

## FY 2012 – Governor's Recommended Budget

### Pressures:

- Resolves a \$176M budget gap without the use of broad-based taxes
- Steps the State down from loss of significant ARRA funds and other lost federal funds-- \$175M -- from FY11 to FY12
- Budget pressures that must be addressed come from primarily 2 areas:
  - Human services : \$28.5M caseload; \$38.6M other pressures; and \$144M of lost ARRA funds
  - Education: Restoration of Ed Fund transfer and growth (\$21.7M); Early Ed (\$1.1M); lost ARRA \$38.6M)
- Other budget pressures:
  - VSTRS & VSERS: \$8.3M
  - Unemployment insurance interest repayment: \$4.1M
  - JTOC plan: \$2.3M
  - Other

### Solutions:

- Solutions are focused with the 2 largest areas of State government (combined %)
  - Education – Challenges for Change reduction: \$23.2M
  - Human Services solutions = \$110.3M, of which:
    - Expenditure reductions: \$43.8M
    - Revenue enhancements: \$36.7M
    - Carry-forward and other one-time: \$29.M
      - But Medicaid has consistently carried balance forward
- Within AHS, Corrections savings:
  - More efficient use of existing capacity
  - Governor's initiative to reduce incarceration of non-violent misdemeanants
  - Opportunity to earn additional revenues from housing federal prisoners
- Workforce savings \$12M:
  - VSERS pension reforms \$2M
  - Labor & contract savings: \$8M
  - Health insurance plan reforms – actives and retirees: \$2M
- Rest areas - \$4M move to T-Fund because of their connection to transportation
- Judiciously uses \$29M of reserves from FY11 (including \$27M from the January revenue upgrade) toward FY12 to transition the State to a more stable budget environment
- Despite difficult environment, still funds:
  - Increase of \$37.1M in GF transfer to Ed Fund
  - Workload needs
    - Public Defender
    - Court diversion
    - Environmental Conservation
  - Public Safety - DNA analysis – S.13
  - Mandatory caseloads in AHS and other human services needs