



**A Summary
of the Governor's
Budget Recommendations
for 1994-96**

(Senate Bills 30 and 31, As Introduced)

Senate Finance Committee

December 20, 1993

COMMONWEALTH OF VIRGINIA

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December 21, 1993

Members of the Senate:

I am pleased to provide you with this staff summary and analysis of the Governor's budget recommendations for the 1994-96 biennium, which are embedded in Senate Bill 30, the budget bill for the next biennium. The Governor has also recommended changes to the budget for 1992-94, which is Senate Bill 31. A description of those proposed changes is also included.

This document details the recommendations which the Governor has offered for each secretarial area and major agency. Within each secretarial area, short issue briefs are included which provide background information and policy analysis on some of the key budget issues the General Assembly will face. I hope that you will find the document to be a useful reference as the session proceeds.

The Finance Committee staff is available to answer questions and provide any additional detail you might find useful. Please feel free to contact them directly, if you require assistance.

I genuinely hope that you will find the Finance Committee's consideration of SB 30 and SB 31 to be careful and responsive to the needs of the Senate and the Commonwealth. Please feel free to contact me if I can assist you, or if you have suggestions on how we might proceed. I look forward to working with you.

Very sincerely yours,

A handwritten signature in black ink, appearing to read "Hunter B. Andrews".

Hunter B. Andrews

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Summary of Recommendations in SB 30, As Introduced

Overview

The Governor's budget recommendations for 1994-96 reflect the fundamental budget situation which has faced the Commonwealth since the 1990-92 recession. Continuing slow economic growth, coupled with increases in Medicaid clients and costs, adult prison inmates, and public school enrollment have produced a budget situation in which non-discretionary and high priority spending requirements exceed available revenues.

Although this is the same basic situation which has confronted the Commonwealth for the past three biennia, a slightly improved economic outlook and slightly lower growth rates in entitlement programs have provided somewhat more budget flexibility than in the recent past. As a result, SB 30, as introduced, shows signs of greater budget stability than was evident in 1990-92 and 1992-94.

To bring revenues and appropriations into balance, the Governor has proposed three basic strategies:

- (1) ***Budget Reductions.*** Reducing agency budgets by varying percentages, in order to achieve savings of \$208.8 million. Cabinet secretaries have allocated reductions between and among agencies, according to differing criteria. As a result, there is no standard reduction percentage. Some agencies have been exempted, while others received cuts approaching double digit percentages. As in the past, however, reduction plans will be subject to administrative changes, even after the budget is adopted.
- (2) ***More Aggressive Tax Collection.*** Implementing an Enhanced Collection System and other programs to improve the revenue yield from taxes owed the Commonwealth, to produce \$142.2 million.
- (3) ***Tax and Fee Changes.*** Deferring a scheduled change in the Code provisions regarding individual income tax withholding, along with proposed increases in selected fees, to produce \$67.1 million.

Resources produced from these actions are used to meet required increases in costs and caseloads for Medicaid; fully fund the Standards of Quality for public education; fund the operating costs and debt service associated with new prisons opening in 1994-96; provide increased debt service for general obligation bonds; fund a salary increase for classified employees, faculty and teachers in each year

of the next biennium; and, provide a Maintenance Reserve for state buildings, along with a modest capital outlay program.

Economic and Revenue Outlook

Virginia's economy is expected to under-perform the nation throughout the next biennium, as it has through most of the current biennium. Although the outlook is slightly better than anticipated earlier in the year, slow employment growth, actual and impending defense cutbacks, continuing corporate restructuring, and weak demand for exports continue to constrain economic growth.

The revenue forecast underlying SB 30 assumes that Virginia will continue to see modest economic growth. Employment growth is expected to remain below 2 percent for the biennium, and income growth will track the nation's moderate increases.

Estimated revenue growth of 5.7 percent for FY 1995 and 5.5 percent for FY 1996 is better than the forecast for the past two biennia, but well below historical norms.

General Fund Revenue Available for Appropriation (\$ millions)	
Available Balances	\$ 193.0
Official Revenue Estimates	13,968.7
Assumed Revenue From Withholding Deferral and Fee Increases	36.2
Transfers	<u>724.4</u>
Total General Fund Revenues Available for Appropriation	\$ 14,922.3

Available Revenues. When transfers and proposed tax changes are included, SB 30, as introduced, projects that \$14,922.3 million in general fund revenues, transfers, and balances will be available for appropriation. This total includes \$13,968.7 million in taxes and other revenues; \$724.4 million in Lottery profits, ABC profits, and appropriation transfers; and \$193.0 million in

undesignated balances to be carried forward from 1992-94. Lottery profits are expected to remain flat for the next biennium.

Included in this total is an increase of \$142.2 million from implementation of a more aggressive and systematic effort to collect taxes owed the Commonwealth. Use by the Department of Taxation of a computerized enhanced collection system (ECS) and 101 additional positions provided in 1992 is projected to yield the additional revenue.

Also included in total revenue available for appropriation is the Governor's proposal to defer a change in withholding policy for individual income taxes, which is scheduled to go into effect in 1994-96. The proposed deferral of this change would produce \$26.3 million.

SB 30, as introduced, assumes enactment of fees or increases to fees for some services. The principal fee increase proposed is an increase to \$12.00 in fees for service of process in state courts. This fee increase would provide \$9.9 million to the general fund and about \$25.0 million to localities, to offset a proposed reduction in support of constitutional officers.

Five other tax policy changes are slated to go into effect as scheduled. These include: (1) ACRS subtraction for corporations (\$44.7 million); (2) Social Security subtraction for self-employed taxpayers (\$64.2 million); (3) Non-prescription drug exemption (\$23.8 million GF); (4) VHDA tax credit (\$4.0 million); and (5) Neighborhood Assistance Act tax credit (\$5.5 million).

General Fund revenue contained in the introduced budget is roughly \$1.2 billion higher than the base budget for 1994-96.

Proposed Budget Reductions

Senate Bill 30, as introduced, also includes a total of \$208.8 million in budget reductions. This represents the result of overall reduction targets by functional area, which Cabinet secretaries have allocated between and among agencies on a variable basis. No standard reduction percentages were used. As a result, reductions range from 0 percent for some agencies, to reductions greater than 10 percent for others.

As in the past, exemptions were granted for most aid to localities, aid to individuals, student financial assistance, debt service, and nongeneral fund agencies. These reductions are budgeted to a "reversion clearing account" in Central Appropriations. The table below summarizes the reductions applied to each area.

Reductions Allocated to Each Area	
	<u>Reduction</u>
Judicial	\$ 4.7
Executive Offices	2.4
Administration	27.7
Commerce and Trade	19.8
Education	70.3
Finance	3.9
Human Resources	24.2
Natural Resources	9.5
Public Safety	<u>46.3</u>
Total	\$ 208.8

To implement these reductions, agencies were required to submit reduction plans to each Cabinet secretary for approval. The plans are subject to continuing administrative changes, even after the General Assembly adopts the budget. A more detailed description of how the agencies intend to implement the reductions is included in each section of this document.

Recommended Spending in SB 30, as Introduced

Savings produced from budget reductions and from additional revenues are recommended to support new spending. A table summarizing major spending recommendations is included on the next page.

The largest component of increased spending supports programs which are normally judged to be non-discretionary. These increases go to support increased costs and utilization for Medicaid; debt service and operating costs associated with opening new prisons; increased debt service costs for the general obligation bonds; increases in the Involuntary Mental Commitment and Criminal Funds; and required reimbursement of a portion of the cost of new local jails.

In addition to non-discretionary spending increases, SB 30, as introduced, includes funding for a salary increase for classified employees, faculty, teachers, and other state-supported local employees, in each year of the next biennium. Under the proposal, classified employees who meet performance expectations will receive a 2.25 percent salary increase on December 1, 1994 and December 1, 1995. In addition, these employees will be eligible to receive bonuses of 1, 2, or 4 percent, depending on their performance rating. Funding for the second year bonus would be dependent on agencies generating savings to cover its cost.

Teachers and faculty have been funded to receive equivalent salary increases and bonuses, subject to decisions of their own governing authorities. SB 30 includes language specifying that the funding for teachers is not intended as a salary mandate.

The total cost of the compensation proposal is \$250.8 million.

Major Recommended Spending Increases in SB 30, As Introduced	
Human Resources	
Medicaid Utilization and Inflation	\$216.7
Medicaid Support for Organ Transplants for Children	7.6
Two-tier Homes for Adults (DMAS & DSS)	12.1
MHMR Increased Drug Costs	3.1
Aid to Families with Dep. Children Caseload (ADC)	3.7
NVMHI Bed Expansion	3.4
Treatment Improvement at NVTC	1.7
Central State Forensic Unit Expansion	1.9
Social Services Automation	4.6
Public Education	
SOQ Funding for Public Schools	172.1
Sales Tax increase/Basic Aid Offset	51.5
Reduce Literary Fund Transfer for Teacher Retirement	92.6
Increased funding for Special Education Tuition	18.3
Increased Funding for At-risk Students	10.9
State Support for Free Textbooks	8.7
Fully Fund Remedial Summer School	8.3
Comprehensive Services Act Increase	8.3
Hospitals, Clinics, Detention Homes	3.2
Class Size Reduction for Educable Mentally Retarded	1.4
Increased Cost of Homebound Instruction	1.0
Higher Education	
Higher Education Equipment Trust	6.6
Student Financial Assistance	20.6
Expanded Library Sharing	4.5
New Colleges at James Madison and Radford	6.0
TELETECHNET Program at ODU	4.6

Other Education	
Indigent Care at UVAH, MCVH, MCHR	\$ 11.8
Free Electron Laser Facility at CEBAF	3.0
Commerce and Trade	
Industrial Training	3.0
Industrial Advertising	1.0
Defense Conversion	2.0
Economic Opportunity / "Deal Closing" Fund	5.0
Solar Photovoltaic Incentive Grant	4.5
Natural Resources	
Support for Historical Societies	1.4
Increased Operations in Parks and Natural Areas	1.4
Buena Vista Flood Wall	3.0
Increased Rent Costs for DEQ	1.2
Public Safety/Courts	
Operating Costs for New Prisons	37.5
Additional Positions for Sheriffs and Jails	19.0
Replacement of Federal Anti-crime Funds	8.1
Involuntary Mental Commitment Fund/Criminal Fund	7.5
Automation of Probation and Parole Offices	4.0
State Share of Local Jail Reimbursement	2.2
Minimum Security Pre-release Center	2.0
Additional Public Defender Positions	1.9
Inmate Health Services Improvement	1.9
Pilot Program for Serious Juvenile Offenders	1.7
Compensation	
Increased Cost of Fringe Benefits	23.5
Salary Increase and Incentive Bonus for Classified Employees, Faculty, Teachers, and Other	
State-supported Local Employees	250.8
Job Class Salary Regrades	4.5
Other Operating	
Recordation Tax Distribution to Localities	40.0
Revenue Stabilization Fund	79.9
Route 58 Development Fund	35.5
Debt Service on GO Bonds	62.1
Capital Outlay	
Maintenance Reserve for State Buildings	51.0
Other Capital Outlay Projects	89.5

Summaries by Secretarial Area

The following sections summarize the major actions recommended in the budget bill, as introduced, by secretarial area.

Education

Direct Aid to Public Education. A net increase of \$489.8 million GF has been recommended for Direct Aid to Public Education for the 1994-96 biennium, with a proposed total GF appropriation of \$5,210.6 million. At this level the Governor's budget provides full funding for the state's share of the Standards of Quality (SOQ).

The Governor's budget includes proposed general fund increases in the SOQ budget of \$450.2 million to provide for: an enrollment increase of 40,574 students over the biennium; an increase in per pupil costs; a projected increase in sales tax revenues dedicated to public education; a 2.25 percent salary increase for public school employees on December 1 of each year, as well as a one-time 1.72 percent bonus; and, a \$92.6 million reduction in the amount of Literary Fund revenues used to support teacher retirement. Language included in SB 30 states that the salary increase for public school employees is not intended as a mandate.

Additional increases of \$61.3 million provide for increases in: textbook payments; Special Education tuition payments; Homebound Instruction payments; increased costs in Hospitals, Clinics, and Detention Homes; full funding of Remedial Summer Schools; increased numbers and costs for At-Risk students; lower class sizes for the educable mentally retarded; and, funding for increased payments to the Interagency Assistance Fund.

The elimination of funding for the Maintenance Supplement and Enrollment Loss programs provide reductions of \$21.7 million in the SOQ budget.

SB 30 also contains recommendations to make three changes in the method used to calculate the SOQ: a reduction from 12.89 percent to 8.00 percent in the cost of competing allowance for school divisions in Planning District 8; a freeze on state support for local administrative costs at 1993-94 levels; and, a discontinuation of the practice of providing for projected inflation in school spending.

Higher Education. The 1994-96 general fund budget recommends \$1,739.6 million for Virginia's public colleges and universities, an increase of less than 1 percent above the base budget appropriation of \$1,736.8 million. The proposed budget also includes an increase of 459 positions.

The higher education budget provides no new additional general funds for the system as a whole, All institutions, with the exception of the Virginia

Community College System, will have general fund support reduced by about two percent in 1995 and eight percent in 1996. To offset a portion of reduced funding, tuition and fee increases of five percent in the first year and four percent in the second year are included for Virginia students. In recognition of the increased tuition, student financial aid is increased by \$21.2 million, or a 22 percent increase over the previous biennium.

In addition to the budget reductions, targeted general fund reductions are included in the Governor's budget. These include elimination or reduced general fund support for the Commonwealth Centers of Excellence at \$5.0 million, and a \$5.8 million general fund reduction from the elimination of support for several research and public service institutes.

Funding priorities for higher education include 2.25 percent faculty salary increases in each year of the biennium, plus funding for a 1.72 percent bonus in the first year (\$27.0 million GF); operating support for new facilities (\$13.8 million NGF); and acquisition of library books and materials. (\$13.6 million NGF). In addition, an allocation of \$50 million in instructional equipment from the Higher Education Equipment Trust Fund is recommended.

Continued support for change and restructuring in higher education is stated, with 1.5 percent of the 1994-95 instructional budget of each institution withheld pending review of a restructuring plan to be submitted to the Council of Higher Education and the Governor. In 1995-96, 1.5 percent will also be withheld pending evidence that the approved plan is being implemented.

In addition, \$23.6 million is provided to support change and restructuring initiatives, such as the new colleges at James Madison University and Radford University, the statewide telecommunications network developed by Old Dominion University, and the development of new campuses at Mary Washington College, George Mason University, and John Tyler and Tidewater Community Colleges.

Other Educational Agencies. SB 30 proposes a general fund budget of \$205.6 million for cultural and educational agencies in the Education Secretariat. Out of the \$56.8 million in reductions, \$48.8 million comes from shifting a portion of indigent care at the teaching hospitals to Medicaid. The remainder comes from selected budget reductions in each year.

Increases include \$14.9 million GF of support for indigent patients served by the University of Virginia Medical Center, the Medical College of Virginia Hospitals, and the Medical College of Hampton Roads. In addition, a matching appropriation of \$3.0 million is provided for the Free Electron Laser at the Continuous Electron Beam Accelerator Facility. At the Council of Higher Education, \$3.1 million is provided to facilitate the library sharing initiative among Virginia's public colleges and universities.

Health and Human Resources

The recommended 1994-96 budget for Health and Human Resources totals \$3.6 billion (GF), an 8.8 percent increase in the base budget. Additional spending of \$340.6 million is recommended, coupled with reductions of \$46.7 million.

Most of the increase is recommended to fund rising costs of health, mental health, and social services. The largest increase (\$300.7 million) is budgeted for Medicaid, a federal entitlement program. (Savings through cost containment and reimbursement changes to the teaching hospitals reduce the general fund cost to \$234.4 million.)

Included in the Medicaid increase is support for court-ordered transplants in Medicaid-eligible children (\$7.6 million). A \$12.1 million (GF) increase is recommended for a new, two-level system of care in homes for adults, adopted by the 1993 General Assembly. Funds to address treatment deficiencies and capacity increases in mental health hospitals and retardation centers are also recommended (\$7.0 million). Slight growth is projected in AFDC caseloads, with an increase of \$3.7 million in costs.

Most of the reductions would be achieved through cost containment in Medicaid and downsizing in mental health and retardation facilities. The length of hospital stays reimbursed by Medicaid would be reduced (for a \$8.0 million savings) and managed care would be implemented statewide (for a savings of \$4.0 million). Projected Medicaid balances of \$10.5 in FY 1994 would partially offset increased 1994-96 costs. Reimbursement changes to the state teaching hospitals would save \$18.4 million in general fund costs.

The operational capacity of Eastern, Western, and Central State Hospitals would be reduced by 130 beds. Central and Southside Training Centers for mentally retarded persons would be reduced by 97 beds. General fund savings from facility downsizing would total 227 positions and \$14.3 million, but \$7.8 million of this amount would be disbursed to community services boards for treating discharged patients.

Commerce and Trade

The recommended budget for Commerce and Trade totals \$241.7 million (GF), a 3.2 percent decrease in the base budget. Additional spending of \$9.0 million is recommended, offset by \$16.9 million in reductions. However, an \$11.5 million increase for economic development programs is also included in Central Appropriations.

