

October 1, 2007

MEMORANDUM

TO: Local Officials

FROM: Martha Burton, Assistant to the Executive Director

SUBJECT: Governor's Budget Reduction Plan

This morning Gov. Kaine announced general fund reductions in the current fiscal year budget totaling \$300.3 million in response to his announcement in August that there is a budget shortfall of \$641 million. In addition to the budget reductions, 386 positions will be eliminated along with layoffs of 74 current employees. State aid to localities will be reduced by \$19.3 million.

As I reviewed the individual actions, I noted those that I thought might be of interest.

'599' Funds - 5% cut

Libraries – The reduction for the State Library totaled \$1.3 million - \$720,000 of that is a reduction in State Aid to Public Libraries & Filtering Grants

Constitutional Officers – Clerks, Commissioners and Treasurers must maintain vacant positions for 90 days prior to filling them.
Also, general fund balances must revert back to the state.

Elections - The state reimbursement for salaries of Registrars will be reduced by 5% and the funding for Local Electoral Boards will be reduced by 5%.

PDC Funding – 5% reduction

Hopewell Research & Development Program – funding eliminated.

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Virginia Economic Development Partnership – a total reduction of just over \$1 million – to include trade and marketing missions, general marketing, technology costs, international division.

Virginia National Defense Industrial Authority – 5% cut

Center for Rural Virginia – 5% cut

Virginia Tourism Corporation – staff realignment and reduction of \$585,000 for marketing/promotion

Virginia Department of Business Assistance – The Virginia Jobs Investment Program incentive payments to be reduced by \$300,000.

Education - \$8.8 million in general fund dollars to be saved by shifting Teacher Retirement Contributions to excess Literary Fund dollars.

Southside Virginia Regional Technology Consortium – 5% cut

Higher Education Reductions:

Richard Bland College	-	\$291,936
Virginia State University	-	1,243,355
John Tyler Community College	-	731,787
Southside Virginia Community College	-	629,400

Mental Health:

Management of Hiram Davis Medical Center and Southside Virginia Training Center to merge – 7 positions lost

Virginia Center for Behavioral Rehabilitation – The Governor noted that the rate of commitments is less than projected - \$1.2 million savings

Health:

Virginia Health Care Foundation – 5% cut

Drinking Water State Revolving Fund - \$500,000 reduction in state contribution to match federal dollars

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Department of Medical Assistance Services - Two federal projects were noted which are focused on a higher level of deinstitutionalization for Medicaid recipients, one involving adults, the other children. This is projected to save \$175,308 this year, with greater savings projected in future years.

Social Services:

Auxiliary Grants – Spending has fallen short of projections - \$500,000 reduction

General Relief – Spending fallen short of projections - \$1.2 million reduction

Virginia Caregiver Grant Program - \$500,000 reduction

TANF (Temporary Assistance to Needy Families)

The Governor reported that the TANF caseload has declined so he plans to use \$7.6 million in TANF federal dollars to replace Virginia General Fund dollars for a long list of programs, including:

Local Domestic Violence Grants

Resource Mothers

Healthy Families

Community Action Agencies

Comprehensive Services Act Trust Fund

Comprehensive Health Investment Project

Environment:

Increase State Park User Fees

Soil & Water Conservation Districts – 5% cut

Dam Safety Program – 14% cut

Eliminate Citizen Water Quality Monitoring Grant Program

Chesapeake Bay Foundation – 5% cut

Scale back Water Quality Monitoring, Inspection & Permitting Activity

Public Safety:

Regional Law Enforcement Training Academies – 5% cut

Juvenile Accountability Incentive Block Grant Program - \$110,000 reduction

State Police – The next Basic Trooper School, scheduled to commence in February, 2008, will not begin until after 7-1-08.

The maximum mileage on State Police Cars will increase to 130,000 miles.

Juvenile Detention Center Operating Reimbursements – 2.5% cut

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Virginia Juvenile Community Crime Control Act (VJCCA) funding – 2.5% cut

Non-State Agency Appropriations – the grants to historic and cultural sites in Virginia – 5% cut

If you have questions or need additional information, I would be happy to try to assist you.

Note: Gov. Kaine will introduce his 2008-2010 Budget on December 17.