

Overview of the Adopted Budget for the 2012-14 Biennium

The adopted budget for 2012-14 includes a total general fund appropriation of \$34.8 billion for the biennium -- a net increase of \$1,726.5 million GF in the operating budget above the base budget, plus \$20.3 million GF for capital outlay projects. Approximately \$2,262.1 million GF in additional resources over the FY 2012 resource base approved in Chapter 890 of the 2011 Acts of Assembly are available for appropriation, including the carry forward of \$675.5 million GF from FY 2012 along with upward adjustments to the revenues. Of these available resources, about \$508.8 million GF is required to cover one-time savings and resources supporting the current base budget.

Spending increases of \$3,289.2 million GF - primarily for retirement rates, Medicaid, and public education - are offset by \$1,130.7 million GF in budget reductions from targeted strategies in public education and Medicaid, along with agency-specific savings. Other technical and base adjustment reductions total \$432.0 million GF. The adopted budget assumes an unappropriated balance of \$6.3 million GF.

General Fund Budget for 2012-14			
(\$ in millions)			
	<u>FY 2013</u>	<u>FY 2014</u>	<u>2012-14</u>
Resources Available for Appropriations	\$17,389.3	\$17,460.0	\$34,849.3
Chapter 890 Base Budget	\$16,548.0	\$16,548.0	\$33,096.0
Base Adjustments	(214.6)	(217.4)	(432.0)
Net New Operating Spending	986.9	1,171.6	2,158.5
Capital Outlay Spending	<u>20.3</u>	<u>0.0</u>	<u>20.3</u>
Total Appropriations	\$17,340.7	\$17,502.3	\$34,843.0
Unappropriated Balance	\$48.6	(\$42.3)	\$6.3

Revenues

The adopted 2012-14 budget includes \$34.8 billion in general fund revenues available for appropriation, based on growth rates of 3.7 percent in FY 2013 and 4.5 percent in FY 2014. The adopted budget includes \$675.5 million GF as a projected balance at the end of FY 2012 to be carried forward into FY 2013. This balance resulted from the ripple effect of a \$321.7 million GF revenue surplus in FY 2011, including an upward adjustment to the FY 2012 forecast of \$128.0

million (including tax policy adjustments) and net savings of \$205.7 million GF in FY 2012 spending (for more detail, see the Chapter 2 of the 2012 Special Session I Acts of Assembly (HB 1300) Resources Summary).

Other resources include transfers to the general fund totaling \$811.9 million. Of this amount, \$461.1 million GF represents the 1/4 cent sales tax that is transferred from the Local Real Estate/SOQ Fund for public education. Other customary transfers include ABC profits of \$112.5 million GF for the biennium, with an additional \$130.7 million GF in ABC profits and \$18.3 million GF in wine taxes going to DBHDS for substance abuse programs.

A more detailed discussion of the general fund resources assumed in Chapter 3 of the 2012 Special Session I Acts of Assembly (HB 1301), including several tax policy actions, is included in the Resources Section of this document.

General Fund Resources Available for Appropriation (2012-14 biennium, \$ in millions)	
Beginning Balance	\$ 675.5
Adjustments to the Balance	7.0
Official GF Revenue Estimate	33,354.9
Transfers	<u>811.9</u>
GF Resources Available for Appropriation	\$34,849.3

Adopted Spending Increases

Major spending initiatives include nearly \$430.0 million GF for the biennium to fully fund the retirement, group life and health care credit contribution rates for the Virginia Retirement System (VRS) for both state employees and the state’s share for teachers. This amount does not include the cost of restoring over \$200.0 million GF annually that was transferred from agency budgets to the general fund as part of a one-time savings from deferring payment of the unfunded liability portion of the contribution rates to VRS in 2010-12.

Other major general fund increases include a net increase of \$249.6 million in spending for Medicaid; \$200.0 million GF for higher education; a net increase of about \$262.9 million GF in public education, reflecting the cost of rebenchmarking (excludes \$342.4 million GF in VRS related funding) and offsets by several policy changes; \$40.0 million GF to support new and expanded economic development incentives; and \$30.0 million GF in FY 2013 for an additional deposit to the Behavioral Health and Developmental Services Trust Fund.

Prior to any budgetary adjustments, policy changes, or other savings strategies, major adopted spending items include:

- \$676.5 million GF for the cost of updating the state’s share of the Standards of Quality for public schools, including projected enrollment, prevailing salaries and nonpersonnel costs, updates to related categorical and incentive programs, and updates to the composite index. In addition, updated retirement contribution rates and other employee benefits total \$342.4 million GF for the biennium.
- \$610.2 million GF to address the increased cost of Medicaid utilization and inflation;
- \$299.1 million GF for Constitutionally required deposits to the Revenue Stabilization Fund;
- \$200.0 million GF in higher education funding to support the goals of the “Top Jobs” legislation adopted during the 2011 Session, increased research opportunities, and to increase the Tuition Assistance Grants (TAG) for Virginia students attending private colleges;
- \$100.3 million GF for state employee health insurance premium increases;
- \$115.5 million GF for debt service on previously authorized capital projects; and
- \$92.6 million GF to improve water quality. Of this amount, \$50.3 million GF is carried forward from FY 2012 for deposit to the Water Quality Improvement Fund (WQIF) in FY 2013. This deposit reflects the WQIF’s portion of FY 2011 revenue in excess of the official forecast and from unexpended agency balances. The remaining \$52.3 million GF represents additional funding provided to fulfill the state share of signed grant agreements for wastewater treatment plant upgrades.

