Rural Community Assistance Project (SERCAP). The funds provide assistance to low-income individuals for water and sewer connections.

- (\$75,000) in FY 2010 by reducing funding for the Lynchburg Research and Development Center. This reduction leaves a balance of \$425,000 in funding to continue strategic investments in research and development related to the nuclear industry cluster.
- (\$202,558) in FY 2010 by reducing both the base funding levels for planning district commissions (PDC's), and the special appropriation for designated PDCs (by 9.1 percent).

Included in the DHCD budget is formula driven funding for the 21 PDC's, as well as the FY2010 special appropriation for four PDC's.

Comprehensive Services Act (CSA)

- (\$500,000) in FY 2009 and (\$500,000) in FY 2010 by eliminating funding for grants to localities intended to encourage localities to create community based services.
- (\$5 million) in FY 2009 and (\$5 million) in FY 2010 by recovering unused funding for services for children accessing services through parental agreements. The number of children qualifying under a parental agreement is significantly less than previously anticipated.
- (\$700,000) in FY 2009 and (\$1.3 million) in FY 2010 by reducing the number of children placed in out-of-state residential facilities.

The current trend shows the number of children in out-of-state placements is declining, with 176 children placed out of Virginia in FY 2008, at a cost of \$17.2 million. Efforts to bring children back into Virginia are continuing, and will result in a currently unbudgeted savings in FY 2009 - 2010. A reduction of 10 percent in each year is anticipated.

Medicaid

- (\$8.38 million) in FY 2010 from general funding and (\$3.88 million) from non-general funding by closing Southeastern Virginia Training Center as of July 1, 2009.

The facility, located in Chesapeake, has a current census of 175 residents and employs 463 full-time and 33 part-time staff. The agency proposes that 55 of the residents will be transferred to other training centers and the remaining will be transitioned into the community through either the Medicaid Mental Retardation (MR) waiver or the Money Follows the Person (MFP) program. One hundred MFP slots will be used and 20 MR waiver slots will be used. This strategy requires the quick transition of individuals into the community in order to

achieve savings in FY 2010. The agency proposes to pay the separation costs using proceeds from the sale of the land. Pre-planning funds for community housing were included in Chapter 1 of the 2008 Special Session. The \$3.2 million in general fund costs is the cost associated with transitioning residents into community placements. Funding includes the necessary funds for waiver slots and Money Follows the Person slots.

- (\$10.8 million) in FY 2010 in general funding and (\$2 million) in non-general funding by eliminating the State/Local Hospitalization (SLH) program. The program is a cooperative effort between state and local governments and is designed to provide coverage for inpatient and outpatient hospital care, care in ambulatory settings and care provided in local health departments.
- (\$5.84 million) in FY 2010 in general funding and (\$5.84 million) in non-general funding by delaying implementation of 200 mental retardation waiver slots that were scheduled to be released on April 1, 2009.

The 2008 Appropriation Act directed that 600 slots be added to the Mental Retardation waiver. In order to cover the costs of the slots within the funding provided, 400 slots were brought online July 1, 2008 and the remaining 200 slots scheduled for release on April 1, 2009. The 200 slots will be delayed until the 2010-12 biennium.

- (\$516,164) in FY 2010 general funding and adds \$516,164 in non-general funding by allowing the agency to capture 5 percent of the federal funding the agency passes on to the local school divisions. Currently, the agency draws down federal Medicaid matching funds for participating local divisions for their expenditures associated with special education services for Medicaid eligible children. The local costs serve as state match so the agency only pays the local school division the federal share. This strategy allows the agency to retain 5 percent of the funding for their related administrative costs.
- (\$154.9 million) in FY 2010 general funding and adds \$154.9 million in non-general funding by increasing tobacco taxes from 30 cents to 60 cents per pack. The revenue will be deposited to the Health Care Fund, which is used as state match for Medicaid. The funding will offset the costs of care for tobacco related illnesses paid for by the state's Medicaid program.
- (\$1.37 million) in FY 2010 by closing the 15-bed adolescent unit at Southwestern Mental Health Institute. The closure of the unit will result in 28 layoffs and estimated separation costs of approximately \$740,000. The agency will use special fund balances to pay these costs.