Most of the increase is recommended for programs intended to spur business development. These programs include training incentives for expanding businesses (\$3.0 million) and industrial advertising (\$1.0 million). Funding for other programs administered by the Department of Economic Development are included in Central Appropriations: \$5.0 million for infrastructure and other "deal

closing" incentives, \$4.5 million in credits for manufacturers of solar photovoltaic panels, and \$2.0 million for defense conversion assistance to localities and businesses.

A reduction of 84 positions is recommended in commerce and trade agencies, mostly in DED (20 positions) and the Department of Agriculture and Consumer Services (37 positions). Agency reorganization and elimination of certain administrative and support functions may be necessary.

Natural Resources

A net general fund reduction of \$1.9 million for the biennium has been recommended by the Governor for Natural Resource agencies. SB 30 recommends a decrease in general fund spending of 1.32 percent for the Natural Resource Secretariat overall. General fund changes in specific agencies range from an increase of 31 percent to a decrease of 9 percent. Proposed general fund reductions total \$11.6 million and 62 FTE. Proposed general fund increases total \$9.7 million and 192 FTE.

The major recommended increases in SB 30 include proposals to provide \$1.4 million in general fund support for two historical societies, increased support of \$1.4 million for increased operations in park and natural area projects funded through the 1992 General Obligation bonds, and continued funding in the amount of \$3.0 million for the Buena Vista Floodwall. An additional \$1.2 million has been recommended to support the increased cost of privately leased office space for the offices of the Department of Environmental Quality.

Major reductions include: elimination of Waste Water Revolving Loan funds (\$1.0 million); elimination of funding for the statewide soil survey (\$1.3 million); and elimination of the EcoMaps program (\$0.3 million). The Governor's budget also recommends passage of legislation authorizing the implementation of a \$10 per ton solid waste "tipping" fee. The fee would generate \$50.0 million per year, \$47.0 million of which would be returned to localities. The remaining funds would be used for additional regulatory activities within the Commonwealth. Finally, SB 30 proposes shifting the cost of several programs from general fund sources to the Marine Fishing Improvement Fund and the Virginia Saltwater Recreational Fishing Development Fund.

Public Safety

A total of \$1.5 billion is recommended for Public Safety agencies for the 1994-96 biennium, an increase of 1.7 percent above the base. This represents the net effect of increases totaling \$72.8 million and decreases totaling \$46.6 million.

The largest agency in Public Safety is the Department of Corrections. The DOC base budget is increased \$57.7 million (or 4.9 percent) to \$895.2 million. By comparison, in 1988-90, DOC actually spent \$636.5 million (adjusted to

exclude Youth Services). The 1994-96 biennial budget represents a 41 percent increase over 1988-90 general fund expenditures.

The largest single addition of funds (\$37.5 million) above the base budget is for the operating expenses of three new prisons which will open during the 1994-96 biennium (Culpeper, Deerfield, and Lunenburg). This is in addition to the \$17.4 million which was added within the base budget for the three new prisons which opened during fiscal 1994 (Dillwyn, Indian Creek, and Haynesville). The major reduction proposed in Corrections is the closure of Mecklenburg Correctional Center, due to its extremely high cost of operation. Closing Mecklenburg is projected to save \$15.2 million. All staff and prisoners would be transferred to the new facilities which are coming on line, and plans would be developed for the reuse of the Mecklenburg facility.

Other budget recommendations in Public Safety include a 9.8 percent reduction in House Bill 599 revenue sharing for localities with police departments, an 11.4 percent reduction in block grant funding for local juvenile facilities, elimination of funding for local offices on youth, and closure of three armories.

Included among the other recommended budget increases are \$8.1 million to assume the cost of federal grants which are expiring for drug investigations, drug treatment, and intensive supervision of offenders; \$2.0 million to contract for a private, minimum security facility; \$1.9 million to expand community corrections; \$1.9 million to improve inmate health services; and \$1.7 million to initiate a pilot program in an urban locality for serious juvenile offenders.

Transportation

The Governor's recommended budget for transportation generally continues current services with available nongeneral fund revenues. Additional revenues will allow transportation base budgets to increase by 2.3 percent or \$93.0 million (NGF) for the 1994-96 biennium. Also included is \$40.0 million per year from general funds for the Route 58 Corridor Development Program.

Significant nongeneral fund transportation increases include \$54.2 million for highway construction and \$10.0 million for public transit operating and capital support. For the Department of Motor Vehicles, an additional \$26.4 million above its base includes \$17.6 million for automation of labor intensive tasks and \$6.2 million to operate a new computer system that combines both driver and vehicle records into one system. No decreases were recommended in transportation agency budgets.

Compensation and General Government

SB 30, as introduced, recommends \$79.9 million for a constitutionally required deposit into the Revenue Stabilization Fund. Debt service in the

Treasury Board is recommended to increase by \$69.8 million. An increase of \$20.7 million is recommended for the Compensation Board, primarily to fund additional positions for new jail capacity, staffing overcrowded jails, minimum staffing guidelines, and the automation of constitutional offices.

SB 30, as introduced, includes reductions for most agencies in the general government area. Most significant of these is the proposal to eliminate reimbursement of localities for the cost of employee benefits paid to constitutional officers and their employees. The \$24.9 million savings from this proposal will be offset by the local share of increased fees for service of process. Reductions of \$8.4 million are proposed for the Department of Accounts, to reflect a decline in ABC profit distribution to localities due to revised revenue estimates.

An increase of \$250.8 million is proposed for a series of compensation actions. Salary increases of 2.25 percent for state employees, faculty, teachers and state supported local employees on December 1, 1994 and December 1, 1995 account for \$190.1 million of this amount. A proposal to pay performance related bonuses of zero to 4 percent to the same employees on December 1, 1994 is recommended at a cost of \$60.7 million. The increased cost of providing VRS retirement and group life benefits is projected to require \$23.5 million for the biennium. Job specific salary increases are proposed for certain employees of the Departments of General Services and Health, while technical adjustments account for the remaining \$1.5 million increase.

Capital Outlay

SB 30, as introduced, includes \$140.5 million in general funds for new capital outlay in 1994-96. General fund projects address critical life/safety corrections or hazardous materials disposal, the correction of infrastructure problems that cannot be deferred, and a limited number of planning projects.

Biennial funding for capital outlay includes \$51.0 million for maintenance reserve, to address repairs and replacement of roofs, mechanical systems, and other deferred maintenance at state agency buildings. SB 30 also recommends \$120.2 million for projects funded with either 9(c) or 9(d) bonded debt. An additional \$182.2 million is recommended for projects funded from other nongeneral fund sources.

The Virginia Public Building Authority bill will propose \$13.8 million of new projects, including equipment for the Lunenburg Correctional Center, construction of regional agriculture laboratories, and improvements to administrative buildings in the seat of government.

SB 30: 1994 - 1996

Governor's Revenue Projections Fiscal Year 1994-96

SB 30, as introduced, anticipates the availability of \$14,922.3 million in general fund revenues, transfers, and unappropriated balances in the 1994-96 biennium. This total includes: \$193.0 million in available balances from the 1992-94 biennium, \$13,968.7 million in projected tax collections (including \$142.2 million in additional compliance revenue), \$36.2 million in revenue from assumed legislative changes and fees, and \$724.4 million in Lottery profits, ABC profits, and other transfers. At this level, biennial growth in resources available for appropriation would be 10.9 percent greater than the \$13,460.6 million in resources available for appropriation in the 1992-94 biennium.

General Fund Revenue Available for Appropriation (\$ millions)	
Available Balances	\$ 193.0
Official Revenue Estimates	13,968.7
Assumed Revenue From Withholding Deferral and Fee Increases	36.2
Transfers	<u>724.4</u>
Total General Fund Revenues Available for Appropriation	\$ 14,922.3

Available Balances

Unexpended balances as of June 30, 1994 are expected to be \$193.0 million. Most of these balances are the result of the FY 1993 revenue surplus of \$112.1 million, and of unexpended balances from the 1992-94 biennium which have been recaptured for use in the 1994-96 biennium.

Revenue Growth

The current official revenue forecast anticipates growth rates of 5.7 percent for FY 1995 and 5.5 percent for FY 1996. This reflects a slightly

improved overall economic outlook and the addition of \$142.2 million from more aggressive collection of taxes owed the Commonwealth. At this level, however, projected revenue growth remains well below historical norms.

General Fund revenue growth is driven fundamentally by growth in the state's economy. Throughout the forecast period, Virginia is expected to underperform the nation economically. Current revenue forecasts expect a continuation of present conditions, with modest employment growth, more significant defense cuts, low inflation, and weak demand for exports. As a result, revenue growth will also be modest. A more complete description of the economic assumptions underlying the revenue forecast is included later in this section.

Forecast of General Fund Tax Revenues

	<u>FY94</u>	<u>FY95</u>	<u>Percent Growth</u>	<u>FY96</u>	<u>Percent Growth</u>
Net Individual	\$3,819.4	\$4,090.6	7.1%	\$4,312.5	5.4%
Corporate	312.8	310.6	(0.7)	324.3	4.4
Sales	1,546.6	1,652.0	6.8	1,738.1	5.2
Insurance	191.4	204.0	6.6	215.5	5.6
Public Service	<u>102.9</u>	<u>114.1</u>	<u>10.9</u>	<u>124.4</u>	<u>9.0</u>
Major Taxes	\$5,973.1	\$6,371.3	6.7	\$6,714.8	5.4%
Other	<u>471.4</u>	<u>443.2</u>	<u>(5.8%)</u>	<u>475.5</u>	<u>7.3%</u>
Total Taxes	\$6,444.5	\$6,814.5	5.7%	\$7,190.3	5.5%

Assumed Legislative Revenue Changes

The Governor's budget recommendations assume legislative enactment of a number of changes to Code provisions involving either tax policy or fees. The most significant is deferral of the scheduled change in withholding for individual income taxes. Another is an increase in fees for service of process costs in the circuit and general district courts. These two actions total \$36.2 million in assumed additional revenues available for appropriation.

**Assumed Legislative Changes
Affecting General Fund Revenue**

	<u>\$ Millions</u>
Withholding Exemptions	\$ 26.3
Service of Process Fee - Comp Board	<u>\$9.9</u>
Total	\$36.2

Additional Withholding Allowances. Current law allows individuals to withhold income taxes based on the number of personal exemptions a taxpayer is allowed. A taxpayer can ask the Tax Commissioner to increase administratively his withholding exemptions if cause can be shown.

Legislation enacted in the 1989 session changed the law to allow individuals to increase the number of personal exemptions, beginning January 1, 1991. This method allows individuals to adjust the number of exemptions claimed, according to an estimate of their final tax liability. This primarily affects withholding on taxpayers that itemize deductions.

The 1990 and 1992 General Assemblies deferred this change. SB 30, as introduced, proposes to defer again this withholding change to save \$26.3 million -- from January 1, 1995 to January 1, 1997.

Compensation Board Service of Process Fee. The budget as introduced, assumes \$9.9 million from a second year legislative change in the service of process fee charged at both circuit and general district courts. Currently, the fee schedule varies in circuit courts, depending on the type of document served, and there is no fee charged in general district courts. The Governor's proposal would standardize all fees in both courts at \$12 in FY 1996. The fee increase would return \$9.9 million to the general fund and \$25.0 million to localities. The local share is intended to compensate localities for the proposed elimination of state support for fringe benefits for constitutional officers and their employees.

Transfers

Transfers expected in the 1994-96 biennium total \$724.4 million. Of this amount, \$610.5 million is expected from Lottery profits. Lottery profits in fiscal year's 1995 and 1996 are projected to grow only \$12.7 million in the next

biennium beyond those projected for 1992-94. Alcohol Beverage Control (ABC) profits are expected to be \$6.4 million lower in the 1994-96 biennium than the current biennium.

The remaining significant transfers include increased Medicaid and Medicare reimbursements to MHMRSAS, a transfer from ABC revenues to support substance abuse programs, and transfers for reimbursing indirect costs at nongeneral fund agencies. A detailed listing of transfers is included later in this section.

Proposed Transfers in SB 30, As Introduced (\$ in millions)	
Lottery Proceeds	\$ 610.5
ABC Profits	46.4
Interfund Transfers	22.9
Mental Health Transfer	15.6
Unrefunded Marine Fuel Tax	10.3
Indirect Costs (primarily VDOT)	9.8
Local Sales Tax Compliance	7.0
Transportation Sales Tax Compliance	3.1
Net Other	<u>(1.2)</u>
Total Transfers Proposed	\$ 724.4

Compliance Revenues

SB 30 projects a substantial increase in revenues from more aggressive collection of taxes owed the Commonwealth. A total of \$142.2 million in additional compliance revenues are recommended for the 1994-96 budget. An additional \$17.3 million is included in SB 31 for FY 1994. In total, these additional compliance revenues would bring expected compliance revenues in FY 1994 and the 1994-96 budget to \$303.5 million. Compliance revenues are concentrated in individual income taxes, corporate income taxes, and sales and use taxes.

These additional compliance revenues are the combined result of two major new programs at the Department of Taxation. Two years ago, 101 additional positions were added by the General Assembly to implement the recommendations of a Joint Legislative Audit and Review Commission (JLARC)

report concerning compliance activities at the Department of Taxation. These new positions should be fully staffed by early 1994.

The second major compliance initiative is the Enhanced Collection System (ECS), which will link the Taxation computer system files to an automated information retrieval and telephone dialing system. This system will have the capability to distribute telephone calls, as well as provide detailed information on each delinquent account to compliance staff as they speak. This ECS was recently purchased with appropriations from the 1993 Session and is expected to be on-line in January 1994.

These two programs are expected to produce significant new compliance revenues for the Commonwealth. The table below details the additional and total compliance revenues now expected.

Compliance Revenues in the Governor's Budget (\$ in millions)			
	<u>FY 94</u>	<u>FY 95</u>	<u>FY 96</u>
Withholding	\$3.4	\$14.1	\$14.1
Non-Withholding	<u>6.0</u>	<u>24.6</u>	<u>24.6</u>
Net Individual	9.4	38.7	38.7
Corporate	2.4	9.8	9.8
Sales and Use	<u>5.5</u>	<u>22.6</u>	<u>22.6</u>
Total Additional Compliance Revenues	17.3	71.1	71.1
Total Compliance Revenues	\$60.3	\$121.6	\$121.6

Economic Scenario Associated With the Revenue Forecast

Virginia's revenue forecasting process is a multi-step process involving expert projections of national economic conditions, use of an econometric model to anticipate Virginia's economic outlook, and review of economic and business data by several Governor's advisory boards. The Governor's Board of Economists reviews the economic forecast that is officially adopted for use in the revenue estimates. The Governor's Advisory Council on Revenue Estimates considers whether the revenue estimates prepared by the Department of Taxation are realistic in light of current business conditions. And, the Governor's Economic Advisory Council meets and advises the Governor regarding any final changes to the revenue estimates before presentation of the budget to the General Assembly.

The U. S. and Virginia economic scenario associated with the revenue estimates is critical to the forecast process. Forecast economic variables are used as direct inputs in the revenue estimating model for Virginia. If the forecasted economic scenario is incorrect, then the related revenue estimates are likely to be incorrect.

In FY 1993, economic growth was slightly better than expected, both for the U. S. and Virginia. However, employment growth remained below 2 percent. There was also a one-time corporate tax payment of nearly \$90 million. The result was a year-end revenue surplus totaling \$112.1 million.

The table on the next page compares actual and forecast economic indicators for both the U. S. and Virginia. In general, the economy is expected to grow at a pace similar to that which occurred in 1993. Economic growth in 1993, while improving from the recessionary conditions of 1990-92, remains significantly below the growth of the 1980s. Some factors that have held back growth in the last few years will continue to impact the economy in 1994 -- corporate restructuring and slow job growth, defense cuts and the federal deficit, elevated debt levels, high office vacancy rates, and weak demand for exports. However, slowly improving economic conditions should continue through at least fiscal year 1995 as a result of increased productivity, improved corporate profits, and low interest rates and inflation.

Economic growth in Virginia is expected to slightly outperform the U.S. economy in FY 1994, but as defense cuts take hold, Virginia will probably underperform the U.S. economy in fiscal years 1995 and 1996.

**Growth in Actual and Forecast
Selected U.S. and Virginia Economic Statistics
(Percent Growth Over Prior Year)**

	Actual	Estimated		
	<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>
Real GDP	3.1%	2.8%	3.0%	3.0%
U.S. Personal Income	6.0	5.9	7.0	6.9
Va. Personal Income	5.5	6.2	6.2	6.4
Va. Employment	1.6	1.7	1.9	1.9

Source: WEFA September Standard Forecast and Virginia Department of Taxation

Effect of Tax Policy Changes on General Fund Revenues

The Governor's budget recommendations do not propose deferring five tax policy changes slated to go into effect in the next biennium. These are the: self-employment tax subtraction (effective January 1, 1994); ACRS addback (effective January 1, 1994); sales tax exemption for non-prescription drugs (effective July 1, 1994); the Neighborhood Assistance Tax Credit increase (effective July 1, 1994) the VHDA tax credit (effective January 1, 1994). The total cost of these legislative changes are expected to be \$142.2 million in the 1994-96 biennium.