Adopted Budget Savings

The budget, as adopted, includes about \$1,130.7 million GF in various savings actions. The majority of this amount - \$1,047.1 million GF - results from targeted savings primarily due to policy changes in Medicaid and Direct Aid to Public Education. The remaining savings of \$83.6 million GF would be generated through agency specific 2/4/6 percent reduction plans that were submitted as part of the Governor’s budget process. Major savings include:

- \$258.6 million GF from Medicaid by eliminating the inflation adjustment for hospitals;
- \$65.3 million GF from Medicaid by eliminating inflation and rebasing of nursing home rates;
- \$109.0 million GF from removing nonpersonnel inflation adjustments from the cost of rebenchmarking public education Standards of Quality (SOQ);
- \$108.1 million GF from modifying the federal revenue deduction calculation to include a portion of the federal fiscal stimulus funding designated for public education; and

- \$81.6 million GF from the Virginia Preschool Initiative program based on non-participation rates and from changing the methodology for calculating the projected four-year-old child count based on projected Fall kindergarten membership rather than census data from the Virginia Employment Commission.

General Fund Major Spending and Savings in Chapter 3	
(\$ in millions)	
	<u>FY 2012-14</u>
Major Spending Adopted	
Medicaid Utilization and Inflation	\$610.2
Update Costs of K-12 Standards of Quality	377.8
Teacher VRS, Group Life and Retiree Health Care Employer Rates	342.4
Revenue Stabilization Fund Deposit	299.1
Higher Education Funding	200.0
Update Costs of K-12 Incentive and Categorical Programs	196.2
Debt Service for New and Currently Authorized Projects	115.5
Assistance with Teacher Retirement, Inflation and Pre-K	110.0
State Employee Health Insurance Program	100.3
Water Quality Improvement Fund	92.6
Update K-12 Composite Index	87.8
VRS Rates and Deferred Contributions for State Employees	86.2
Adjusted Sales Tax for K-12	53.4
Partially Restore Medicaid Inflation for Hospital Rates	40.0
All Other Spending	<u>553.7</u>
Total Spending	\$3,265.2
Major Savings Adopted	
Withhold Medicaid Inflation from Hospital Rates	\$(258.6)
Eliminate K-12 Nonpersonnel Inflation Update	(109.0)
Update K-12 Federal Revenue Deduction Calculation	(108.1)
Agency 2/4/6 Percent Reduction Plans	(83.6)
Update Pre-K for Nonparticipation and Four-Year-Old Estimate	(81.6)
Maintain Nursing Facility Rates	(65.3)
DMAS Savings from Federal Bonus Payment	(41.1)
Indigent Care Reductions at Teaching Hospitals	(29.9)
All Other Savings	<u>(353.5)</u>
Total Savings	\$(1,130.7)
Net Spending Adjustments	\$2,134.5

A summary of significant general fund spending increases and savings actions adopted in each major area follows:

Judicial Department. The 2012-14 budget for the Judicial Department restores \$3.0 million GF each year and eliminates language requiring certain other across-the-board reductions, resulting in the restoration of \$5.3 million GF each year in undesignated budget reductions. Language is also added to unfreeze 23 additional judgeships as of July 1, 2012, and to clarify that any additional vacancy occurring after August 1, 2012, and before December 1, 2012, in which the incumbent judge would not have been subject to mandatory retirement on or before February 15, 2013, and which was not announced or planned prior to the end of the 2012 General Assembly, shall not be frozen. The budgets for the General District Courts and the Juvenile and Domestic Relations District Courts include an additional \$2.8 million GF each year for 61 new deputy clerk positions to achieve about 80 percent of the staffing standard.

Executive Offices. The FY 2012-14 budget for Executive Offices includes \$3.9 million NGF and 31.5 new FTE positions to increase Medicaid fraud investigations by the Office of the Attorney General. About three-fourths of the funding is from federal funds and the remaining state matching funds are from the Oxycontin settlement. A total of 50.0 FTE positions is associated with this initiative, but the other 18.5 FTE positions are vacancies to be filled. A companion amendment within the Department of Medical Assistance Services reflects an additional \$20.0 million in revenues from this initiative for the Virginia Health Care Fund in FY 2014.