- (\$6.21 million) in FY 2010 general funding and (\$1.8 million) in non-general funding by closing the Commonwealth Center for Children and Adolescents, located adjacent to Western State Hospital in Staunton. The closure will result in 100 layoffs and separation costs of \$3.3 million which are not included in the savings estimates. These costs will be paid with the proceeds from the sale of land, which is estimated at \$12 million. To ensure that children maintain access to inpatient mental health services, \$2.1 million is provided to purchase services through local private providers.

Mental Health, Mental Retardation and Substance Abuse

- (\$23 million) in FY 2010 non-general funding by eliminating 400 positions and a special fund appropriation to reflect the closure of Southeastern Virginia Training Center. The non-general fund appropriation is comprised of funds from the Department of Medical Assistance Services (DMAS) for reimbursement of services for Medicaid eligible individuals served at the facility.

Rehabilitation Services

- \$519,362 was reallocated from the support of administrative functions of the Disability Service Boards (DSB's) to the Department of Rehabilitative Services (DRS) Vocational Rehabilitation (VR) program. This will eliminate all funds provided to DSB's used for administrative functions. Appropriation Act language has been included to override the mandate for localities to establish and maintain DSB's. The reallocation of funding will allow the department to address a growing waiting list of clients who are 24 years old and younger. The waiting list for VR services is expected to reach 1,800 by July 1, 2009.

Social Services

- (\$3.4 million) in FY 2010 general funding and adds \$3.4 million in non-general TANF funding to support Healthy Families of Virginia, which is a voluntary program that offers home visiting services for up to five years to high risk families who need individualized and comprehensive support. Services include in-home parenting education, child development, preventive health care and support services. This strategy would substitute projected TANF balances for all general funding that is currently supporting the Healthy Families programs.
- (\$4.64 million) in FY 2010 general funding and adds \$4.64 million in non-general TANF funding for Community Action Agencies. Community action agencies provide a wide variety of services designed to ameliorate the effects of poverty and build self-sufficient families and communities. Some of these services include workforce services and early childhood programs for TANF and other

low-income families. This strategy would substitute projected TANF balances for all general funding that is currently supporting the community action agencies.

- (\$125,000) in FY 2010 by increasing the amount of federal Americorp grant funding available to community nonprofit organizations. The department currently receives an Americorp grant to subsidize volunteers at 17 local departments of social services and 13 community action agencies. This strategy would require the department to forgo the federal grant and allow the federal dollars to flow to other community nonprofits that promote volunteerism. In addition, the general fund that is currently being used as the required match will be captured.
- (\$100,000) in FY 2010 by removing state support for Northern Virginia Families Services. Funding for Northern Virginia Family Services was provided by the 2008 General Assembly to expand its Georgetown South Community Center. This strategy would eliminate the earmarked funding for the Georgetown site.
- (\$38,500) in FY 2010 by removing state support for United Community Ministries. This strategy would eliminate earmarked support for this northern Virginia based assistance project.
- (\$50,000) in FY 2010 by removing earmarked state support for the Bristol/Washington Child Advocacy Center. The center is one of 22 statewide that provides services to victims of child abuse and neglect through a multidisciplinary team approach.

The 2005 General Assembly appropriated \$1 million general fund in the Office of the Secretary of Health and Human Resources for the development and enhancement of Children's Advocacy Centers in Virginia. In addition, \$300,000 is appropriated in the Department of Social Services, \$200,000 for the centers in general and \$50,000 for each of the centers in Bristol-Washington County and LENOWISCO Planning Districts. This strategy would only eliminate the \$50,000 general fund earmarked for the Bristol/Washington Center; this center will continue to receive its allocation of \$1.2 million similar to the other centers.

- (\$50,000) in FY 2010 by removes earmarked state support for the LENOWISCO Child Advocacy Center. The center is one of 22 centers statewide that provide services to victims of child abuse and neglect through a multidisciplinary team approach.

The 2005 General Assembly appropriated \$1.0 million general fund in the Office of the Secretary of Health and Human Resources for the development and

enhancement of Children's Advocacy Centers in Virginia. In addition, \$300,000 is appropriated in the Department of Social Services, \$200,000 for the centers in general and \$50,000 for each of the centers in Bristol-Washington County and LENOWISCO Planning Districts. This strategy would only eliminate the \$50,000 general fund earmarked for the LENOWISCO Center; this center will continue to receive its allocation of the \$1.2 million similar to the other centers.