Tax Policy Changes Slated to Go Into Effect in 1994-96

	1994-96 Cost <u>\$ Millions</u>
Self-employment Tax Subtraction	\$ 64.2
ACRS Addback	44.7
Non-Prescription Drug Exemption	23.8*
Neighborhood Assistance Act Credit Increase	5.5
VHDA Tax Credit	<u>4.0</u>
Total	\$ 142.2

* General Fund share only

Self-Employment Tax Subtraction. Virginia is currently scheduled to conform to federal law regarding the subtraction of contributions to social security made by self-employed filers. In tax year 1990, the federal government began to provide self employed filers a tax deduction, rather than a credit, on the employer share of social security they paid on their own wages. As a conformity state, this action would have automatically impacted Virginia. Conformity would have cost \$25 million per year in income tax revenue. As a result, the 1990 General Assembly deferred conformity until tax year 1992, and also allowed filers to reclaim their lost tax benefit in the future. The tax benefit for tax year 1990

was to have been allowed in 1992, along with the benefit for 1992. In tax year 1993, the delayed benefit for 1991 was to have been allowed, along with the benefit for 1993.

In the 1992 Session, the General Assembly again deferred conformity until tax year 1994. In current law, the benefit for tax year 1990 will also be allowed as a subtraction in tax year 1994. Lost benefits in tax years 1991, 1992, and 1993 will also be allowed in later years.

ACRS Addback. In 1982, Virginia deconformed from federal law concerning accelerated depreciation for corporate assets. Virginia required a 30 percent addback on Virginia returns with federal depreciation. In the 1987 Virginia tax reform act, the General Assembly began to allow recovery of this 30 percent addback over 2 years for individuals and 5 years for corporations. This addback was deferred in the 1990 and 1992 sessions. Subtractions are scheduled to resume in tax year 1994. Current law will allow corporations a 10 percent subtraction in tax year 1994 and a 20 percent subtraction in 1995.

Non-Prescription Drug Exemption. Virginia is scheduled to exempt non-prescription drugs from the sales tax base starting July 1, 1994. The change had been originally slated to go into effect in 1992, but was deferred in the 1992 session until 1994.

Non-prescription drugs are estimated to comprise about 2 percent of the taxable sales base. In addition to the estimated biennial general fund cost of \$23.8 million for the non-prescription drug exemption, there is a biennial cost to local government of \$7.9 million for the 1 percent local option sales tax. There is also a biennial cost to the Transportation Trust Fund of \$3.9 million for the 0.5 percent transportation sales tax. Ten states and the District of Columbia currently exempt non-prescription drugs from their sales tax base.

The Neighborhood Assistance Program. In 1993, the General Assembly increased tax credits to business firms engaging in job training or education, community services, or crime prevention services, in impoverished areas for individuals not employed by that firm. The Department of Social Services administers the program. The 1993 General Assembly increased the total credits available under the program from \$5.25 million to \$8.0 million in fiscal year 1995 and 1996. No tax credits are currently available after fiscal year 1996. The estimated revenue loss is \$5.5 million for the biennium.

VHDA Tax Credit. In 1989, the General Assembly enacted legislation which authorized the Virginia Housing Development Authority to grant a tax credit against individual and corporate state income tax liability equal to a percentage of the federal credit then offered. The credit is for low income housing that meets several requirements related to low-income tenant occupancy, gross rent restrictions, state credit authority, and IRS certification for 15 years after the unit is placed in service.

This credit was originally scheduled to go into effect in tax year 1990. It was delayed in both the 1990 and 1992 sessions, and is currently scheduled to begin in tax year 1994. The estimated biennial cost of this credit is \$4.0 million.

Detailed Listing of General Fund Revenue (\$ in millions)

	<u>1994-96</u>
<u>Additional Balances:</u>	
Unexpended Balance	\$ 193.3
 <u>Revenue:</u>	
Official Estimate April 1993	\$ 13,628.8
Revision to Estimate November 1993	184.9
Additional Compliance Revenue	142.2
Public Service Corp. Taxes	11.3
Neighborhood Assistance Act adjustment	(5.5)
Criminal History Fee	1.8
Accident Report Fee	0.1
Service of Process Fee - Sec of Commonwealth	1.3
Service of Process Fee - Comp Board	9.9
Support Enforcement Profit	3.8
Withholding Exemptions	<u>26.3</u>
Total Revenue	\$ 14,004.9
 <u>Transfers:</u>	
Lottery Transfers	\$ 610.5
ABC Profits	46.4
Section 3-1.01A (largely from ABC)	22.9
Mental Health Transfer	15.6
Unrefunded Marine Fuels	10.3
NGF Indirect Costs (largely VDOT)	9.8
Interfund Transfers (Section 3-1.01B)	1.1
Local Sales Tax Compliance	7.0
Transportation Sales Tax Compliance	3.1
VPA Sewell's Point Financing	0.3
IHRIS Treasury Loan Repayment	<u>(2.4)</u>
Total Transfers	\$ 724.4
 Total General Funds Available	 \$ 14,922.3

Transportation Revenues

Just as with general fund revenue, transportation revenues have been slowly improving as the state's economy recovers from the 1990-92 recession. For FY 1993, state transportation revenues increased 4.7 percent -- \$27.1 million above last year's official projection. The resulting higher base of revenues and slowly improving economic conditions has produced a forecast of \$1,379.0 million for FY 1994 transportation revenues. This represents 4.5 percent growth over FY 1993 and is \$30.1 million higher than last year's official forecast. State transportation revenues for the 1992-94 biennium are now expected to total \$2,698.8 million.

For the 1994-96 biennium, growth rates for state transportation revenues are expected to drop from 4.5 percent for FY 1994 to 3.6 percent and 2.9 percent for FY 1995 and 1996. This projection reflects slowing growth in the motor vehicle sales and use tax and flat projections for motor fuels taxes. Even as the automobile fleet continues to grow, it also is continuing to become more fuel efficient. Thus, gasoline consumption is not significantly increasing. Also, WEFA is projecting lower growth rates for new car and truck sales in fiscal years 1995 and 1996.

State Transportation Revenues				
\$ Millions				
	<u>Actual</u> <u>FY93</u>	<u>FY94</u>	<u>Projected</u> <u>FY95</u>	<u>FY96</u>
Motor Fuel Taxes	\$617.1	\$625.6	\$627.5	\$627.8
Road Taxes	24.6	25.8	26.8	27.4
M.V. Sales Tax	262.6	292.0	318.1	341.6
M.V. License Fees	117.2	121.2	119.9	123.1
State Sales Tax	238.3	256.6	274.2	288.6
Interest Earnings	10.7	9.8	10.4	8.3
Rental Tax	3.9	4.5	4.9	5.2
Miscellaneous	<u>45.4</u>	<u>43.6</u>	<u>46.4</u>	<u>48.0</u>
Total State Taxes	\$1,319.8	\$1,379.0	\$1,428.2	\$1,470.0
Percent Growth	4.7%	4.5%	3.6%	2.9%

Federal transportation cash receipts are expected to increase from \$526.6 million in the current biennium to \$936.2 million in the 1994-96 biennium. Increased federal funds allocated through the 1991 federal ISTEA legislation are actually beginning to be received by the state through the federal reimbursement process. Although allocation of federal funds are expected to peak in fiscal year 1994, actual receipt of these allocated funds will not reach its peak until FY 1996, after which federal cash receipts are expected to again decline.

The table below compares the transportation revenues in fiscal year 1986, before the transportation Special Session, with actual fiscal year 1993 revenues and with the expected revenues in fiscal years 1994, 1995, and 1996. While state transportation revenues will continue to grow at a slow pace, total transportation revenues available are expected to grow rapidly in fiscal years 1994 and 1995 because of increasing federal reimbursements.

Estimated Total Transportation Revenues (\$ millions)

	Actual		Estimated		
	FY 1986	FY 1993	FY 1994	FY 1995	FY 1996
Highway Maintenance Fund	\$737.0	\$869.0	\$ 898.5	\$ 917.5	\$ 938.2
Transportation Trust Fund	<u>0.0</u>	<u>450.7</u>	<u>480.5</u>	<u>510.6</u>	<u>531.8</u>
Total State Sources	\$737.0	\$1,319.8	\$1,379.0	\$1,428.2	\$1,470.0
Percent Growth		4.7%	4.5%	3.6%	2.9%
Federal Grants	382.9	208.4	318.2	443.9	492.3
Other	<u>80.5</u>	<u>100.2</u>	<u>89.8</u>	<u>87.7</u>	<u>86.9</u>
Grand Total	\$1,200.4	\$1,628.1	\$1,787.0	\$1,959.8	\$2,049.2
Percent Growth		(4.4%)	9.6%	9.7%	4.6%

Legislative Department

The recommended budget for the Legislative Department is \$80.2 million for the 1994-96 biennium, a net increase of 0.4 percent above the base.

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
General Assembly	\$35.1	199	(\$0.0)	(0)	\$0.0	0
Legislative Services	7.1	56	(0.0)	(0)	0.0	0
Code Commission	0.5	0	(0.0)	(0)	0.0	0
Coal & Energy Commission	<0.1	0	(0.0)	(0)	0.0	0
Water Commission	<0.1	0	(0.0)	(0)	0.0	0
Commissioners on Unif. State Laws	0.1	0	(0.0)	(0)	0.0	0
Housing Study Commission	0.3	2	(0.0)	(0)	0.0	0
State Crime Commission	0.3	2	(0.0)	(0)	0.0	0
Youth Services Commission	0.2	2	(0.0)	(0)	0.0	0
Commission on Pop. Growth & Development	0.2	0	(0.0)	(0)	0.0	0
Chesapeake Bay Commission	0.3	1	(0.0)	(0)	0.0	0
Jt. Commission on Health Care	0.7	5	(0.0)	(0)	0.0	0
Legislative Auto- mated Systems	5.6	19	(0.0)	(0)	0.0	0
JLARC	4.2	33	(0.2)	(0)	0.0	0
Auditor of Public Accounts	17.3	195	(0.0)	(7)	0.2	0
Va. Comm. on Intergovtal Coop.	0.7	0	(0.0)	(0)	0.0	0
VASAP Comm.	0.0	6	(0.0)	(0)	0.0	0
Capitol Police	5.2	73	(0.0)	(0)	0.1	0
Rev. Clrg. Account	2.2	0	(0.0)	(0)	0.0	0
Total	\$79.9	593	(\$0.0)	(7)	\$0.3	0

*FTE totals include both general and nongeneral fund positions.

DGS Rental Charges

The budget, as introduced, includes \$240,867 for the Auditor of Public Accounts and \$78,996 for the Division of Capitol Police to pay rental charges to the Department of General Services (DGS) for state-owned space in the Capital Square area. These amounts were previously budgeted to a central account.

Commission on Population Growth and Development

Funding and two positions for the Commission on Population Growth and Development are eliminated as of July 1, 1995, under the sunset provision in the statute which created the commission. (For this reason, no positions are shown in the column above for the base budget.)

Reversion Clearing Account

The Joint Rules Committee has approved a budget plan for legislative agencies which reduces base budgets by \$2.2 million. Part of this amount is reallocated to a legislative economic contingency account to fund limited addenda requests. The Governor's proposed budget incorporates the Joint Rules Committee recommendations.

Judicial Department

The recommended budget for the Judicial Department is \$357.1 million for the 1994-96 biennium. This represents a net increase of 2.1 percent above the base, incorporating increases of \$11.9 million and decreases of \$4.7 million. The decrease represents carry-forward balances in the Criminal Fund.

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
Supreme Court	\$18.6	114	(\$0.0)	(0)	\$1.7	3
Court of Appeals	7.5	44	(0.0)	(0)	0.2	0
Circuit Courts	83.9	145	(4.7)	(0)	4.0	0
General District Courts	109.7	820	(0.0)	(31)	3.7	0
Juvenile & Domestic Relat'ns District Courts	59.0	388	(0.0)	(0)	0.1	20
Combined District Courts	21.7	176	(0.0)	(0)	0.1	11
Magistrates	24.9	367	(0.0)	(0)	0.0	0
Judicial Inquiry and Review Commission	0.6	3	(0.0)	(0)	0.1	0
Virginia State Bar	0.7	60	(0.0)	(0)	0.0	14
State Board of Bar Examiners	1.1	3	(0.0)	(0)	0.1	0
Public Defender Commission	22.3	222	(0.0)	(0)	2.0	31
Total	\$349.9	2,343	(\$4.7)	(31)	\$11.9	79

**FTE totals include both general and nongeneral fund positions.*

The budget, as introduced, includes \$1.9 million for the Judicial Branch to pay rental charges to the Department of General Services (DGS) for state-owned space in the Capital Square area. These amounts were previously budgeted to a central account.

A technical adjustment has also been made in the position levels for three judicial agencies. The Maximum Employment Level (MEL) for the General District Courts is reduced by 30.8 FTE to reflect the elimination of unfunded vacancies. These positions are reallocated to the Juvenile and Domestic Relations District Courts and Combined District Courts.

Supreme Court

The recommended budget for the Office of the Executive Secretary of the Supreme Court includes \$150,000 each year and three positions to automate the information needed by the Department of Corrections to compute the time inmates have to serve on their sentences. Companion amendments provide additional funds for Sheriffs and DOC for this purpose.

Circuit Courts

Increases

- ***Criminal Fund.*** An additional \$948,000 the first year and \$3.0 million the second year are recommended to cover increased expenses for the Criminal Fund. This fund pays for expenses of criminal trials, such as court-appointed attorneys, jurors' per diems, court reporters, and expert witnesses.
- ***Circuit Court Records.*** An additional \$198,600 (NGF) each year is included from increased fee revenues (charged to localities) for an automated indexing system for land records, wills, marriage licenses, and other records in the clerks' offices.

Decreases

- ***Carry-Forward Balances.*** A separate reduction is budgeted to Central Accounts to reflect projected balances totaling \$4.7 million as of June 30, 1994, which will not be needed.

General District Courts

Increases

- ***Involuntary Mental Commitment Fund.*** An additional \$1.0 million the first year and \$2.6 million the second year are recommended to cover increased expenses for the Involuntary Mental Commitment Fund. This fund pays for the medical and legal costs associated with judicial hearings to determine the need for psychiatric treatment.

Virginia State Bar

The budget as introduced provides an additional \$492,200 (NGF) and 14 positions from attorneys' bar dues for operating expenses of the State Bar. Eleven of the new positions were previously funded without an adjustment to the agency's Maximum Employment Level. Three additional positions are recommended, for public information, membership and administration. Most of the new funds are intended to support a new office in Northern Virginia, which opened in 1993.

State Board of Bar Examiners

The budget as introduced provides an additional \$60,000 each year to increase the daily rate paid to the individuals who write and grade the Virginia State Bar Examination. The Supreme Court approved this rate increase. Funding to cover this cost is included in the fee required to take the examination.

Public Defender Commission

The recommended budget for the Public Defender Commission is \$24.3 million for the 1994-96 biennium. This represents a 9.2 percent increase above the base.

Increases

- ***New Leases.*** The budget, as introduced, includes \$168,870 over two years for the cost of new or expanded leases for public defender offices.
- ***New Positions.*** The budget, as introduced, includes \$1.8 million and 31 additional positions to be phased in over two years. The new positions are intended to address the current (but not projected) workload of the existing public defender offices.

Executive Offices

The recommended budget for the Statewide Executive Offices is \$32.7 million for the 1994-96 biennium. This represents a net reduction of \$1.0 million (2.9 percent), which incorporates total increases of \$1.4 million and reductions of \$2.4 million, as shown in the chart below.

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
Governor	\$4.6	37	\$(0.4)	(2)	\$0.2	0
Lt. Governor	0.6	6	(<0.1)	(0)	0.0	0
Attorney General Dept of Law	25.6	258	(1.9)	(0)	1.0	0
Secretary of the Commonwealth	1.9	21	(0.0)	(0)	0.2	0
Va Liaison Office	0.5	5	(0.1)	(1)	0.0	0
Interstate Contributions	0.5	0	(0.0)	(0)	0.0	0
Total	\$33.7	327	(\$2.4)	(3)	\$1.4	0

**FTE totals include both general and nongeneral fund positions.*

The recommended increase of \$1.4 million is provided to cover rental charges paid to the Department of General Services for state-owned office space near Capital Square. Previously these amounts were budgeted to a central account.

Secretary of the Commonwealth

The Secretary expects to collect an additional \$1.3 million in fiscal 1996 from increased fees for service of process. This amount is to be deposited into the general fund and is included in the projected revenues on page one of the budget bill.

Administration

SB 30 contains recommendations totaling \$744.1 million for the thirteen agencies in the Administration Secretariat. This represents 5.0 percent of the total general fund operating budget. The Governor's recommendations result in a net decrease of \$10.6 million (GF), or 1.4 percent, for the biennium, when compared to the 1993-94 base budget. Recommended reductions total \$40.7 million (GF). The Governor has also recommended budget increases totaling \$30.1 million for the biennium.