Administration. Adopted amendments for Administration result in a net increase of \$13.2 million GF for FY 2013 and \$12.5 million GF for FY 2014, compared to Chapter 890. The significant new spending in administration is limited to funding for sheriffs and jails. The budget includes \$7.4 million GF each year in additional funding for sheriffs' offices and provides \$4.7 million GF in FY 2013 and \$5.3 million GF in FY 2014 for additional staffing costs for jails which either recently opened/expanded or will open/expand during the 2012-14 biennium. Savings actions within the Administration Secretariat include the merger of the Department of Employment Dispute Resolution into the Department of Human Resources Management and the merger of the Human Rights Council into the Office of the Attorney General.

Agriculture and Forestry. The 2012-14 budget for the Agriculture and Forestry Secretariat includes a net increase of \$4.9 million GF for the biennium. Included in this increase is \$2.0 million GF for a new Governor's Agriculture and Forestry Industries Development Fund to provide local grants to expand agricultural processing and manufacturing facilities. Other increases in Agriculture and Consumer Services include \$670,000 GF for international marketing of Virginia's agricultural products, and \$250,000 GF for Weights and Measures to support the inspection program. Increases for the Department of Forestry include \$500,000 GF for purchase of firefighting equipment and \$500,000 GF for the reforestation of timberlands program.

Commerce and Trade. The approved FY 2012-14 general fund budget includes \$113.8 million GF for a variety of economic development incentive payments. Included in these

amounts is \$23.6 million GF for the Governor's Opportunity Fund and \$16.0 million GF for the Commonwealth Research Commercialization Fund. Also included is an increase of \$6.0 million GF for the Motion Picture Opportunity Fund and \$5.0 million GF for a new Life Sciences Initiative.

Other new general fund spending in Commerce and Trade includes \$7.0 million GF in the second year to establish a Housing Trust Fund, \$6.2 million GF in the first year to expand support for the Fort Monroe Authority, and \$1.5 million GF in the first year for new homeless programs intended to provide permanent housing. Biennial increases of \$1.0 million GF for the Virginia Economic Development Partnership to expand international marketing and \$1.0 million GF each year for the Virginia Tourism Authority to expand tourism marketing are also included.

Public Education. The adopted FY 2012-14 general fund budget for Direct Aid to Public Education reflects a net increase of \$605.3 million when compared to Chapter 890. The general fund base budget includes \$107.3 million in one-time spending; this amount is included in the adopted decreases.

The adopted budget reflects biennial re-benchmarking of Direct Aid for updated cost and salary data as of FY 2010; updated Composite Index of Local Ability-to-Pay calculations (Tax Year 2009); and a projected additional 13,479 students for a total of 1,229,800 students by FY 2014 -- a cumulative enrollment increase of 1.1 percent over two years. The budget reflects an increase of \$342.4 million GF for the state's share of the employer Virginia Retirement System rate of 11.66 percent for retirement, as well as 0.48 percent and 1.11 percent respectively for the Group Life and Retiree Health Care Credit employer rates. The budget also reflects projected increases in Sales Tax revenue forecast and Lottery Proceeds.

The adopted budget reflects savings of \$108.1 million GF by including in the federal revenue deduct calculation an additional portion of the federal stimulus dollars from FY 2010. In addition, the budget reflects savings of \$26.7 million GF in the Virginia Preschool Initiative by using kindergarten as a proxy for Four-Year-Olds (the amendments also reflect savings of \$54.9 million GF based on estimated school division participation levels). In the second year, the Northern Virginia support cost of competing adjustment is funded at the instructional rate (9.83 percent) rather than at the higher support rate (24.61 percent). The adopted budget reflects \$110.0 million GF for "Additional Assistance with Retirement, Inflation, and Preschool Costs." Although the funding is provided on a pro-rata basis, each school division may decide how much to allocate to each of the three purposes.

Other increases in K-12 funding include \$8.2 million GF for additional support of the Early Intervention Reading Initiative; \$3.0 million GF for the Microsoft IT Academies initiative; \$2.0 million GF to expand access to Virtual Virginia online courses; \$1.3 million GF for two math and science teachers pilot; \$1.1 million GF for a grant to Communities in Schools; \$1.0 million GF for development of online digital content; \$746,867 GF for new Youth Development Summer Academies for 9th and 10th grade students; \$617,310 GF for the Virginia Workplace Readiness Skills Assessment; and \$100,000 GF for charter schools. The amendments also redirect \$930,750 GF in existing GED and adult literacy funding to expand PlugGED In Virginia. Other increases

include \$770,276 GF to address rising GED testing costs; \$650,000 GF to support Economics and Personal Finance as a new Virtual Virginia course; \$430,000 GF to address growth in the number of teachers eligible for National Board Certification awards; \$425,000 GF for the Virginia Student Training and Refurbishment Program; and \$200,000 GF to study the feasibility of establishing a statewide residential STEAM high school.