- (\$100,000) in FY 2010 by removing earmarked state support for the Tri-County Community Action Partnership. The organization is one of 26 local community action agencies that provide a wide array of services for low income families and individuals. This strategy would eliminate funding exclusively earmarked in the budget for this community action program; however, this agency would still receive its share of about \$6.3 million of state support provided to all community action agencies.
- (\$42,500) in FY 2010 by removing earmarked state support for People Inc. This organization is a community action agency that serves parts of southwest Virginia. This funding has historically been used by the organization to establish individual development accounts for low income families. This strategy would eliminate all earmarked general fund for this community action program; however, this agency would still receive its share of about \$6.3 million of state support provided to all community action agencies.
- (\$350,000) in FY 2010 by removing state support for child care resource and referrals. The department contracts with a network of child care resource and referral agencies to provide assistance to working parents in locating child care programs. This strategy would eliminate this specific child care referral service and thereby rely solely on the state's 2-1-1 information referral service, which can also help identify child care for families.
- (\$1.2 million) in FY 2010 by reducing the family foster care rate increase to 6 percent in FY 2010. The 2008 Appropriation Act increased the foster care rate by 15 percent in FY 2009 and an additional 8 percent in FY 2010. Foster care payments are made to foster family homes, group homes, and independent living placements to cover the cost of room, board, and other necessary expenses. Any increase/decrease in foster family home rates is applied to the adoption of subsidy payments. This strategy would lower the FY 2010 increase from 8 percent to 6 percent, which would generate an estimated \$1.2 million general fund per year.

Natural Resources

- (\$407,394) in FY 2010 by reducing the annual operating support provided to the 47 local Soil and Water Conservation Districts for providing assistance with agricultural best management practices, dam repair and maintenance, and public education.
- The Department of Environmental Quality (DEQ) is recommending a bond issuance of \$137 million to support future Water Quality Improvement Fund (WQIF) grants. This grant Fund supports the upgrade of wastewater treatment facilities. According to DEQ, by September, 2009 available WQIF dollars will be depleted. Surplus budget dollars are statutorily appropriated to the Fund. To date, local governments have submitted nearly \$650 million in grant requests while DEQ has signed grant agreements totaling \$525 million to support 41 facilities.
- (\$100,000) in FY 2010 by eliminating DEQ grants to localities to assist in development of regional water supply plans.

Corrections

- \$2.2 million in FY 2009 and \$1.7 million in FY 2010 is added in non-general funding to increase funding for inmate medical costs. The sources of non-general funding are from the State Criminal Alien Assistance Program (US Dept. of Justice) and revenue from inmate fees collected for medical services.
- (\$35.5 million) in FY 2009 and FY 2010 by closing correctional centers in Southampton, Pulaski, Tazewell, and Dinwiddie. Chatham Diversion Center and White Post Detention Center are also set for closure.
- (\$200,000) in FY 2009 and (\$400,000) in FY 2010 by reducing funding for the substance abuse treatment of offenders.
- (\$972,000) in FY 2009 and (\$3.1 million) in FY 2010 by ceasing the operation of therapeutic transitional community programs.
- (\$495,379) in FY 2009 and (\$1.1 million) in FY 2010 by eliminating day reporting programs and increasing electronic surveillance.

Criminal Justice Services

HB 599 funding: (\$22 million) total in FY 2009 and 2010 for HB 599 payments: [Gov. Kaine's proposed FY 2009 and FY 2010 599 payments \(DCJS' estimates\)](#)

The FY 2010 reduction equates to a 7-percent cut against FY 2009 payments. The governor's October budget actions reduced HB 599 payments by \$7.7 million.

The October reduction was tied to the change in revenue estimates, in accordance with prevailing practice. In FY 2010, the governor is proposing a base cut of 7 percent rather than adjusting the revenues for the change in revenue estimates. This base cut is intended to parallel similar proposed cuts to additional public safety operations including the State Police and Sheriff offices.

- (\$75,000) in FY 2010 by eliminating supplemental funding for the Fairfax Partnership on Youth.
- (\$158,432) in FY 2010 by reducing the funding available to make court-appointed special advocate (CASA) awards.
- (\$146,169) in FY 2010 by reducing funding available for school resource officer grants.
- (\$40,865) in FY 2010 by reduces funding available for juvenile accountability block grant awards.
- (\$108,018) in FY 2010 general funding and a transfer of \$125,685 in non-general funding to the state general fund. This accounts for a reduction in funding available for regional training academy general fund awards.