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
Secretary	\$1.4	14	<(0.1)	(1)	0.1	0
Va. Veterans' Care Center Board of Trustees	0.0	2	0.0	0	0.0	0
Council on Human Rights	0.5	4	0.0	0	<0.1	0
Dept. of Personnel & Training	10.0	95	(0.4)	0	0.6	0
Dept. of Employee Relations Coun.	1.7	13	0.0	0	0.0	0
Dept. of General Services	58.9	916	(4.1)	(12)	8.2	6
Board of Elections	14.4	18	(0.4)	0	0.1	0
Va. Retirement Sys. Compensation Board	0.0	122	0.0	0	0.0	1
644.8	10	(35.6)	0	20.8	1	
Commission on Local Govt.	1.1	6	0.0	0	<0.1	0
Dept. of Information Technology	16.2	394	(0.2)	0	<0.1	0
Council on Information Management	1.3	8	0.0	0	<0.1	0
Department of Veterans' Affairs	4.4	57	0.0	(5)	<0.1	0
Total	\$754.8	1,659	(\$40.7)	(19)	\$30.1	8

*FTE totals include both general and nongeneral fund positions.

At \$27.7 million (GF), just over two-thirds of the proposed reductions represent agency plans to meet reductions budgeted to the Central Appropriations. Almost all of these proposed reductions -- \$25.2 million -- come from the Compensation Board. Most of the remaining central appropriation reductions -- \$1.5 million -- are recommended to be taken from the Department of General Services.

In addition to the reductions set out in the Central Appropriations, SB 30 proposes specific reductions totaling \$13.0 million in two agencies: 1) the Compensation Board -- \$10.4 million; and 2) the Department of General Services -- \$2.6 million.

SB 30, as introduced, proposes reductions of 19 FTE employees, and increases of 8 FTE employees for the agencies in the Administration Secretariat, for a net reduction of 11 FTE employees. Technical adjustments to reflect actual funded levels of employment account for 6 of the eliminated positions, and 13 FTE positions are proposed for removal in plans to meet reductions budgeted to the Central Appropriations. Nongeneral fund positions in the Department of General Services account for 6 of the additional positions recommended.

Just over two-thirds of the \$30.1 million increase recommended for agencies in the Administration Secretariat is proposed for the Compensation Board -- \$20.7 million -- to fund additional positions for new jail capacity, additional positions for staffing overcrowded jails, and the automation of constitutional offices. Most of the remaining increase represents a technical adjustment of \$9.2 million for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.

Secretary of Administration

Reductions

- ***Budget Reduction Plan.*** The Secretary proposes to achieve savings of \$25,620 the first year and \$25,621 the second year through the elimination of 1 FTE position in the Division of Selected Agency Supports Services.

Increases

- ***DGS Rent.*** Funding of \$60,619 the first year and \$63,953 the second year is recommended for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.

Virginia Veterans' Care Center Board of Trustees

No changes are proposed to the \$160,141 (NGF) annual budget for this agency, which provides oversight for the 240 bed Virginia Veterans' Care Center in Roanoke.

Council on Human Rights

Reductions

- No reductions are proposed for this agency.

Increases

- **DGS Rent.** Funding of \$23,106 the first year and \$24,377 the second year is recommended for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.

Department of Personnel and Training

Reductions

- **Budget Reduction Plan.** A reduction of \$367,391 the first year is budgeted to the Central Appropriations. The Department proposes to utilize FY 1993-94 year end balances to offset all of this reduction.

Increases

- **DGS Rent.** Funding of \$268,739 the first year and \$283,520 the second year is recommended for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.
- **Health Insurance Administration.** SB 30, as introduced, recommends an increase of \$392,447 (NGF) each year for increased administrative costs associated with operation of the state and local health benefits program.

Department of Employee Relations Counselors

Reductions

- ***Unfunded MEL Adjustment.*** The agency's maximum employment level (MEL) is reduced by 1 FTE, to reflect the actual number of funded positions.

Increases

- ***Increased Administrative Costs.*** Funding of \$22,683 (NGF) the first year and \$22,763 (NGF) the second year is recommended for increased training costs associated with the state and local employee grievance procedure.

Department of General Services

Reductions

- ***Budget Reduction Plan.*** Reductions of \$771,291 the first year and \$778,272 the second year, and 12 FTE positions are budgeted to the Central Appropriations.
 - ***Luray Laboratory.*** The Department proposes to save \$75,000 the first year and \$105,897 the second year and 4 FTE positions by closing the Division of Consolidated Laboratories facility in Luray.
 - ***Division of Purchasing and Supply Positions.*** Elimination of 3 FTE positions in the Division of Purchasing and Supply would save \$100,000 each year.
 - ***Division of Engineering and Buildings and the Directors Office.*** Administrative and organizational efficiencies in the Division of Engineering and Buildings and the Directors Office would result in savings of \$236,727 each year and the elimination of 2 FTE positions.
 - ***Human Hair Examinations.*** Elimination of human hair examinations by the Division of Forensic Science would allow the elimination of 1 FTE position. Projected savings are \$63,200 each year.
 - ***Forensic Photographer.*** Savings of \$76,000 each year would be generated by the elimination of 2 FTE forensic photographer positions in the Central Laboratory.
 - ***1993-94 Balance.*** The Department proposes to utilize FY 1993-94 year end balances to offset \$30,000 of this reduction. in the first year.

- *Cost Recovery for Fuel Testing.* Savings of \$190,364 the first year and \$196,448 the second year are proposed to be achieved by the recovery of motor fuel testing costs (traditionally been borne by the general fund) from motor fuel taxes.
- *DEQ Testing Pilot Program.* SB 30, as introduced, transfers \$1,281,514 each year to the Department of Environmental Quality. These funds will be used to pay for laboratory analysis currently performed by the Division of Consolidated Laboratories. This is a pilot program to test the competitiveness of services provided by Consolidated Laboratories.

Increases

- *DGS Rent.* Funding of \$3,940,308 the first year and \$4,157,025 the second year is recommended for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.
- *Roanoke Laboratory.* Operating and maintenance costs of \$44,000 the first year and \$88,000 the second year are proposed for the new Division of Consolidated Laboratories facility in Roanoke. This facility will open in December 1994.
- *Procurement Training Staff.* An additional \$81,070 (NGF) the first year and \$73,070 (NGF) the second year is recommended to provide 2 FTE positions to train state and local procurement staff. These funds will be generated by fees charged for the training services.
- *Automobile Liability Claims Administration.* SB 30, as introduced recommends an increase of \$285,000 (NGF) the first year and \$185,000 (NGF) the second year to provide 4 FTE positions to administer the state's automobile liability claims.

State Board of Elections

Reductions

- *Budget Reduction Plan.* Reductions of \$201,000 the first year and \$200,062 the second year are budgeted to the Central Appropriations.
 - *Local Elections.* Elimination of the payment of \$1,000 per locality for support of local elections would reduce expenditures \$136,000 each year.
 - *Administrative Efficiencies.* A series of administrative actions are recommended to achieve savings of \$65,000 the first year and \$ 64,062 the second year.

Increases

- ***DGS Rent.*** Funding of \$52,087 the first year and \$54,952 the second year is recommended for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.
- ***Temporary Campaign Audit Staff.*** An additional \$22,500 the first year and \$11,000 the second year is recommended provide temporary employees for verification of campaign finance reports.

Virginia Retirement System

Reductions

- No reductions are proposed for this agency.

Increases

- ***Investment Research Position.*** SB 30, as introduced, includes \$54,029 (NGF) the first year and \$48,029 (NGF) the second year for 1 additional FTE position, to undertake research on investment data.

Compensation Board

Reductions

- ***Budget Reduction Plan.*** Reductions of \$25,177,904 the second year are budgeted to the Central Appropriations.
 - ***Constitutional Officers' Benefits.*** Elimination of reimbursements for employee benefits -- VRS retirement, group life insurance, and social security -- is proposed to save \$24,939,166 the second year. If adopted, these costs would be fully borne by the localities.

To offset this increased local cost, a separate legislative proposal will be introduced to increase fees related to service of process in circuit and district courts. Generally, fees for in-state service of process will rise to \$12. The fee for out-of-state service of process will increase from \$15 to \$50. These fee increases will generate a total estimated at \$29.7 million in revenue the second year. A change in the local vs. state share from the current 1:2 ratio to 2:1 (local:state) ratio will provide an estimated \$25 million to localities and \$11.2 million to the general fund.

- ***Small Jail Staffing.*** SB 30, as introduced, proposes to eliminate funding of minimum staffing standards for small inefficient jails -- with an average daily population of 5 inmates or less -- for savings of \$238,738 the second year. Only 14 FTE sheriffs' positions will be affected by this proposed policy change at jails in Bland (5 FTE), Highland (4 FTE), and Bath (5 FTE) Counties.
- ***Excess Compensation.*** A technical adjustment of \$1,060,000 the first year and \$1,122,000 the second year is recommended to correct for overfunding of employee benefits in the DPB base budget calculation..
- ***Jail Per Diem Payments.*** The October 1993 official forecast of the state and local population held in jails results in a reduction of \$4,897,107 the first year, and \$3,352,995 the second year.

Increases

- ***New Jail Construction Positions.*** The Compensation Board provides staff for new jails based on the ratio of one position for every three inmates of rated capacity. An additional 637 sheriffs' employees (including 601 corrections officers, 7 cooks, 4 clerks, and 25 nurses) are required to staff new jail facilities to be opened during the biennium. The cost of these new positions is \$610,488 the first year, and \$7,197,143 the second year.
- ***Additional Jail Positions.*** An additional 143 sheriffs' employees (including 4 cooks, 4 clerks, and 135 nurses) are required to meet Compensation Board minimum staffing guidelines. The cost of these new positions is \$2,057,217 the first year, and \$2,006,357 the second year.
- ***Jail Overcrowding Positions.*** The Compensation Board provides additional temporary positions to staff overcrowded jails based on the ratio of one position for every five inmates above rated capacity. On this basis, an additional 137 corrections officers are recommended for local jails. The cost of these new positions is \$4,109,169 the first year, and \$2,849,377 the second year.
- ***Compensation Board Budget Staff.*** SB 30, as introduced, recommends 1 FTE position to provide enhanced budget analysis capabilities to the Compensation Board. This position will be funded from existing resources.
- ***Constitutional Officers' Automation.*** An increase of \$826,344 the first year and \$1,002,844 the second year is proposed to provide personal computers to local constitutional officers for use in automation of jail population reporting, and inmate time computation by sheriffs, as well as monthly financial reporting by all officers.
- ***DGS Rent.*** Funding of \$46,936 the first year and \$49,518 the second year is recommended for rental payments to the Department of General Services

for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.

Commission on Local Government

Reductions

- No reductions are proposed for this agency.

Increases

- ***DGS Rent.*** Funding of \$32,645 the first year and \$34,440 the second year is recommended for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.

Department of Information Technology

Reductions

- ***Budget Reduction Plan.*** The Department proposes to achieve savings of \$84,964 each year by reducing general fund support for teleconferencing and allowing 1 FTE position in procurement and contracting to remain unfilled.

Increases

- ***Graduate Engineering.*** A additional \$30,965 each year of is proposed for the televised graduate engineering program to participating universities.

Council on Information Management

Increases

- ***Integrated Human Resources Information System.*** Funding for implementation of an Integrated Human Resource Information System is recommended at \$2,650,000 (NGF) the first year and \$3,350,000 (NGF) the second year. This system is proposed to replace the state personnel system (PMIS) and the state payroll system (CIPPS) both of which are obsolete.

These non-general fund amounts represent the technically required accounting entry for the proceeds from a loan of \$6.0 million from the

general fund of the state treasury. This loan will be repaid by transfers of \$1.2 million per year over five years.

- ***DGS Rent.*** Funding of \$35,822 the first year and \$37,792 the second year is recommended for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.

Department of Veterans' Affairs

Reductions

- ***Unfunded MEL Adjustment.*** The agency's Maximum Employment Level (MEL) is reduced by 5 FTE to reflect the actual number of funded positions.

Increases

- ***DGS Rent.*** Funding of \$13,911 the first year and \$14,677 the second year is recommended for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.

Commerce and Trade

The Governor's recommended budget for Commerce and Trade agencies totals \$241.7 million (GF) for the biennium. This represents a 3.2 percent decrease in the base budget, incorporating total reductions of \$16.9 million and increases of \$9.0 million. In the 1994-96 biennium, proposed spending for economic development programs would account for 1.6 percent of general fund appropriations. A net reduction of 55 positions is also recommended.

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
Sec. of Econ. Dev.	\$ 1.2	7	<(\$ 0.1)	0	<\$ 0.1	0
Housing & CD	61.2	130	(1.6)	0	0.0	0
Economic Dev.	47.1	164.5	(2.7)	(20)	4.0	9
Minority Business	1.1	20	(0.2)	(1)	0.1	3
Labor & Industry	15.7	225	(2.6)	0	0.5	0
Professional Reg.	0.0	146	0.0	0	0.0	12
Agriculture & CS	48.2	602	(5.0)	(37)	2.5	4
Milk Commission	0.0	12	0.0	0	0.0	0
Mines/Min./Energy	21.2	287	(0.9)	(4)	1.0	0
Employment Com.	1.9	1,073	(0.3)	(3)	0.0	0
Forestry	25.2	377	(1.7)	(12)	0.6	1
Port Authority	26.8	148	(1.8)	(7)	0.3	0
Total	\$249.6	3,191.5	(\$16.9)	(84)	\$9.0	29

**FTE totals include both general and nongeneral fund positions.*

Summary of Reductions

Total reductions of \$16.9 million are applied to all agencies with general fund appropriations. Reductions to individual agencies range from 2.6 to 18 percent. The largest reductions are applied to three agencies:

- \$5 million from the Department of Agriculture and Consumer Services. Agency restructuring and elimination of 37 positions will be required.
- \$2.7 million from the Department of Economic Development. Reorganization and elimination of agency functions will be required, with a reduction of 20 positions.

- \$2.6 million from the Department of Labor and Industry. An increase in boiler inspection fees will be proposed to offset the general fund reduction.
- In Central Appropriations, an additional \$2.9 million reduction is applied to all commerce and trade agencies, for elimination of public relations-related positions. The positions and amounts in each agency have not been identified. The Secretary of Commerce and Trade would be responsible for developing a plan to implement this savings.

Summary of Increases

A \$9.0 million (GF) increase is proposed for commerce and trade agencies. Spending would actually increase by \$6.2 million. Rent expenses of \$2.8 million (GF), previously included in Central Appropriations, would be distributed to the budgets of agencies in Richmond.

Two-thirds of the spending increase is recommended to encourage business expansion. Also, Central Appropriations includes additional incentives for economic development.

- \$4 million (GF) is recommended for industrial attraction programs. Of this total, \$3 million is added to meet projected shortfalls in training reimbursements to companies locating or expanding in Virginia. (SB 31 also adds \$3 million for this purpose in FY 1994.) In addition, industrial advertising is increased by \$1 million.
- Three other economic development incentive programs, totaling \$11.5 million, are included in Central Appropriations. These programs include:
 - \$5 million in the first year for the “deal closing” fund, as incentives to businesses locating or expanding in Virginia;
 - \$4.5 million in the second year, to fund credits authorized by the General Assembly for solar photo voltaic manufacturing; and
 - \$1 million each year to assist businesses and localities adopt defense conversion strategies.
- \$1 million (GF) is restored to the Department of Mines, Minerals, and Energy. Of this total, \$500,000 is to replace special funds from oil overcharge settlements, which will be exhausted in the 1994-96 biennium. Also \$520,000 is added to re-establish voluntary safety training for small coal mine operators. This program was suspended in previous budget reductions.
- \$583,162 (GF) is included for the operation of the new headquarters building in Charlottesville for the Department of Forestry.

Department of Housing and Community Development

The recommended appropriation for DHCD is \$59.6 million (GF) for the biennium. Only one increase is recommended: \$21.8 million (NGF) in federal funds for housing. General fund reductions of \$1.6 million are also recommended.

Reductions

- ***Business and Local Assistance.*** Reductions are applied to a few business and local assistance programs. Biennial reductions include: a 10.3 percent cut in revolving loans for businesses (\$267,646); a 5.1 percent cut in business modernization grants and loans (\$53,750); a 32.0 percent cut in rural economic development grants (\$200,000); and a 5.4 percent cut in planning district commissions (\$187,110).
- ***Fee Increases.*** Two new fees are proposed:
 - A new two percent loan commitment fee will be charged to developers of multi-family housing projects. Revenue of \$150,000 per year would offset general fund reductions of the same amount. This fee can be assessed administratively; no Code change is required.
 - Also, building permit fees would be increased from 1.0 to 1.5 percent, producing additional revenue of \$75,000 per year to offset the same amount in general fund reductions. (Fees are described in a following issue brief.)
- ***Nongeneral Fund Offsets.*** In some programs, general fund costs will be shifted to nongeneral funds, primarily federal funds. These actions include technical assistance for community development block grants (\$200,000), rent costs (\$120,000), and training (\$73,000) for the biennium.