Higher Education. The budget for higher education provides about \$100 million GF in new funding in each year for colleges and universities and other higher education entities and centers. The majority of the new funding, \$74.7 million GF per year, supports the goals of the Virginia Higher Education Opportunity Act of 2011 with the intent of fueling economic growth in the Commonwealth and preparing Virginians for top job opportunities. The new funding is allocated in five areas - base adequacy/base operations (\$25.5 million GF each year); enrollment (\$21.3 million GF each year); incentives and institution-specific initiatives (\$14.3 million GF each year); financial aid (almost \$8.4 million GF each year); and research (almost \$5.3 million GF each year). Also, \$17.5 million GF was provided in FY 2014 for a 2 percent salary increase effective July 10, 2013, for faculty and staff.

In addition to the new funding, a mandatory internal reallocation policy for public colleges and universities redistributes \$17.3 million GF in FY 2013 and \$23.1 million GF in FY 2014 towards the goals of the Virginia Higher Education Opportunity Act of 2011, or those goals stated in the adopted budget language for each institution. The reallocation is based upon a percentage of the FY 2012 Educational and General (E & G) general fund appropriation for the colleges and universities and is equivalent to 1.5 percent of that base in FY 2013 and 2 percent of that base in FY 2014. Language in the budget requires that the institutions report on the reallocation amounts and specific purposes for which they were used in their six-year plan submissions in the fall of 2012 and 2013.

Finance. Adopted amendments for the Finance Secretariat result in a net increase of \$44.8 million GF for FY 2013 and \$109.9 million GF for FY 2014 compared to the FY 2012 budget approved in Chapter 890. Significant general fund expenditures for the 2012-14 biennium focus on the mandatory revenue stabilization fund deposits and increased funding for debt service requirements at the Treasury Board. The adopted budget includes \$132.7 GF million in FY 2013 and \$166.4 million GF in FY 2014 for the revenue stabilization fund deposits. The \$132.7 million GF FY 2013 deposit is funded completely from FY 2011 year-end surplus funds that were set aside for the required deposit. Additionally, \$114.0 million GF of the \$166.4 million GF FY 2014 appropriation is available from the revenue reserve appropriated in FY 2012 in anticipation of the 2012-14 deposits. The budget also includes an additional \$40.8 million GF in FY 2013 and \$74.6 million GF in FY 2014 for increased debt service payments. Within the Department of Accounts, language is included authorizing a \$60.0 million treasury loan for the development and implementation of a new financial management system, Cardinal, as well as authorizing the agency to develop an internal service fund to recover expenditures against this loan from service charges levied on agencies and institutions that use the new Cardinal system.

Health and Human Resources. The 2012-14 biennial budget provides a net increase of \$486.7 million GF for the biennium. Approved spending increases, including technical adjustments, total \$976.2 million GF, offset by \$489.5 million in GF reductions. Most of the

general fund increases are driven by mandated programs, such as Medicaid, children's health insurance (FAMIS and SCHIP), adoption subsidies, involuntary mental commitments, civil commitments of sexually violent predators, and vocational rehabilitation services.

The technical changes include a base budget adjustment of \$131.6 million GF and \$131.8 million NGF each year to account for funding that was shifted from FY 2012 into FY 2011 to take advantage of enhanced federal Medicaid funding from the American Recovery and Reinvestment Act of 2009 (ARRA). While the one-time strategy generated savings of \$18.0 million, it also had the effect of reducing the FY 2012 base budget for Medicaid.

About \$617.0 million GF, or 63 percent of the new spending, is driven by rising costs and caseload in the Medicaid program, including costs to comply with federal health care reform legislation which increases Medicaid eligibility beginning January 1, 2014. In addition, the approved budget includes about \$85.0 million GF to expand services to transition individuals from state training centers into the community consistent with the Commonwealth's Settlement Agreement with the federal Department of Justice.

General fund spending reductions within HHR total \$489.5 million over the biennium. Almost 70 percent of spending reductions within HHR come from Medicaid by adjusting the expenditure forecast to eliminate inflationary increases for hospitals, nursing homes, home health agencies and outpatient rehabilitation agencies; continuing reductions to indigent care spending at state teaching hospitals; eliminating rebasing of nursing home costs; restricting eligibility for certain long-term care waiver recipients beginning in 2014; savings from expanding managed care to additional populations and services, and other savings items.

Natural Resources. The largest general fund increase in natural resources is \$87.6 million to upgrade nutrient removal at publicly-owned wastewater treatment plants. This appropriation consists of \$45.3 million GF, representing 90 percent of the statutorily-required deposit from the 2011 year-end general fund surplus, and an additional \$42.3 million general fund appropriation. In addition, \$5.0 million GF is appropriated for the implementation of agricultural best management practices, representing the remaining 10 percent of the statutorily-required deposit from the 2011 year-end general fund surplus. Also included is \$4.0 million from the general fund to eliminate reductions in funding for soil and water conservation districts. Funding of \$1.0 million from the general fund each year is provided to protect Civil War Battlefields, as is \$2.5 million in unobligated bond proceeds provided in 2008 for open-space and historic preservation. Finally, \$2.3 million in general fund savings the first year is captured from using NGF balances in the Waste Tire Fund to reduce the Department of Environmental Quality's general fund costs for the land and water protection programs. The General Assembly will consider legislation during the 2013 Session to eliminate this fee on tires sold in the Commonwealth.