Fire Programs

- (\$1.09 million) is added to the state general fund by redirecting funding from the Fire Programs Fund. The affected funding currently supports transfer payments to localities for local fire department expenditures and funding for training offered by the agency. The reduction reflects a five percent cut for localities.

Juvenile Justice

- (\$366,910) in FY 2010 by reducing funding for Arlington, Fairfax and Falls Church court service units.

Virginia Information Technology Agency (VITA)

- A \$12 million transfer from the Wireless E-911 Fund (VITA) to support "...the efforts of sheriff dispatchers within the Compensation Board." This transfer is taken from the Service Providers' (the industry's) share of the Fund: \$6 million in FY 2009 and \$6 million in FY 2010. (For several years the budget has required annual transfer to the Virginia Department of State Police of \$3.7 million. The new, proposed transfer is in addition to the existing transfer to VSP.)

Transportation

- (\$654.2 million) in current program reductions to airports (\$6.2 million), DMV (\$10.5 million), Rail and Public Transportation (\$40.8 million), roads (\$574.2 million) and ports (\$22.5 million)
- (\$2.1 to \$2.6 billion) in program reductions over the next six-years to airports (\$9 million), Rail and Public Transportation (\$110 million), roads (\$1.3 billion) and ports (\$17.8 million). Additionally federal transportation revenues are predicted to fall over the next six years between \$588 million and \$1 billion.

The CTB began re-programming transportation funding, including the six-year improvement program, on Thursday, Dec. 18. (Please see the related story In this edition of *County Connections* about the CTB's proposed program changes and associated public hearing dates.)

The economic downturn, more fuel efficient vehicles and plummeting car sales are driving down transportation revenue collections.

- VDOT is transferring \$385 million in FY 2009 from construction funds to support road maintenance. In accordance with state law VDOT must fulfill its annual maintenance activities before spending dollars on new construction. The annual transfer of construction funding to support maintenance activities is inflating, and reducing available dollars to the Commonwealth including its counties, cities and towns.
- DMV: (\$4.4 million) transfer in FY 2009 and FY 2010, for a total loss of \$8.8 million, from local revenues. DMV annually transfers receipts to localities from the mobile home and car rental taxes as well as the abandoned motor vehicle disposal fee. The proposed transfer represents a 10 percent reduction to localities

Central Appropriations / Virginia Retirement System

- (44.7 million) in FY 2010 by delaying a 2 percent state and state supported local employee pay raise.
- Language in the budget affecting actuarial assumptions of local government pools: *In the second year, as an alternative to the employer contribution rates certified by the VRS Board of Trustees pursuant to [the Code of Va.], rates paid to the VRS on behalf of employees of participating political subdivisions may, at each participating employer's option, be based on the results of the June 30, 2007 actuarial valuation of assets and liabilities assuming an investment return of eight percent, a cost of living increase of three percent, and an investment return of eight percent, and an amortization period of 30 years.*

- (\$3.3 million) in FY 2009 and (\$25 million) in FY 2010 by adopting the contribution rate based on the June 30, 2008 actuarial valuation that applies the assumptions in Chapter 879 – the FY 2009-2010 budget adopted last spring. This valuation included a number of new methodologies adopted by the Virginia Retirement System that were applicable to the prior year rate. In addition, the state-funded long-term care insurance portion of the program is eliminated effective July 1, 2009 due to low numbers of employees electing to continue coverage at their expenses and upon separation from state service. These assumptions will lower the local contribution.
- (\$676,841) in FY 2010 by changing the assumptions used to calculate the contribution rate as of June 30, 2008 for the public employee group life program to match the assumptions used for non-retirement program rates included in Chapter 879 – the FY 2009-2010 budget adopted last spring. These assumptions will lower the local contribution.
- (\$4 million) in FY 2010 by changing the assumptions used to calculate the contribution rate as of June 30, 2008 for the state employee retiree health care credit program to match the assumptions used for non-retirement program rates included in Chapter 879 – the FY 2009-2010 budget adopted last spring. These assumptions will lower the local contribution.
- (\$50,000) in FY 2009 and (\$50,000) in FY 2010 by reducing funding for the Volunteer Firefighters' and Rescue Squad Workers' Service Award program to more closely match actual administrative costs.