Department of Economic Development

A net increase of \$1.3 million (GF) is proposed for DED, for a total general fund appropriation of \$48.4 million in the biennium. Increases of \$4.0 million and decreases of \$2.7 million are proposed for this agency. A following issue brief in this section describes these actions.

Reductions

- ***Agency Restructuring.*** DED's budget would be reduced by \$2.7 million (GF) for the biennium. Twenty positions would be eliminated in marketing, export, travel, policy, and administrative functions.

Increases

- **Industrial Training.** In the first year, \$3.0 million (GF) would be added for training incentives to companies expanding in Virginia.
- **Industrial Advertising.** Industrial recruitment through advertising would be increased by \$500,000 each year.

Department of Agriculture and Consumer Services

The recommended appropriation for DACS is \$45.6 million (GF) for the 1994-96 biennium. A net reduction of \$2.5 million reflects decreases of \$5.0 million and increases of \$2.5 million. Most of the increase is not new spending -- \$2.2 million (GF) in rent costs are budgeted in DACS rather than in Central Appropriations. A net reduction of 33 positions in the 602 position total is also recommended.

Reductions

- **Reduce Positions.** A savings of \$693,948 (GF) each year is recommended by eliminating 19 positions throughout the agency. The number of actual layoffs would be determined by the agency.
- **Close Richmond Animal Lab.** The animal health lab in Richmond would be closed, for a reduction of 14 positions and \$373,178 each year.
- **Reduce Vacancy Rate.** The current vacancy rate of 8 percent would be adjusted to 2 percent, saving \$382,956 each year in unfilled position costs.
- **Wage Personnel.** Use of part-time employees would be curtailed, for a savings of \$176,000 per year.
- **Eliminate State Share of Gypsy Moth Suppression.** A reduction of \$179,000 each year for gypsy moth suppression is proposed. The amount represents the 25 percent state share of the program. Localities would have to pay 50 percent of the program cost, rather than the current 25 percent, in order to draw matching federal funds.
- **Reduce Enforcement Activities.** Inspection and investigations of travel clubs and motor fuels would be reduced, for a savings of \$125,000 each year and two positions.

- ***Reduce International Marketing.*** As part of an attempt to consolidate marketing activities of commerce and trade agencies, the international marketing budget of DACS would be reduced by \$100,000 each year.

Increases

- ***DGS Rental Charges.*** Office rent charged by the Department of General Services would be reflected in the DACS budget, rather than in Central Appropriations. The cost is \$1.1 million (GF) per year.
- ***Assume Local Costs for Weights and Measures.*** The state is responsible for conducting and certifying the accuracy of weights and measures. However, three localities have conducted this program with authority delegated from DACS. Two localities, Fairfax County and Norfolk, are relinquishing that authority. Consequently, DACS would add two positions and \$90,505 the first year and \$61,065 the second year. (Virginia Beach will continue to operate a local program.)
- ***Foreign Exchange Rate Differential.*** An allowance for different wage rates in overseas offices would be paid to personnel in the Brussels and Hong Kong offices, for a cost of \$40,771 the first year and \$44,515 the second year.

Department of Mines, Minerals, and Energy

DMME's biennial appropriation would be \$21.3 million (GF), based on recommended decreases of \$0.9 million and increases of \$1.0 million. Most of the adjustments are shifts from one fund source to another.

Reductions

- ***Water Permit Fees.*** Coal mines are currently exempt from fees charged by the Department of Environmental Quality (DEQ) for water quality permits. As proposed, this exemption would be eliminated and DMME would collect \$181,500 the first year and \$275,000 the second year in fee revenue. The same amount of revenue from the general fund would be reduced. A Code change is required.
- ***Solid Waste Fee.*** As proposed, DEQ would consolidate other fees and charge a tipping fee for disposal of solid waste in landfills. The recommended budget would allocate \$200,000 in the second year in tipping fees to DMME, for disposal of waste from mineral mining operations. The general fund appropriation would be reduced by the same amount. A companion action has been proposed for DEQ.

- ***Close Mineral Resources Office in Abingdon.*** The southwest regional office in Abingdon would be closed, for a savings of \$120,000 the first year and \$162,000 the second year. Three positions would be eliminated and operations would be consolidated in Charlottesville.

Increases

- ***Replace Oil Overcharge Funds.*** Revenues from overcharge settlements with oil companies will be exhausted in the 1994-96 biennium. Instead, \$250,000 each year from the general fund will be used for energy conservation grants.
- ***Mine Safety Training.*** With \$260,000 each year, DMME would resume voluntary training for operators of small coal mines. This activity was suspended as part of previous budget cuts.

Department of Forestry

The biennial budget for DOF would be reduced by \$1.1 million for a total of \$24.1 million (GF). Reductions of \$1.7 million are proposed, with an increase of \$583,162 for costs associated with the move into a new headquarters building.

Reductions

- ***Reduce Positions.*** Twelve positions and \$838,082 each year would be eliminated from the DOF budget. The number of actual layoffs, versus elimination of vacant positions, would be determined by the agency.
- ***Eliminate Aerial Contracts.*** Contracts for aerial detection and suppression of fires would be eliminated for a savings of \$150,000 each year. DOF would retain its in-house staff and aircraft for this purpose.
- ***Equipment Purchase Savings.*** Savings of \$100,000 each year would be achieved, primarily interest rate reductions for lease-purchased equipment.

Increases

- ***New Facility Costs.*** Building maintenance and utilities for the new headquarters in Charlottesville will cost \$289,131 the first year and \$294,031 the second year. One position would be added.

Virginia Port Authority

The recommended appropriation for VPA is \$25.3 million (GF). Decreases of \$1.8 million (GF) and increases of \$352,370 (GF) are proposed.

Reductions

- ***Reduce Positions.*** VPA would reduce seven positions from its current 148 position total, for a savings of \$289,216 (GF) each year. The agency will determine which positions would be eliminated.
- ***Shifts to Nongeneral Funds.*** A total savings of \$596,663 each year to the general fund would be achieved by shifting costs to nongeneral fund sources. A portion of Commonwealth Port Fund allocations would pay for costs associated with capital construction — engineering and indirect costs. Terminal revenues would be used to pay a greater portion of public relations and advertising costs.

Increases

- ***Foreign Exchange Rate Differential.*** As the value of the U.S. dollar has declined in relation to certain foreign currencies, overseas offices are expected to cost \$176,185 more each year to operate.

Incentives and Restructuring in the Department of Economic Development

The Governor proposes a number of business development incentives for the 1994-96 biennium, mostly expansions in current programs. At the same time, reorganization and reductions in personnel at the Department of Economic Development (DED) are proposed, as a method to streamline and focus operations on the most essential services.

Incentives

Additional funding for five incentive programs is proposed: industrial training, industrial advertising, deal closing assistance, defense conversion, and solar photo voltaic manufacturing. Total additions for these programs are \$18.5 million (GF).

Industrial Training. DED reimburses businesses for a portion of the cost in recruiting and training new workers. To qualify for assistance, businesses are expected to create at least 15 new jobs and invest at least \$500,000 in capital expansion. A total of \$6 million (GF) more is recommended for this program, \$3 million in FY 1994 and \$3 million in FY 1995.

DED commits funds to any qualified business that requests assistance. In seven of the last nine years, DED has made commitments to companies in amounts exceeding appropriations. Consequently, supplemental funding has been required each year.

In SB 31, supplemental funding of \$3 million is requested, almost doubling to the current 1994 appropriation of \$3.2 million. In FY 1995, an additional \$3 million is also proposed, maintaining the annual appropriation of \$6.2 million. Funding in FY 1996 would remain at \$3.2 million. A future request for supplemental funding is likely in that year, unless changes are made in the operation of the program.

Industrial Advertising. In each year of the 1994-96 biennium, \$500,000 (GF) more is recommended for industrial advertising — a 50 percent increase in the \$1 million annual budget for this program. These funds are used to advertise Virginia as an attractive state to conduct business. The effectiveness of the ads needs to be examined.

Deal Closing Fund. The Governor has recommended \$5 million (GF) in FY 1995 for the economic opportunity, or “deal closing” fund. In the 1992-94 biennium, \$7.5 million was appropriated for this program: \$4.5 million in 1993 and \$3 million in 1994.

The fund is used as an incentive to draw new companies to Virginia or retain existing companies which are expanding. As of November 1993, 17 companies had been awarded grants from this fund for site preparation, utility and road improvements, and building construction. Funds are disbursed through localities, which are also expected to contribute a portion of the incentive costs. A remaining total of \$3.5 million has not yet been committed to specific projects. Further refinements in award criteria appears necessary, to ensure effective targeting of incentives.

Defense Conversion. The 1993 General Assembly appropriated \$500,000 in FY 1994 for localities and companies attempting to adjust to downsizing of the military. The Governor has proposed an additional \$1 million each year for similar purposes. These funds can also be used for matching federal funds for the same purpose.

Virginia has submitted a number of proposals for federal defense conversion funds. The centerpiece of the state proposal would establish a type of industrial extension service. Technical assistance would be offered to help companies modernize manufacturing and management techniques. As part of this effort, defense contractors would be helped to find commercial applications for military technologies.

Awards of federal funds to individual companies have been announced. Federal approval for state proposals is not yet certain. It is not clear whether DED, the Center on Innovative Technology, and other state institutions intend to pursue the manufacturing extension proposal, if federal funds are not awarded.

Solar Photo Voltaic Manufacturing. As authorized by the 1993 General Assembly, incentive grants will be awarded to manufacturers of solar energy panels. Total grants are capped at \$4.5 million in FY 1996, which is the first year the new law becomes effective. Grants are calculated on the energy capacity of each panel sold, at \$0.75 per watt. The panels must be manufactured in Virginia, but they can be sold and used outside of the state. So far, location of one company in Virginia has been attributed to the availability of the credit.

Reorganization at DED

Part of the proposed focus on economic development includes streamlining and restructuring the Department of Economic Development. The previously mentioned emphasis on assistance to companies and localities is coupled with downsizing in state personnel. A total of \$2.7 million (GF) in savings is proposed, along with a reduction of 20 positions.

Marketing. Four of 20 positions would be cut from domestic and international marketing. The intent of the reduction is to focus on key markets and businesses, and explore joint marketing with other state, local, and private organizations. The 1994 budget of \$6.4 million for all business attraction services would be cut by \$314,550 each year of the 1994-96 biennium.

Export Assistance. Five of 14.5 positions would be eliminated from export assistance functions. DED expects that remaining staff could adequately respond to requests for assistance. The 1994 budget of \$1.2 million would be reduced by \$486,428 each year of the 1994-96 biennium.

Existing Industry Services. Staff at DED call on industries already in Virginia to discuss expansion plans. Many local economic development offices also work with existing industries. Two of seven state positions would be cut from this function. The total budget of \$3.4 million per year for all assistance programs for communities and existing businesses would be reduced by \$125,862 per year.

South Boston Office. The satellite office of DED in South Boston would be closed, for a savings of \$127,180 per year. Three positions would be eliminated. Staff traveling from the Richmond office would be expected to market all areas of the state.

Film Office. One of four positions would be eliminated from the film office, which is responsible for attracting the film-making industry to Virginia. A reduction of \$24,505 each year is proposed.

Bell Tower Staff. One of two positions for tourism information in the Bell Tower in Richmond would be eliminated, for a savings of \$35,645 per year. Cooperation with other travel promotion organizations in Richmond could be explored.

Administration and Policy Positions. The vacant deputy director position would be eliminated, along with the policy office and its three positions. Savings of \$232,521 per year are expected from this action.

Public Relations. In Central Appropriations, a biennial reduction of \$2.9 million and elimination of all public relations positions would be applied to commerce and trade agencies. The Secretary would be responsible for determining how many positions would be eliminated in DED.

NGF Position Additions. A total of nine additional positions are authorized for DED, if federal funds are awarded for the proposal on defense conversion and manufacturing extension. Also, one contract position and \$122,256 in federal funds the first year has been awarded for base closing assistance.

Fee Proposals

Five new or increased fees are proposed for activities conducted by commerce and trade agencies. General fund budget reductions of \$3.7 million are included in the 1994-96 budget, with the anticipation that additional fee revenue would offset the reductions. Four of the five fees require legislative approval. Details on the proposals will not be completed until the legislation is submitted to the 1994 General Assembly.

Uninsured Boiler Inspections. Currently, there are a number of different types of fees for inspection of uninsured boilers and pressure vessels by the Department of Labor and Industry. Legislation will be proposed to simplify and consolidate these fees into one \$250 annual inspection fee. The fee is expected to offset inspection costs and serve as an incentive for operators to insure the boilers. The inspection fee for insured boilers would remain at \$25.

Water Permit Fees for Coal Mining. The Department of Environmental Quality (DEQ) charges fees for water quality permits. However, coal mining operations are currently exempt. Legislation will be proposed to remove the exemption. DEQ would authorize the Department of Mines, Minerals and Energy (DMME) to collect the fees. Fees would range from \$400 for a general permit to \$8,000 for a major permit in underground and surface mining operations. Approximately \$456,500 in revenue for the biennium is expected, to support inspection and permit issuance costs. A general fund reduction of the same amount is proposed.

Solid Waste Permit for Mineral Mining. DEQ proposes a tipping fee for disposal of solid waste, most of which will be returned to localities. Total revenue could be approximately \$50 million. A small portion of the revenue, \$200,000 in the second year, would be returned to DMME to offset the costs of inspecting solid waste disposal from mineral mining. A companion provision is included in the DEQ budget.

Building Permit Fee Increase. The state surcharge on local building permits would be increased from 1 to 1.5 percent. Expected revenue of \$75,000 per year would be used to offset general fund costs of training local building code officials by the Department of Housing and Community Development (DHCD). Legislation to accomplish this change would be required.

Developer Loan Commitment Fee. DHCD proposes to charge a 2 percent fee for processing applications and awarding loans for developers of multi-family housing projects. Non-profit and small developers would not be required to pay the fee. This action is expected to raise \$150,000 per year in revenue, to offset the same amount of general fund costs for loan underwriting. No changes in the Code of Virginia are required to implement this action.

Public Education

A net increase of \$489.8 million (GF) has been recommended for Direct Aid to Public Education for the 1994-96 biennium, with a proposed total (GF) appropriation of \$5,210.6 million.

The Governor's budget includes \$245.2 million to provide full funding for the state's share of the Standards of Quality (SOQ). The additional costs are due to increases in enrollment in each year of the biennium, increased per pupil costs, and an increase in projection of the sales tax revenues dedicated to public education.

SB 30 recommends three changes to the method used to calculate the SOQ: a reduction in the cost of competing allowance for school divisions in Planning District 8 from 12.89 percent to 8.00 percent; a freeze on state support for administrative costs at 1993-94 levels; and, a discontinuation of the practice of providing for projected inflation in school spending. These changes provide savings in SOQ costs of \$123.3 million.

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
Direct Aid	\$4,720.8	0	(\$21.7)	(0)	\$511.5	0
Secretary	1.0	7	<(0.1)	(2)	<(0.1)	
DOE	43.3	378	(5.3)	(13)	2.7	0
VSDB (Staunton)	11.2	165	(1.0)	(19)	<(0.1)	
VSDB (Hampton)	13.1	177	(1.2)	(23)	<(0.1)	0
Total	\$4,789.5	727	(\$29.3)	(57)	\$514.3	0

* FTE totals include both general and nongeneral fund positions.

An additional \$112.4 million has been included to fund a 2.25 percent salary increase for public school employees on December 1 of each year. In addition, funding for a 1.72 percent, one-time bonus for public school employees is included in FY 1995. Language is included which requires these funds to be matched by the local government based on the composite index of ability-to-pay. Additional language states that the funding is not intended as a teacher salary mandate.

SB 30 also includes a \$92.6 million increase in general fund support for teacher retirement, with an equivalent reduction in the Literary Fund revenues used for this purpose.

Other increases provide additional amounts for textbook payments (\$8.7 million); Special Education tuition payments (\$18.3 million); Homebound Instruction payments (\$1.0 million); increased costs in Hospitals, Clinics, and Detention Homes (\$3.2 million); full funding of Remedial Summer Schools (\$8.3 million); increased numbers and costs for At-Risk students (\$10.9 million); lower class sizes for the educable mentally retarded (\$1.4 million); and funding for increased payments to the Interagency Assistance Fund and the transfer of the Interagency Consortium Fund (\$9.5 million).

SB 30 proposes eliminating funding for the Maintenance Supplement (\$17.8 million) and Enrollment Loss (\$3.7 million) programs.

The Governor's budget also recommends a net decrease for the Department of Education of \$2.6 million and 13.0 FTE in the 1994-96 biennium. A reduction of \$2.2 million and 42.0 FTE has been proposed for the Schools for the Deaf and the Blind.

Direct Aid to Public Education

A net increase of \$489.8 million (GF) has been recommended for Direct Aid to Public Education for the 1994-96 biennium, for a proposed GF appropriation of \$5,210.6 million.