Public Safety. The FY 2012-14 Public Safety budget incorporates the closure of Mecklenburg Correctional Center to offset the loss of \$20.4 million NGF each year due to the termination of the contract to house inmates from Pennsylvania at Green Rock Correctional Center, which will now hold Virginia inmates. An additional \$15.1 million GF is provided to the Department of Corrections the first year for increased inmate medical costs, but this is offset in the second year by an assumed savings of \$15.2 million GF from shifting off-site inmate

hospitalization costs to Medicaid, based upon a provision in the federal health care reform legislation. The budget, as adopted, also includes \$5.9 million GF the first year for deposits into the Corrections Special Reserve Fund, reflecting the projected prison impact of adopted criminal sentencing legislation. These deposits are used to offset a portion of the general fund costs for prison operations in the first year. The budget also assumes savings of \$1.5 million GF over two years from consolidating the Department of Correctional Education into the Departments of Corrections and Juvenile Justice.

For State Police, the budget includes \$6.0 million GF over two years to fill 40 State Trooper vacancies and \$4.2 million over two years to add 43 non-sworn surveillance officers to monitor sex offenders on the registry.

Veterans Affairs and Homeland Security. This new secretariat now includes the Department of Veterans Services and what was formerly the Office of Commonwealth Preparedness. The budget includes \$6.3 million NGF over two years and 51 positions to staff the new 40-bed addition to the Sitter and Barfoot Veterans Care Center in Richmond, and funding for two additional claims agents. Four additional positions are provided to support new initiatives to assist homeless veterans and to transition veterans receiving Medicaid benefits into federal VA health and disability benefits. Funding is also added for a new initiative, the Fort Monroe Freedom Support Center, with one position, to assist military families and veterans leaving the military and transitioning into new careers.

Technology. The adopted amendments for Technology include \$2.8 million GF to offset information technology rate reductions double-counted during budget development and \$2.0 million GF for the Innovation and Entrepreneurship Investment Authority to market Virginia's cyber-security and modeling and simulation industries. The adopted amendments also include \$2.5 million NGF in additional federal funds for the Virginia Information Technology Agency (VITA) associated with the Department of Education's Statewide Longitudinal Data Systems project and about \$1.8 million GF associated with billings for state agencies' use of VITA optional services. Within Central Appropriations, \$9.3 million GF is provided to mitigate certain agencies VITA charges and to implement voice-over-internet telecommunications services for several agencies.

The most significant policy action is language increasing a working capital advance for VITA's Enterprise Applications Division from \$30.0 million GF to \$90.0 million GF. This additional working capital advance is directed by language within the Department of Accounts to fund the systems planning and development costs for the Cardinal financial accounting system, which is supposed to replace the existing Commonwealth Accounting and Reporting System. While the repayment of this line of credit is supposed to come from agency usage charges, additional language in the adopted budget authorizes the Governor to expend up to \$2.0 million GF in FY 2012 balances to begin repayment of this line of credit.

Transportation. The adopted 2012-14 budget for transportation includes several actions that enhance the operations and funding of Virginia's transportation programs. Within the Office of the Secretary, language is included to provide \$9.5 million in annual operating funding for the Virginia Commercial Spaceflight Authority from the revenues of the Transportation

Trust Fund. Three fee increases at the Department of Motor Vehicles are authorized to help the department cover its operating costs by charging a \$10.00 late fee for delinquent vehicle registration renewals, charging \$10.00 for replacement vehicle titles, and charging a \$20.00 minimum for all drivers' licenses. In combination, these fee adjustments will generate \$9.9 million NGF each year for DMV operations.

Two significant policy changes are included within the Department of Rail and Public Transportation. First, language is included authorizing the use of \$26.1 million in Rail Enhancement Funds to support passenger rail operating costs, which have not been eligible recipients of funds under that program. Second, language is included capping at two-years the length of time transit properties can receive greater than formula operating assistance. Biennial appropriations to the Department of Transportation are increased by almost \$900 million to reflect programming of bond proceeds authorized in 2011. Finally, a Part V amendment establishes a Port of Virginia Economic and Infrastructure Development Grant program to provide grants ranging from \$1,000 to \$3,000 per job created for businesses utilizing port facilities that locate or expand operations within one of 39 cities and counties.