Direct Aid Base Budget	\$4,720.8
SOQ Increases:	
Sales Tax Increases	51.5
SOQ Enrollment & Inflation	193.7
Other Direct Aid Increases:	
Public School Employee Salary Increase	112.4
Reduce Literary Fund Transfer	92.6
Special Education Tuition	18.3
At-Risk Program	10.9
Free Textbooks	8.7
Fully Fund Remedial Summer School	8.3
Comprehensive Services Act	8.3
Hospitals, Clinics & Detention Homes	3.2
Homebound Instruction	1.0
Educable Mentally Retarded Class Sizes	1.4
Interagency Consortium Transfer	1.2
Total Increases	\$511.5

Direct Aid Reductions:	
Eliminate Maintenance Supplement	(17.8)
Eliminate Enrollment Loss	(3.7)
Transfer Teacher Training Funds`	(.3)
Total Reductions	(\$21.7)
TOTAL Direct Aid 94-96	\$5,210.6

At this level the Governor's budget provides full funding for the state's share of the Standards of Quality (SOQ). A full description of changes to the SOQ budget is provided at the end of this section.

Increases

A number of non-SOQ increases are proposed for Direct Aid in SB 30:

- ***Special Education Regional Tuition.*** SB 30 provides \$18.3 million (GF) for annual increases in the number of students served, projected to be 12.0 percent, and 20.0 percent annual increases in the cost of services in special education regional programs. Local school divisions are reimbursed on the basis of the composite index of local ability-to-pay computed at a state nominal share of 60 percent. There are currently about 1,900 children in regional programs.
- ***Homebound Instruction.*** A total of \$1.0 million (GF) has been recommended to provide for reimbursement to local school divisions of the established hourly salary costs for educating students unable to attend school. SB 30 assumes a 4.0 percent increase in the hourly rate each year, and a 2.0 percent increase in the number of hours of instruction provided.
- ***Hospitals, Clinics & Detention Homes.*** Funding is recommended to cover increased participation in state-operated education programs in hospitals, clinics and detention homes. Services are provided for the state by contract with local school divisions. An additional \$3.2 million (GF) is recommended.
- ***Remedial Summer School.*** SB 30 provides an additional \$8.3 million (GF) to pay the full costs of the state share of remedial summer school. The state cost is based on the number of children qualifying and attending summer school. Qualification is based on the number of students scoring in the bottom quartile on national standardized tests.
- ***At-Risk Funding.*** An additional \$10.9 million (GF) is recommended in SB 30 to provide for the increased cost of the state share of programs for

educationally at-risk students. The cost of this basic aid add-on is based on the number and percentage of students participating in the federal Free Lunch Program. The increased cost is due to three factors: the increase in overall student enrollment; an updating of per pupil basic aid costs; and an increase in the percent of students participating in the Free Lunch program statewide from 19.1 percent to 23.6 percent.

- ***Educable Mentally Retarded Class Size.*** SB 30 provides an additional \$1.4 million (GF) to reduce the class size for educable mentally retarded students to eight students without an aide and ten students with an aide, at all grade levels.
- ***Free Textbooks.*** An increase of \$8.7 million (GF) is recommended to fully fund the state share of the cost of textbooks. The additional funding is required as a result of increased enrollment statewide and the recalculation of the cost of textbooks, based on a Department of Education survey.
- ***Comprehensive Services Act.*** SB 30 recommends additional funding of \$8.3 million (GF) to support a five percent increase in the projected number of students served under the provisions of the Comprehensive Services Act.
- ***Interagency Consortium.*** The Interagency Consortium provides for the mental health needs of children and adolescents in the care of the state. The program funds of the Department of Social Services and the Department of Youth and Family Services are being transferred to Direct Aid to be administered by the Department of Education under the provisions of the Comprehensive Services Act. SB 30 recommends transferring \$1.2 million (GF) from these agencies in the 1994-96 biennium.
- ***Federal Funds for School Food Programs.*** An increase of \$86.6 million (NGF) from the federal school food program is projected in the 1994-96 biennium, as a result of increases in the number of children eligible for the program.

Reductions

Three reductions to Direct Aid for Public Education are proposed in the Governor's budget:

- ***Maintenance Supplement.*** SB 30 proposes the elimination of Maintenance Supplement payments in the 1994-96 biennium. In recognition of the lack of capital financing available from the Literary Fund during the 1992-94 biennium, the General Assembly provided the state share of a \$15 per pupil "maintenance supplement" payment for school divisions in the 1992-94 biennium. Funding for this program has not been recommended in the Governor's budget, resulting in a reduction of \$17.8 million (GF) from Direct Aid.

- **Literary Fund Diversion.** The Governor's budget includes a diversion of \$117.2 million from the Literary Fund to provide for teacher retirement. This diversion is \$92.6 million lower than the FY 1994 base budget diversion.
- **Enrollment Loss.** Enrollment Loss has been provided in previous biennia to buffer the impact of the loss of state aid for public education when a school division experiences declining enrollment. SB 30 eliminates funding (\$3.7 million GF) for Enrollment Loss in the 1994-96 biennium.
- **Teacher Training Funds.** Funding in the amount of \$0.3 million (GF) for teacher training and conference travel is being transferred from Direct Aid to the Department of Education. The purposes for which the funding is used will remain the same.

A listing of projected Average Daily Membership and SOQ funding, by locality, is provided later in this section.

Department of Education

The Governor's budget recommendations include decreases of \$5.3 million (GF) and increases of \$2.7 million (GF) for the Department of Education. A total of 6.1 percent has been cut from the Department's budget. The 1994-96 biennial GF appropriation for the Department is \$40.7 million.

An additional \$8.2 million (NGF) is proposed for the Department of Education. The added funding is provided primarily for Drug Free Schools (\$4.6 million) and for the National Science Foundation grant for Virginia's math and science restructuring program, "V-Quest," (\$2.8 million). Additional federal funding is also provided for administration of the school food program (\$0.7 million).

Reductions

- **Agency Reduction.** Reductions of \$5.3 million and 13 FTE positions are budgeted to Central Appropriations. The following actions are proposed to meet this reduction requirement:
 - Eliminate the Common Core of Learning, the University Consortium program, audio visual services to local schools, and 13 positions within the Department.
 - Remove excess technology funding, which is not required for ongoing programs.
 - Raise fees for teacher certification from \$35.00 to \$50.00.

Increases

- ***DGS Rental Charges.*** The largest increase recommended in the Department is \$1.6 million to pay the general fund portion of rent to the Department of General Services for space the Department occupies in state-owned buildings in the Capitol Square area. In prior biennia, the funding for this purpose was in Central Appropriations.
- ***Update Achievement Tests.*** An increase of \$0.7 million (GF) is proposed to fund the replacement of outdated reference tests for the Iowa Test of Basic Skills and the Test of Achievement and Proficiency. The increased funding will provide for the one-time cost of updated tests.
- ***Teacher Training Funds.*** Funding in the amount of \$0.3 million (GF) for teacher training and conference travel is being transferred from Direct Aid to the Department of Education. The purposes for which the funding is used will remain the same.
- ***Virginia Business Partnership.*** Funding in the amount of \$0.1 million (GF) is recommended to provide for an additional position for the Virginia Business Partnership Program.

Virginia Schools for the Deaf and the Blind (VSDB)

The Governor's budget recommendations include decreases in the amount of \$0.7 million and increases of \$1.0 million for the Staunton VSDB. With these changes, the 1994-96 biennial GF appropriation for Staunton would be \$10.1 million. Reductions totaling \$1.2 million (GF) for the Hampton VSDB are recommended. The 1994-96 biennial GF appropriation for Hampton would be \$12.0 million.

Reductions

- ***Staunton Agency Reduction.*** Reductions for the Staunton VSDB of \$1.0 million (GF) and 19 FTE positions are budgeted to Central Appropriations. The following actions are proposed to meet this reduction requirement:
 - Eliminate summer programs.
 - Eliminate teacher aides.
 - Reduce full-time and wage staff.
 - Close five buildings on campus.
 - Reorganize administrative activities and reduce nonpersonal service costs.

- ***Hampton Agency Reduction.*** Reductions for the Hampton VSDB of \$1.2 million (GF) and 23 FTE positions are budgeted to Central Appropriations. The following actions are proposed to meet this reduction requirement:
 - Eliminate five faculty and five classified positions.
 - Defer maintenance.
 - Reduce nonpersonal service costs.
 - Reorganize administrative activities and reduce nonpersonal service costs.

Increases

- ***Tuition Off-Set.*** Additional funding of \$0.1 million (GF) has been recommended to off-set a decrease in tuition payments from local school divisions.

Direct Aid to Education Funding the Standards of Quality

A net increase of \$489.8 million (GF) has been recommended for Direct Aid to Public Education in SB 30, for a proposed GF appropriation of \$5,210.6 million. A total of \$254.2 million of the increase is the result of a recalculation of the SOQ funding data base. This increase is partly offset by a savings of \$123.3 million due to policy changes in the way the SOQ is calculated.

Background

Full funding for the Standards of Quality (SOQ) has been seen as the state's primary commitment to public education. The Constitution charges the General Assembly with ensuring that a high quality educational program is maintained throughout the Commonwealth and apportioning the cost between the state and localities.

The costs of the SOQ are calculated by a fairly precise method which results from:

- 1) calculating a required number of teachers for elementary, secondary, special education, and remedial education classrooms, based on pupil/teacher ratios in the SOQ and Standards of Accreditation and the configuration of local schools; and
- 2) determining the prevailing spending practices of school divisions across the state for costs which are not specifically quantified in the SOQ. The source of this data, generally, is the Annual School Report prepared by each local school division.

SB 30

The Commonwealth will pay for 55 percent of the costs of the SOQ in the 1994-96 biennium. SB 30 provides for 100 percent of the state's cost to fully fund the Standards of Quality. However, a number of technical and policy adjustments to the SOQ calculation have been made, and will affect the disbursement of Direct Aid payments to localities.

1994-96 Changes in SOQ Funding

Sales Tax Increases	\$ 51.5
SOQ Enrollment & Inflation	<u>193.7</u>
 Total Increases	 \$245.2
 Discontinue Funding Projected Inflation	 (\$ 89.9)
Reduce Cost of Competition from 12.89 to 8.00%	(15.3)
Freeze Administrative Costs	<u>(18.1)</u>
 Total Reductions	 (\$123.3)

Technical Changes

Revision of Sales Tax. Changes to the estimate of the sales tax revenue, which is dedicated to public education in each year result in an increase of \$51.5 million (GF) for the biennium. As sales tax revenues increase, the cost to the state of basic aid decreases.

Updating the SOQ Database. For the 1994-96 SOQ budget, enrollment figures have been revised based on the September 30, 1993 Fall Membership child count and a revision to the school enrollment projections made by the Center for Public Service. It is estimated that public school enrollment will increase by 19,897 students in the 1994-95 school year and 20,677 in 1995-96. Prevailing cost data have also been updated, based on the 1992 Annual School Report. The cost of these updates in the 1994-96 biennium is \$193.7 million.

Policy Changes

These increases are offset, in part, by the recommendation in SB 30 to make three changes in the way the state historically calculates SOQ costs. These changes result in a savings of \$123.3 million (GF) .

Updating Inflation Rates. The cost of funding the SOQ is based, in part, on the prevailing spending experience of local school divisions. Prevailing costs are calculated for each of the SOQ categories, based on data from the Annual School Reports. Because actual data available from the Annual School Reports lags budget development by two or more years, these costs are inflated to account for two years of actual inflation and an additional two years of projected inflation. Consistent with budgeting practices in the rest of state government, SB 30 proposes to recognize inflation for the first two years only. Inflation factors have not been applied prospectively to the 1994-95 and 1995-96 years. This policy change results in a savings of \$89.9 million (GF) .

Reduction in the Cost of Competition Allowance. Historically, the SOQ has provided a cost of competing allowance for school divisions in Planning District 8. The cost of competing factor was set at 12.89 percent to reflect higher regional personnel costs. SB 30 recommends that the allowance be reduced to 8.00 percent for the 1994-96 biennium, based on the Cost of Competition used for institutions of higher education in that region. This policy change results in a savings of \$15.3 million (GF) for the biennium.

Freeze on Administrative Costs. State support for administrative costs in education has traditionally been calculated on the same basis as all other SOQ costs -- prevailing per pupil amounts have been calculated based on the spending experience of local school divisions statewide. Due to concerns over administrative costs in public schools, the Governor's budget proposes freezing the per pupil administrative cost at the 1993-94 level of \$55. This policy change results in a savings of \$18.1 million (GF) .

A listing of projected SOQ funding, by locality, is provided on the following pages.

Public Education Allocations

DIVISION	1994-96 COMPOSITE INDEX	AVERAGE		SOQ	
		DAILY MEMBERSHIP		PAYMENTS	
		FY 1994-95	FY 1995-96	FY 1994-95	FY 1995-96
ACCOMACK	0.3192	5,541	5,679	\$15,915,042	\$16,409,497
ALBEMARLE	0.5396	10,657	10,894	21,929,487	22,619,101
ALLEGHANY	0.2665	2,429	2,440	7,294,669	7,394,372
AMELIA	0.3233	1,712	1,725	5,002,508	5,082,240
AMHERST	0.2853	4,617	4,633	13,600,578	13,763,048
APPOMATTOX	0.2632	2,316	2,339	6,989,269	7,109,616
ARLINGTON	0.8000	17,019	17,705	21,907,609	22,981,725
AUGUSTA	0.3489	10,462	10,673	26,919,746	27,650,941
BATH	0.8000	908	955	1,061,706	1,119,977
BEDFORD	0.3681	8,593	8,934	20,989,111	21,938,737
BLAND	0.2301	1,084	1,124	4,412,655	4,601,304
BOTETOURT	0.3522	4,322	4,379	11,607,256	11,855,762
BRUNSWICK	0.2418	2,476	2,423	8,489,908	8,380,392
BUCHANAN	0.2313	5,530	5,358	17,627,858	17,250,318
BUCKINGHAM	0.2706	2,089	2,103	6,519,646	6,605,439
CAMPBELL	0.2870	8,415	8,474	22,913,653	23,240,754
CAROLINE	0.3189	3,675	3,773	10,202,721	10,549,341
CARROLL	0.2426	3,882	3,839	13,070,131	13,029,725
CHARLES CITY	0.3542	1,064	1,074	3,193,829	3,247,331
CHARLOTTE	0.2462	2,163	2,213	7,009,859	7,224,721
CHESTERFIELD	0.3959	49,105	50,389	115,021,575	118,936,006
CLARKE	0.5653	1,813	1,880	3,563,859	3,715,417
CRAIG	0.2984	701	721	2,137,366	2,210,565
CULPEPER	0.4086	5,091	5,157	12,386,147	12,650,790
CUMBERLAND	0.3033	1,163	1,166	3,655,234	3,697,410
DICKENSON	0.2077	3,231	3,162	10,571,855	10,429,262
DINWIDDIE	0.2799	3,820	3,874	11,099,903	11,331,670
ESSEX	0.4214	1,611	1,645	4,139,949	4,255,456
FAIRFAX	0.7531	135,027	137,391	178,495,852	184,314,553
FAUQUIER	0.6304	8,616	8,744	14,645,418	15,047,086
FLOYD	0.2973	1,787	1,760	5,569,268	5,537,586
FLUVANNA	0.3618	2,445	2,528	6,332,029	6,587,612
FRANKLIN	0.3507	6,482	6,566	17,443,584	17,792,201
FREDERICK	0.4114	9,390	9,783	21,077,039	22,097,201
GILES	0.2862	2,600	2,612	7,987,198	8,087,934
GLOUCESTER	0.3169	6,440	6,651	17,129,481	17,805,704
GOOCHLAND	0.6713	1,762	1,770	3,160,309	3,218,721
GRAYSON	0.2462	2,243	2,283	8,025,756	8,227,954
GREENE	0.3114	2,327	2,515	7,128,871	7,727,888

SOQ Payments do not reflect Remedial Summer School.

Public Education Allocations

DIVISION	1994-96 COMPOSITE INDEX	AVERAGE		SOQ	
		DAILY MEMBERSHIP		PAYMENTS	
		FY 1994-95	FY 1995-96	FY 1994-95	FY 1995-96
GREENSVILLE	0.2183	1,785	1,802	\$5,891,724	\$6,007,384
HALIFAX	0.2380	5,185	5,211	16,276,002	16,467,394
HANOVER	0.4538	13,502	14,205	28,854,790	30,485,902
HENRICO	0.5148	35,834	36,705	71,921,952	74,296,031
HENRY	0.2864	9,125	9,172	26,101,184	26,455,911
HIGHLAND	0.5112	395	401	1,131,046	1,157,271
ISLE OF WIGHT	0.3779	4,524	4,637	11,766,284	12,140,114
JAMES CITY	0.5924	6,073	6,239	10,965,165	11,359,500
KING GEORGE	0.3767	2,711	2,768	6,952,179	7,152,627
KING QUEEN	0.3447	893	901	2,777,292	2,818,006
KING WILLIAM	0.3559	1,578	1,591	4,437,814	4,514,883
LANCASTER	0.6436	1,617	1,630	2,744,081	2,806,559
LEE	0.1628	4,328	4,285	15,945,488	15,917,940
LOUDOUN	0.8000	18,287	19,656	20,085,934	21,540,314
LOUISA	0.6558	3,854	3,942	6,364,721	6,582,292
LUNENBURG	0.2158	2,154	2,157	7,226,749	7,288,065
MADISON	0.3599	1,894	1,919	5,225,853	5,337,766
MATHEWS	0.4779	1,295	1,309	2,964,301	3,023,201
MECKLENBURG	0.2831	5,062	5,066	15,321,539	15,459,807
MIDDLESEX	0.5582	1,349	1,412	2,836,511	2,986,949
MONTGOMERY	0.3517	8,850	8,985	23,804,855	24,358,329
NELSON	0.4536	2,098	2,122	5,042,015	5,148,836
NEW KENT	0.4131	2,029	2,075	5,250,243	5,397,813
NORTHAMPTON	0.2897	2,474	2,491	7,400,785	7,502,791
NORTHUMBERLAND	0.6198	1,576	1,636	2,897,867	3,029,449
NOTTOWAY	0.2541	2,504	2,550	8,154,496	8,371,894
ORANGE	0.4208	3,821	3,830	9,559,263	9,673,351
PAGE	0.3128	3,468	3,478	9,974,151	10,087,456
PATRICK	0.2499	2,635	2,618	8,040,728	8,050,332
PITTSYLVANIA	0.2409	9,140	9,075	27,399,201	27,408,092
POWHATAN	0.3829	2,688	2,848	6,824,816	7,261,167
PRINCE EDWARD	0.3035	2,648	2,713	7,731,896	7,969,854
PRINCE GEORGE	0.2419	5,307	5,400	15,223,027	15,599,366
PRINCE WILLIAM	0.4373	45,905	46,958	105,372,269	108,634,878
PULASKI	0.2817	5,139	5,062	14,989,586	14,904,213
RAPPAHANNOCK	0.6420	1,010	1,026	1,857,146	1,909,826
RICHMOND	0.3298	1,370	1,410	3,890,148	4,029,347
ROANOKE	0.3970	13,693	13,828	33,297,772	33,913,290
ROCKBRIDGE	0.3569	3,003	3,052	8,326,148	8,522,365

Public Education Allocations

DIVISION	1994-96 COMPOSITE INDEX	AVERAGE		SOQ	
		DAILY MEMBERSHIP		PAYMENTS	
		FY 1994-95	FY 1995-96	FY 1994-95	FY 1995-96
ROCKINGHAM	0.3561	9,920	10,123	\$25,514,809	\$26,241,490
RUSSELL	0.2255	4,645	4,537	14,507,562	14,296,359
SCOTT	0.2084	3,917	3,893	13,462,098	13,474,785
SHENANDOAH	0.3925	5,147	5,277	12,777,502	13,187,900
SMYTH	0.2434	5,330	5,300	16,091,848	16,129,640
SOUTHAMPTON	0.3036	2,853	2,949	8,430,661	8,776,204
SPOTSYLVANIA	0.3630	14,952	15,715	36,591,479	38,655,755
STAFFORD	0.3773	15,115	15,870	36,153,817	38,176,079
SURRY	0.8000	1,231	1,265	1,433,630	1,488,458
SUSSEX	0.3200	1,505	1,523	4,677,223	4,767,695
TAZEWELL	0.2384	8,319	8,192	24,146,345	23,985,270
WARREN	0.4230	4,690	4,845	10,973,835	11,401,716
WASHINGTON	0.2888	7,339	7,298	20,634,936	20,707,598
WESTMORELAND	0.3869	2,058	2,108	5,415,281	5,577,512
WISE	0.2109	8,045	7,965	24,618,918	24,545,250
WYTHE	0.2862	4,425	4,457	13,288,999	13,485,408
YORK	0.3722	11,195	11,714	26,497,196	27,878,988
ALEXANDRIA	0.8000	9,954	10,085	12,146,672	12,520,508
BRISTOL	0.3480	2,458	2,422	6,947,682	6,913,487
BUENA VISTA	0.2319	1,055	1,051	3,384,526	3,395,643
CHARLOTTESVILLE	0.5330	4,640	4,710	9,854,982	10,093,799
CLIFTON FORGE	0.2452	746	757	2,191,901	2,216,837
COLONIAL HEIGHTS	0.4602	2,597	2,606	5,663,412	5,738,494
COVINGTON	0.3399	970	974	2,730,088	2,788,534
DANVILLE	0.2855	8,349	8,389	22,569,739	22,869,638
FALLS CHURCH	0.8000	1,430	1,506	1,635,327	1,727,699
FREDERICKSBURG	0.6396	2,113	2,131	3,786,760	3,871,075
GALAX	0.3213	1,200	1,217	3,304,787	3,378,066
HAMPTON	0.3035	23,549	24,185	61,107,401	63,167,401
HARRISONBURG	0.5500	3,597	3,725	6,860,087	7,153,725
HOPEWELL	0.2643	4,126	4,164	11,617,734	11,815,127
LYNCHBURG	0.3690	9,317	9,341	23,430,350	23,703,038
MARTINSVILLE	0.3670	2,779	2,775	7,099,488	7,164,118
NEWPORT NEWS	0.2921	31,125	31,732	84,078,054	86,326,532
NORFOLK	0.2938	34,651	34,509	97,188,577	97,657,417
NORTON	0.3053	887	889	2,449,963	2,478,606
PETERSBURG	0.2637	6,267	6,403	18,011,555	18,527,286
PORTSMOUTH	0.2458	17,619	17,469	54,060,000	54,044,492
RADFORD	0.3243	1,514	1,539	3,968,707	4,056,405

Public Education Allocations

DIVISION	1994-96 COMPOSITE INDEX	AVERAGE		SOQ	
		DAILY MEMBERSHIP		PAYMENTS	
		FY 1994-95	FY 1995-96	FY 1994-95	FY 1995-96
RICHMOND CITY	0.4509	26,456	26,645	\$63,440,591	\$64,561,279
ROANOKE CITY	0.4014	12,876	13,005	32,890,571	33,506,548
STAUNTON	0.3755	2,964	2,954	7,602,746	7,651,227
SUFFOLK	0.3170	9,536	9,725	26,414,101	27,126,723
VIRGINIA BEACH	0.3412	76,042	77,738	188,541,665	194,444,402
WAYNESBORO	0.3964	2,802	2,830	6,346,921	6,467,201
WILLIAMSBURG	0.8000	715	734	869,256	902,913
WINCHESTER	0.5584	3,210	3,267	6,070,057	6,243,855
SOUTH BOSTON	0.2752	1,375	1,396	3,767,482	3,852,167
FAIRFAX CITY	0.8000	2,461	2,522	2,962,654	3,077,587
FRANKLIN CITY	0.2678	1,770	1,761	5,012,504	5,029,447
CHESAPEAKE CITY	0.3447	34,855	36,597	86,279,404	91,071,071
LEXINGTON	0.4047	660	659	1,579,145	1,589,906
EMPORIA	0.3058	1,073	1,109	3,090,953	3,189,947
SALEM	0.4239	3,815	3,898	8,603,549	8,852,043
BEDFORD CITY	0.3739	991	1,027	2,409,819	2,514,314
POQUOSON	0.3277	2,481	2,556	6,111,122	6,340,494
MANASSAS CITY	0.5342	5,587	5,808	11,124,025	11,648,098
MANASSAS PARK	0.3227	1,398	1,417	4,217,258	4,299,082
COLONIAL BEACH	0.3018	623	636	1,833,982	1,883,827
WEST POINT	0.3300	704	718	1,929,624	1,975,661
		1,059,434	1,080,111	\$2,477,456,318	\$2,541,907,744

Status of the Literary Fund

SB 30, as introduced, proposes a reduction in the 1994-96 Literary Fund transfer for teacher retirement. SB 30 transfers \$92.6 million less in Literary Fund revenues in the 1994-96 biennium for teacher retirement than was included in the base budget. The remaining \$117.2 million in Literary Fund revenues available in the 1994-96 biennium would be diverted to fund a portion of the costs of teacher retirement.

Based on a revised revenue forecast for the Literary Fund, it is projected that new Literary Fund revenues in the 1994-96 biennium will be \$17.6 million lower than the 1994 base. This reduction is due primarily to decreases in the revenues realized from Fines, Fees and Forfeitures. This decrease appears to be occurring as a result of: the Constitutional change in drug seizure laws; the increased practice of local law enforcement officials to write citations and collect revenues from fines under local ordinances, rather than state statutes; and the state policy on the payment of jail per diems which allows localities to retain a state payment of \$8 per day if the prisoner is charged under a local ordinance, rather than a state statute.

Language is included directing the Board of Education and the Virginia Public School Authority to use \$15.0 million in Literary Fund revenues in 1994-95 and \$60.0 million in 1995-96 to provide for a capital construction program for public schools.

In 1994-95, the Board is directed to use up to \$10.0 million to fund an interest rate subsidy program and \$5.0 million to provide direct loans through the Literary Fund. In 1995-96, the Board is directed to use \$22.0 million for interest rate subsidies and \$38.0 million for direct loans. These programs should provide sufficient funding for approximately \$35.0 to \$40.0 million for capital construction in the first year, depending on interest rates, and \$100.0 million in the second year. Using a combination of direct loans and interest rate subsidies would provide sufficient funding for all projects currently on the Literary Fund Waiting List and the Approved Application List during the 1994-96 biennium.

Background

The Literary Fund was established in the Constitution of 1810 as a permanent and perpetual school fund. In accordance with statutory provisions, the Fund is managed by the Board of Education as a source of low-interest loans for the purpose of "erecting, altering, or enlarging school buildings." Under current Board policy, loans of up to \$2.5 million may be granted for 20 years at between 2 and 6 percent interest. A locality's interest rate is determined by its composite index of ability-to-pay. The revenue sources for the Fund are court fines and forfeitures, repayments of prior loans, unclaimed property revenues, interest earnings, and unclaimed lottery prizes. In FY 1994, Literary Fund revenues totaled \$101.5 million.

	FY 1994 <u>Revenues</u>	FY 1995 <u>Revenues</u>	FY 1996 <u>Revenues</u>
Court Fines and Forfeitures	\$ 37.1	\$ 39.8	\$ 42.6
VPSA Loan Repayments	38.0	37.4	35.8
Unclaimed Property & Esch.	18.2	17.8	18.2
Unclaimed Lottery Prizes	4.6	6.0	6.0
Interest Earnings	<u>3.6</u>	<u>3.4</u>	<u>2.2</u>
Total	\$ 101.5	\$ 104.4	\$ 104.8

The 1971 Constitution provides that "so long as the principal of the Fund totals as much as \$80 million, the General Assembly may set aside all or part of any additional monies received into its principal for public school purposes, including the teachers retirement fund." The Fund's current principal exceeds \$362 million, and has exceeded \$80 million for many years. As a result of the lack of new Literary Fund loans in recent years, however, the principal of the Literary Fund is declining.

Literary Fund Transfers

Transferring revenue from the Literary Fund for teacher retirement payments has been standard practice, at least since 1973. Using Literary Fund revenue in this way has the effect of freeing up general fund revenue which would otherwise be needed for retirement payments. Literary Fund revenues have increased fairly steadily over time, largely in response to more systematic efforts to collect unclaimed property and increased court fines.

Literary Fund Revenues and Transfers FY 1980-94; (\$ in millions)

<u>Year</u>	Literary Fund <u>Revenue</u>	Transfer for <u>Teacher Ret.</u>
1980	\$ 32.1	\$ 1.5
1981	34.1	3.3
1982	41.3	8.4
1983	45.7	31.7
1984	48.4	44.4
1985	51.1	10.0
1986	58.8	22.0
1987	64.4	15.0
1988	67.8	32.1
1989	80.1	10.0
1990	85.1	60.0

1991	102.1	36.8
1992	102.8	101.1
1993*	100.9	84.5
1994*	101.5	104.9
1995**	104.4	82.3
1996**	104.8	35.0

*Revised
**Projected

As with revenues, transfers from the Fund for teacher retirement have increased over time, but have been most significant during recessions or when significant general fund shortfalls occurred. Use of Literary Fund revenue to offset general fund revenue shortfalls has been one of the most common actions taken during past recessions.

Interest Rate Subsidy Program

To meet the Literary Fund needs of local school divisions, the Senate Finance Committee proposed and the General Assembly adopted the first "Interest Rate Subsidy" program in 1987. It has been used several times since to ease the burden created by the transfer of Literary Funds for teacher retirement. Through the program, localities receive a lump sum grant from the Literary fund equal to the difference in debt service between a Literary Fund loan interest rate and a VPSA bond interest rate. Localities then use the proceeds from a VPSA bond issue to fund the remainder of the construction project, and are therefore left whole.

The interest rate subsidy mechanism has met the short-term needs for school construction capital on several occasions, but cannot be viewed as a long-term solution to the Literary Fund problem. Traditional VPSA debt issues are partly backed by revenues from the repayment of Literary fund loans. For the VPSA to continue to issue debt, therefore, some amount of Literary Fund revenues must be loaned in the traditional way. As a result of no new Literary Fund loans being made since January, 1991, the VPSA Board of Commissioners declared the traditional loan program closed until new Literary Fund loans are made. This action was taken to protect the credit quality of existing VPSA bonds. The VPSA can provide financing for the proposed interest rate subsidy programs by using the credit enhancement provided by the \$500 million Moral Obligation pledge of the Commonwealth.

Current Status

In order to provide a capital construction program during the 1994-96 biennium and provide security for the VPSA program, the Governor's budget proposes reducing the Literary Fund transfer for teacher retirement and providing \$75.0 million in Literary Fund loans and subsidies. At this level, and assuming a continuation of the favorable interest rate environment, a total of \$135.0 to \$140.0 million will be available to fund capital projects in Virginia's public schools.

Higher Education

The 1994-96 general fund budget recommends \$1,739.6 million for Virginia's public colleges and universities, an increase of less than 1 percent above the base budget appropriation of \$1,736.8 million. The proposed budget also includes an increase of 459 positions.

Governor's Budget Recommendations (General Fund, \$ in millions)

	<u>Base Budget</u>		<u>Reductions</u>		<u>Increases</u>	
	GF	FTE	GF	FTE	GF	FTE
Va. Comm. College System	\$373.3	7,095	(\$6.5)	0	\$8.3	76
University of Virginia	220.4	5,702	(16.1)	0	6.9	16
Clinch Valley College	11.2	201	(0.2)	0	0.6	0
Virginia Tech	216.0	4,163	(9.7)	0	8.3	33
Virginia Tech - Research	53.0	1,073	(4.9)	0	0.8	5
Virginia Tech - Extension	59.1	997	(3.3)	0	1.2	12
Va. Commonwealth Univ.	221.4	4,453	(5.6)	0	12.3	41
Old Dominion University	100.1	2,119	(5.9)	0	9.7	57
George Mason University	113.7	2,368	(8.1)	0	3.4	27
College of William & Mary	59.9	1,318	(4.6)	0	2.9	5
Va. Inst. for Marine Science	23.2	316	(1.1)	0	0.4	6
Richard Bland College	5.4	98	(<0.1)	0	0.4	0
James Madison University	65.6	1,826	(1.7)	0	6.5	101
Christopher Newport Col.	20.2	492	(0.9)	0	0.9	13
Longwood College	24.7	542	(0.9)	0	1.1	3
Mary Washington College	20.4	560	(1.2)	0	1.1	6
Norfolk State University	45.3	990	(0.8)	0	1.9	9
Radford University	54.7	1,189	(1.3)	0	6.4	41
Virginia Military Institute	18.4	433	(<0.1)	0	0.9	0
Virginia State University	30.8	786	(0.5)	0	2.1	8
Total	\$1,736.8	36,721	(\$73.3)	0	\$76.1	459

**FTE totals include both general and nongeneral fund positions.*

Budget Development Policies

The approach used in developing the 1994-96 higher education budget was based on the following policies:

- No new additional general funds for the system as a whole.
- Tuition increases are held to 5 percent in the first year, and 4 percent in the second year for Virginia students. Tuition increases range from 5 to 8 percent for students who are not Virginia residents.
- In recognition of the increased tuition, discretionary student financial aid for Virginia students is increased by \$24.7 million, a 22 percent increase over the previous biennium.
- Proposed increases or decreases in general fund support vary among institutions, depending on the amount of new items recommended, and the perceived ability of the institution to increase tuition and fees from students, especially nonresident students and law students.
- Total resources -- both general and nongeneral funds -- are intended to be sufficient for each institution to supplant the budget cuts, and meet operating needs, such as library books and materials, new facilities coming on-line, and enrollment increases.
- Continued emphasis on change and restructuring in higher education is supported. Language in the bill directs that 1.5 percent of the 1994-95 instructional budget of each institution is to be withheld pending review of a restructuring plan to be submitted to the Council of Higher Education and the Governor. In 1995-96, 1.5 percent will also be withheld, pending evidence that the approved plan is being implemented.