Central Appropriations. General fund actions in Central Appropriations for the 2012-14 biennium include \$25.0 million GF to reduce the budgeted reductions for local governments, \$20.0 million GF to reduce the budgeted reductions for higher education, \$6.8 million GF to replace telephone systems at selected agencies, \$3.4 million GF for the Commonwealth's cost of the Line of Duty Act, and \$2.8 million GF for the operating costs of the new performance budgeting system.

General fund decreases include a reduction of \$179.6 million GF to distribute FY 2012 central account funding to agencies, \$13.1 million GF in reduced funding for VITA rates, \$8.6 million GF for higher education interest and credit card rebates, and \$3.1 million GF from consolidation and elimination of selected agencies, boards, and commissions.

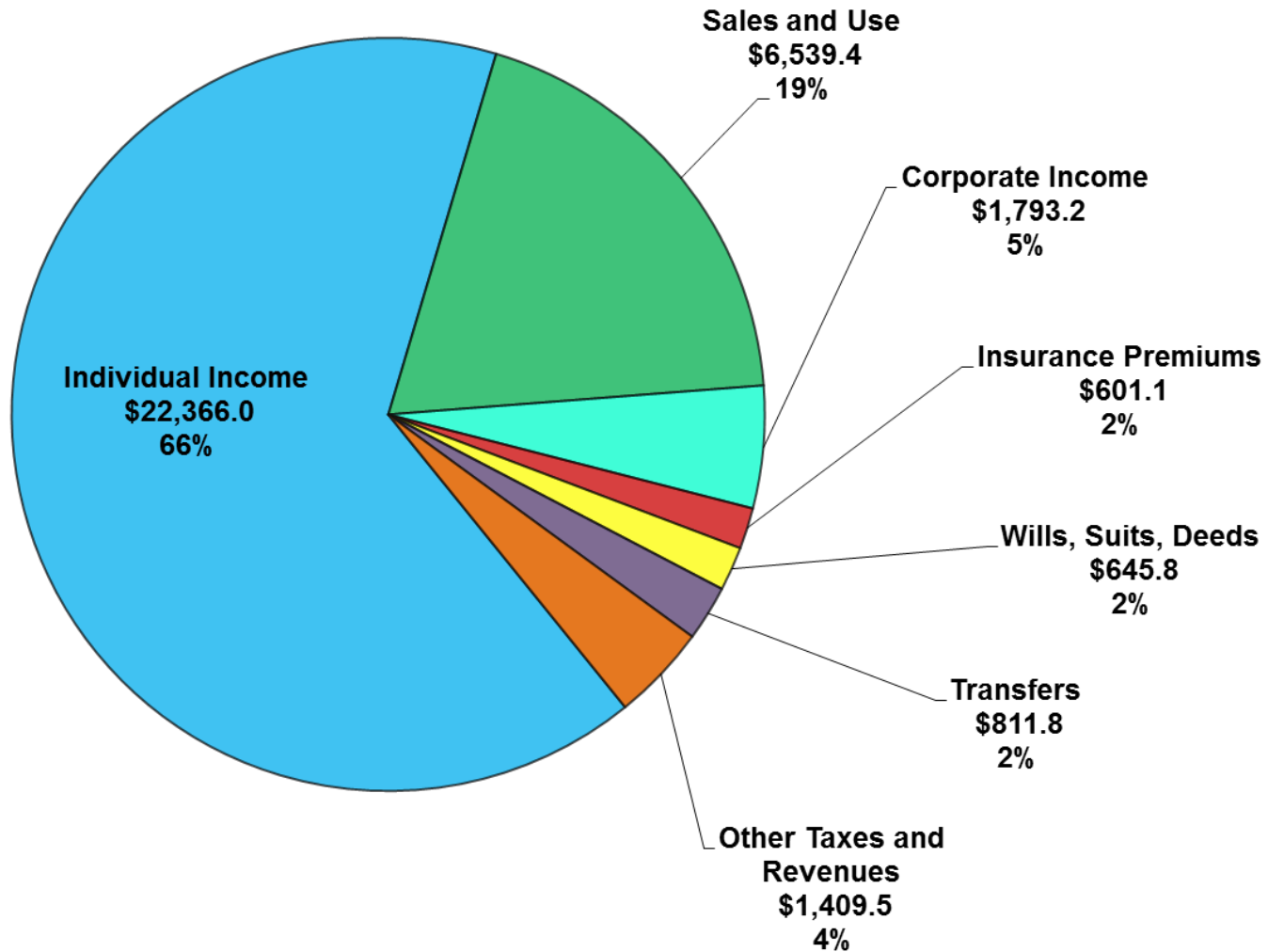
State Employee Compensation and Benefits. Adopted actions for employee benefits for the 2012-14 biennium include \$100.3 million GF for increases in the employer cost of state employee health insurance; \$50.6 million GF for repayment of employer retirement contributions deferred in the 2010-12 biennium; \$35.6 million GF for 2012-14 increases in employer retirement contribution rates; and \$1.3 million GF for increases in the employer contribution rates for other VRS provided employee benefits. The budget also includes \$54.7 million GF in FY 2014 for a 2 percent pay raise in the second year for state employees and state supported local employees, assuming no downward revision in the revenue forecast. Budget language authorizes a 3 percent bonus for state employees in December, 2012, contingent upon an FY 2012 revenue surplus.

Capital Outlay. The approved capital outlay program for 2012-14 totals about \$1.2 billion (all funds). The general fund supported projects include \$20.3 million GF and \$217.8 million from general fund supported bonds issued by the Virginia Public Building Authority (VPBA) and the Virginia College Building Authority (VCBA). The projects include \$19.5 million GF and \$73.4 million in VCBA/VPBA bonds for high priority repairs, renovations and improvements; \$104.9 million in VCBA/VPBA bonds for capital maintenance reserve; and \$39.6

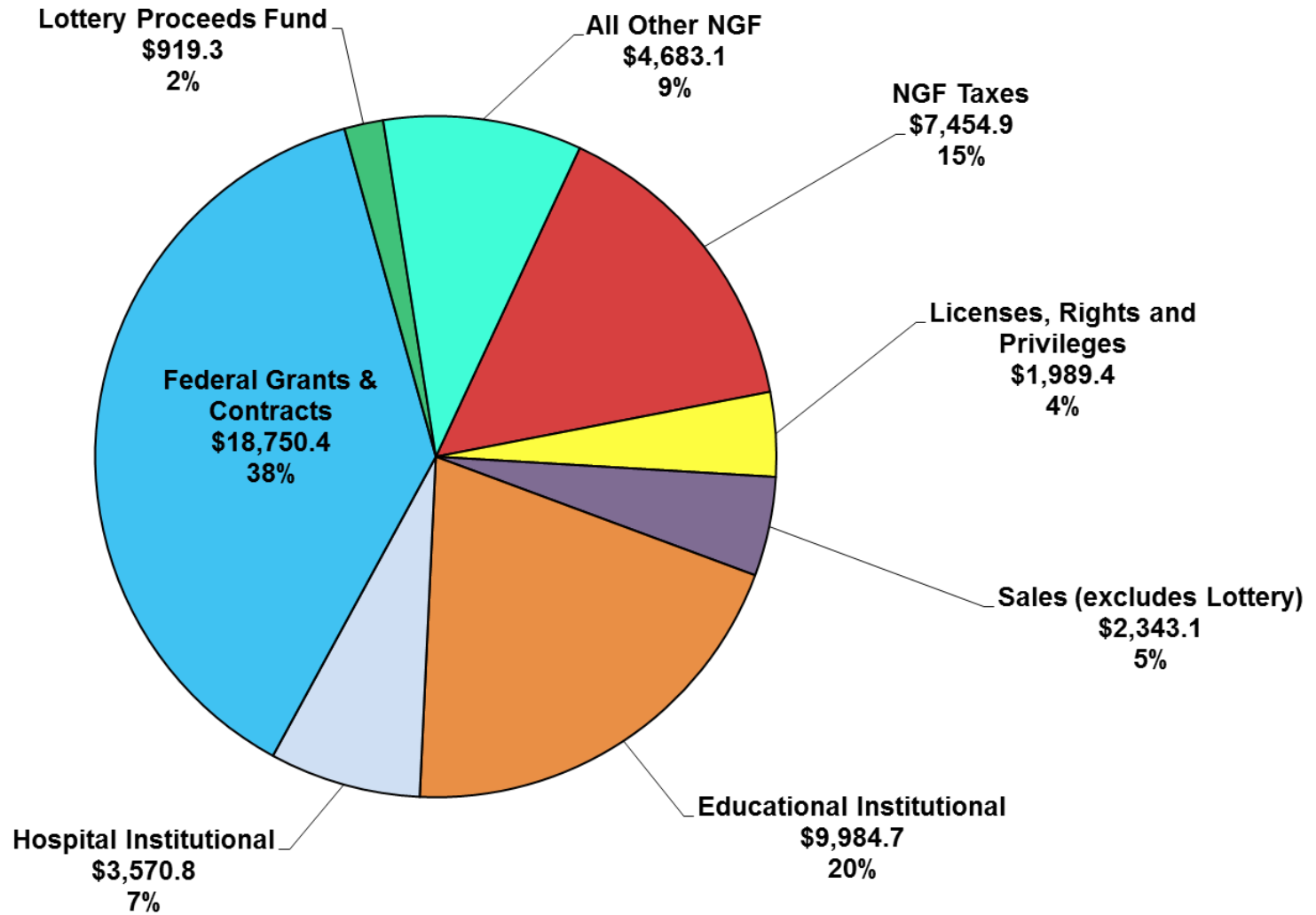
million in VCBA/VPBA bonds to equip buildings scheduled to be completed during the biennium.

The nongeneral fund capital program totals roughly \$1.0 billion. About \$790.7 million is funded through 9 (c) and 9 (d) NGF revenue bonds primarily for higher education auxiliary enterprise projects. Another \$105.5 million is funded through Virginia Port Authority bonds for expansion of port terminals. Finally, about \$105.9 million is funded through NGF cash, primarily for higher education projects. Of this amount, \$41.5 million is allocated to conduct detailed planning for 33 new projects.

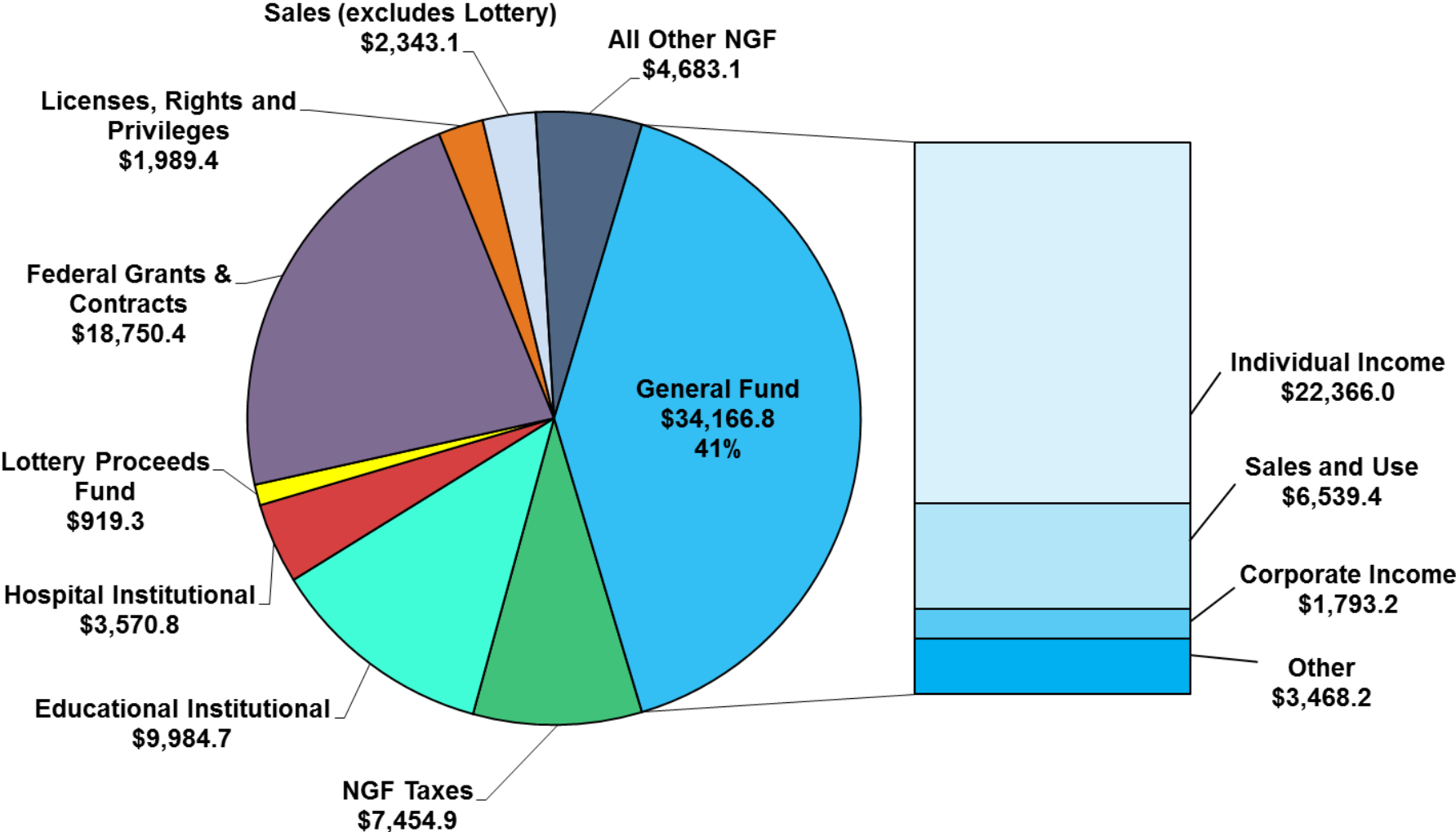
FY 2012-14 General Fund Revenues = \$34,166.8
Chapter 3 (HB 1301, as Adopted)
(\$ in millions)



FY 2012-14 Nongeneral Fund Revenues = \$49,695.7
Chapter 3 (HB 1301, as Adopted)
(\$ in millions)



FY 2012-14 Total Revenues = \$83,862.5
Chapter 3 (HB 1301, as Adopted)
 (\$ in millions)



2012-2014 GF Operating Budget = \$34,822.6
Chapter 3 (HB 1301, as Adopted)
(\$ in millions)