Budget Reductions

All institutions, with the exception of the Virginia Community College System, will have general fund support reduced by about two percent in 1995 and eight percent in 1996. To offset a portion of reduced funding, tuition and fee increases of five percent in the first year and four percent in the second year are included for Virginia students.

Under the funding proposed funding policy, if all new tuition and fees exceed total proposed spending increases, the Governor's budget decreases the institution's general fund support by the amount of the difference. Conversely, if increased tuition and fees do not cover the recommended incremental spending needs, an institution's general fund budget is increased.

By using this approach, tuition and fees were used to cover the basic operating needs of the institutions (such as new facilities opening and library materials). Any remaining general funds were redirected to cover such initiatives as faculty salaries, the equipment trust allocations, and innovation and change in higher education.

In addition to the budget reductions, targeted general fund reductions for higher education are included in the Governor's budget. These include elimination or reduced general fund support of \$5.0 million for the Commonwealth Centers of Excellence, and a \$5.8 million general fund reduction from the elimination of support for several research and public service institutes.

Budget Increases

Funding priorities for higher education include salaries, basic operating support for facilities, library books, and equipment, and support for new campuses and other instructional initiatives. These items are funded from a combination of general funds and tuition and fees.

- Salary increases of 2.25 percent in each year of the biennium, and one-time performance bonuses for faculty and staff.
- \$23.6 million to support innovation and change at those institutions planning on accommodating more students, such as the new colleges at James Madison University and Radford University, the statewide telecommunications network developed by Old Dominion University, and the development of new campuses at Mary Washington College, George Mason University, and John Tyler and Tidewater Community Colleges.
- \$13.8 million to operate and maintain new buildings constructed with general obligation bond proceeds that will open in the next biennium.
- \$12.6 million for those colleges and universities that will experience significant enrollment growth, particularly in Virginia students, in the 1994-96 biennium
- \$6.1 million for lease payments to support \$50.0 million in new equipment allocations from the Higher Education Equipment Trust Fund.
- \$13.6 million to purchase library materials and access information.

Overall Impact of Budget Policies on Institutions of Higher Education

The cumulative effects of the across-the-board and targeted reductions, the funding recommended for priorities, and the new tuition and fee policies that affect selected institutions have varying results among the institutions. After all budget reductions and increases have been made, general fund changes for 1995

range from increases above six percent at some institutions to a decrease of three percent at others, with an overall increase of 0.7 percent for the entire system.

For 1996, the budget recommends an overall decrease in general fund spending of about three percent with general fund changes at specific institutions ranging from an increase of 5.6 percent to a decrease of 8.5 percent. General fund reductions for 1996 were capped at 8.5 percent.

In the General Provisions, the budget proposes to suspend for the 1994-96 biennium the provision of reduced tuition charges for military personnel stationed in Virginia.

Institutions of Higher Education

Increases

- ***2.25 Percent Faculty Salary Increase.*** SB 30, as introduced, includes \$27.1 million GF and \$22.9 million NGF for the biennium to provide a 2.25 percent faculty salary increase effective on December 1 of each fiscal year. In addition, a one-time bonus is provided to faculty on December 1, 1994. Instructional and administrative faculty, plus part-time faculty and teaching assistants, will be eligible for the salary increase. More information on this item is included in an issue brief later in this section.
- ***Student Financial Assistance.*** SB 30, as introduced, includes an additional \$22.1 million of student financial assistance in 1994-96 to offset tuition increases and to meet projected enrollment growth. The additional funding will allow the institutions to meet approximately 45 percent of remaining financial need for undergraduate Virginia students. More information on this item is included in an issue brief later in this section.
- ***Higher Education Equipment Trust Fund.*** The Governor's budget recommends an additional allocation of \$50 million in new instructional equipment. About \$44.5 million will be allocated to address general obsolescence of instructional equipment, while \$5.5 million will go toward initiatives recommended by the Commission on the University of 21st Century. More information on this item is included in an issue brief later in this section.

To fund these lease payments, and to annualize the costs of the lease partially funded in FY 1994, an additional \$3.3 million GF is provided in the first year, and \$3.4 million GF is provided in the second year. These funds are appropriated in the Central Account.

Virginia Community College System

Increases

- ***Distance Learning Network.*** SB 30, as introduced, recommends \$183,000 GF in the first year and \$520,800 GF in the second year for the development of a distance learning network. The proposed network would use compressed video technology to provide alternative means of delivering instruction. The recommended funding would provide for planning and pilot programs to train faculty, redesign courses, and purchase equipment.
- ***Expanded Library Sharing.*** SB 30 recommends \$171,944 GF in the first year and \$237,055 GF in the second year to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities. The proposed addendum would also fund the computing equipment that the VCCS requires to automate the system.
- ***Library Books and Materials.*** SB 30 includes \$547,615 NGF in the first year and \$845,608 NGF in the second year to fund library books and materials.
- ***New Facilities Coming On-Line.*** Twenty of the community colleges' 1992 General Obligation Bond fund projects will be completed in the 1994-96 biennium. SB 30 recommends \$3.0 million NGF in the first year and \$4.2 million NGF in the second year, along with 75.6 positions, to support the maintenance and operations of these facilities. The amounts are prorated to reflect when the facility will open during the 1994-96 biennium.
- ***DGS Rental Charges.*** Funding of \$341,437 GF in the first year and \$360,216 GF in the second year is provided to pay the general fund portion of rent to the Department of General Services for space the VCCS occupies in a state-owned building in the Capitol Square area. These funds were previously budgeted in the Central Accounts.

University of Virginia

Reductions

- ***Elimination of General Fund Support for Commonwealth Centers.*** SB 30, as introduced, recommends eliminating funding for three Commonwealth Centers of Excellence, for a general fund reduction of \$874,232 in each year of the biennium. The Centers were established in 1988 to support world-class research in selected areas. The original recommendation for funding suggested that the Centers would become

self-supporting in five years; FY 1995 would be the sixth year of funding for the Centers.

	General Fund Reduction (each year)
Nuclear & High Energy Physics	\$ 325,015
Literary and Cultural Change	291,659
Education of Teachers	<u>257,558</u>
TOTAL	\$ 874,232

- ***Elimination of General Fund Support for Research Institutes.*** SB 30, as introduced, recommends the elimination of general fund support for several research activities at the University of Virginia, resulting in savings of \$1.9 million in each year of the biennium. The Governor's proposal recommends that these activities, all funded prior to 1985, secure outside funding, and that general fund support be either eliminated or phased-out. These activities include:

<u>Research/Public Service Center</u>	General Fund Reduction (each year)
Center for Liberal Arts	\$ 106,800
Diabetes Research Center	715,000
Institute for Afro-American Studies	152,950
Institute of Nuclear and Particle Physics	362,023
State Climatologist	294,967
Foundation for the Humanities	<u>294,975</u>
TOTAL	\$ 1,926,715

Increases

- ***Expand Technology to the Classroom.*** SB 30, as introduced, recommends \$145,000 GF and 2.5 positions in each year to train faculty in using technology in the classroom and in alternative means of instruction.
- ***Virginia Consortium for Engineering and Science.*** SB 30, as introduced, recommends \$115,570 GF and \$138,030 NGF and 2 positions to support a nonresidential engineering doctoral program in Hampton Roads. Classes would be offered by a consortium comprised of the University of Virginia, the College of William and Mary, Virginia Tech, and Old Dominion University.

- ***Removal of Radioactive Materials.*** SB 30, as introduced, recommends \$45,000 GF in the first year and \$29,000 GF in the second year and 1 position to ensure regulatory compliance for radioactive and hazardous waste disposal, and to meet state and federal mandates.
- ***Expanded Library Sharing.*** SB 30 recommends \$98,295 GF in the first year and \$32,989 GF in the second year and 1 position to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.
- ***Library Books and Materials.*** SB 30 includes \$1,183,028 NGF in the first year and \$1,888,763 NGF in the second year to fund library books and materials.
- ***New Facilities Coming On-Line.*** Eight University renovation and new construction projects funded from the 1992 General Obligation Bond funds will be completed in the 1994-96 biennium. Nongeneral funds of \$0.4 million in the first year and \$2.3 million in the second year along with 6.9 positions is recommended to support the maintenance and operations of these facilities. The amounts are prorated to reflect when the facility will open during the biennium.
- ***Collect Tuition to Provide Financial Aid to Other Students.*** SB 30, as introduced, recommends allowing the University to generate an additional \$6.9 million of tuition in the first year, and \$8.6 million in the second year. The additional revenue would be used to fund financial aid for needy students. Funding to support the program was removed from the University's base budget, and the University was required to justify its continuation in the Governor's budget.
- ***Collect Tuition for the Law and Business Schools.*** SB 30, as introduced, recommends allowing the University to generate an additional \$1.3 million of tuition in each year of the biennium from students of the law and business schools. The funds will be used to provide enhanced support for the two programs, and also to provide financial aid for needy students in those programs.
- ***Law School Tuition Increase.*** SB 30, as introduced, recommends the implementation of a new tuition policy for the law schools at the University of Virginia, the College of William and Mary, and George Mason University. The policy, as developed by the Council of Higher Education (SCHEV), recommends that in-state tuition be equal to at least the 75th percentile of all public law schools nationwide, and that out-of-state tuition be equal to at least the 75th percentile of all law schools, both public and private.

While the University of Virginia's in-state law school tuition is at the 75th percentile, its out-of-state tuition must increase 11 percent to comply with the policy. A general fund reduction of \$200,919 in the first year and \$440,012 in the second year is offset by a corresponding increase in nongeneral fund tuition.

- ***Increase Salaries for Family Practice Personnel.*** SB 30, as introduced, recommends \$60,419 GF in the first year, and \$100,439 GF in the second year to provide a 2.25 percent salary increase in each year of the biennium, for employees of the University's Family Practice Program. As this program is operated on a contractual services basis, faculty and residents in this program are not automatically included in the salary increase calculations.

Virginia Tech

Reductions

- ***Reduced General Fund Support for the Equine Center.*** Consistent with the recommendations of the Council of Higher Education (SCHEV), SB 30 reduces general fund support for the Equine Medical Center in Leesburg by \$425,000 in each year. The Council recommended that the Center be closed as an educational enterprise, and that the Center review its mission and ability to generate revenues sufficient to continue clinical operations.
- ***Elimination of General Fund Support for Commonwealth Centers.*** SB 30, as introduced, recommends eliminating funding for two Commonwealth Centers of Excellence, for a general fund reduction of \$667,526 in each year of the biennium. The Centers were established in 1988 to support world-class research in selected areas. The original recommendation for funding suggested that the Centers become self-supporting in five years; FY 1995 would be the sixth year of funding for the Centers.

<u>Commonwealth Centers</u>	<u>GF Reduction (each year)</u>
Institute for Materials Systems	\$ 337,470
Wood Science and Technology	<u>330,056</u>
TOTAL	\$ 667,526

- ***Elimination of General Fund Support for Research Institutes at Virginia Tech.*** SB 30, as introduced, recommends the elimination of general fund support for several research activities at Virginia Tech, resulting in savings of \$734,506 in each year of the biennium. The Governor's proposal recommends that these activities, all funded prior to

1985, secure outside funding, and that general fund support be either eliminated or phased-out. These activities include:

<u>Research/Public Service Center</u>	<u>GF Reduction (each year)</u>
Center for Coal and Energy Research	\$ 150,031
Center for Volunteer Development	220,771
Water Resources Research Center	<u>363,704</u>
TOTAL	\$ 734,506

- ***Budget Reduction for Research Division.*** The Research Division of Virginia Tech plans to eliminate 34 positions through organizational changes to accommodate the proposed general fund budget reduction of \$1.2 million in each year.
- ***Budget Reduction for Extension Division.*** The Research Division of Virginia Tech plans to eliminate 45 positions through organizational changes to accommodate the proposed general fund budget reduction of \$1.4 million in each year. Language detailing the 9-Block plan is deleted in the budget bill, and new language proposes that Virginia Tech and Virginia State submit a spending plan by July 1, 1994 to the Governor and the General Assembly.

Increases

- ***Compliance with the Americans with Disabilities Act.*** SB 30, as introduced, recommends \$100,000 GF to eliminate physical barriers and to provide instructional assistance to staff and students with disabilities.
- ***Compliance with Federal and State Environmental Regulations.*** SB 30, as introduced, recommends \$199,000 GF in the first year and \$179,000 GF in the second year, and 4 positions, to address air quality problems in university buildings. The funding will also support air and water testing and monitoring. In addition, \$40,000 GF is recommended in each year for compliance with federal and state laboratory safety practices.
- ***Expanded Library Sharing.*** SB 30 recommends \$98,295 GF in the first year and \$32,989 GF in the second year and 1 position to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.
- ***Library Books and Materials.*** SB 30 includes \$905,477 NGF in the first year and \$1,503,322 NGF in the second year to fund library books and materials.

- ***Enhanced Technology in Instruction.*** SB 30, as introduced, recommends \$100,000 GF in each year of the biennium to expand a pilot project on alternative instructional strategies. The pilot was funded by the 1993 General Assembly; the additional funding would expand the pilot into a university-wide program.
- ***Virginia Consortium for Engineering and Science.*** SB 30, as introduced, recommends \$120,000 GF and \$133,600 NGF and 2 positions to support a nonresidential engineering doctoral program in Hampton Roads. Classes would be offered by a consortium comprised of the University of Virginia, the College of William and Mary, Virginia Tech, and Old Dominion University.
- ***Support for Commonwealth Center.*** SB 30, as introduced, recommends funding for the establishment of a Commonwealth Center of Excellence in Applied Math. General funds of \$300,000 are included in the second year.
- ***New Facilities Coming On-Line.*** Six of the eight renovation and new construction projects funded from the 1992 General Obligation Bond funds will be completed in the 1994-96 biennium. Nongeneral funds of \$0.4 million in the first year and \$1.1 million in the second year, along with 5 positions, is recommended to support the maintenance and operations of these facilities. The amounts are prorated to reflect when the facility will open during the 1994-96 biennium.
- ***Continuing Education Programs at the Hotel Roanoke.*** SB 30, as introduced, includes \$2.8 million NGF in the first year and \$.1 million NGF in the second year, along with 12 positions, to support continuing education programs associated with the Hotel Roanoke project.

Virginia Commonwealth University

Reductions

- ***Elimination of General Fund Support for Commonwealth Centers.*** SB 30, as introduced, recommends eliminating funding for the Drug Abuse Research Commonwealth Center of Excellence, for a general fund reduction of \$318,534 in each year of the biennium. The Center was established in 1988 to support world-class research in selected areas. The original recommendation for funding suggested that the Center become self-supporting in five years; FY 1995 would be the sixth year of funding for the Center.
- ***Elimination of General Fund Support for Research Institutes.*** SB 30, as introduced, recommends the elimination of general fund support for the Center on Aging at Virginia Commonwealth University, for a savings of \$290,000 in each year of the biennium. The Governor's proposal

recommends that these activities, all funded prior to 1985, secure outside funding, and that general fund support be either eliminated or phased-out.

Increases

- ***Expand Technology to the Classroom.*** SB 30, as introduced, recommends \$225,000 GF in the first year, and \$85,000 GF and 1 position in the second year to allow the University to begin planning for technology improvements in response to the University of the 21st Century recommendations, and the University's strategic plan.
- ***Expanded Library Sharing.*** SB 30 recommends \$98,295 GF in the first year and \$32,989 GF in the second year and 1 position to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.
- ***Library Books and Materials.*** SB 30 includes \$700,939 NGF in the first year and \$1,073,568 NGF in the second year to fund library books and materials. This item is proposed for funding from tuition and fees.
- ***New Facilities Coming On-Line.*** Two of the University's five renovation and new construction projects funded from the 1992 General Obligation Bond funds will be completed in the 1994-96 biennium. Nongeneral funds of \$152,000 in the second year, along with 18 positions, is recommended to support the maintenance and operations of the Medical Sciences Building for a portion of the fiscal year in which the building is open. The amounts are prorated to reflect when the facility will open during the biennium.
- ***Increased Operating Support for Family Practice Centers.*** SB 30, as introduced, recommends \$104,043 GF in the each year to fully staff the five family practice centers operated by Virginia Commonwealth University.
- ***Increased Support for Commonwealth Center.*** SB 30, as introduced, recommends additional general funds of \$200,000 in each year for the Commonwealth Center of Excellence in Brain Injury at VCU. This funding level would provide total funds of \$300,000 in each year in support of the Center.
- ***Campus Security Initiatives.*** SB 30, as introduced, recommends \$330,000 GF in the first year and \$273,000 GF in the second year and 9 positions to improve campus security and to promote crime prevention efforts.
- ***Tuition Differentials for Arts, Business, and Pharmacy.*** SB 30, as introduced, recommends an additional nongeneral fund appropriation of \$734,900 in the first year and \$855,560 in the second year, along with 5

positions, to be funded from additional tuition charges to students in these programs. The funds will be used to meet the costs of instructional materials, supplies, and part-time faculty required of these three programs.

- ***Increased Support for the Massey Cancer Center.*** SB 30, as introduced, includes \$250,000 GF in each year and 3.58 positions to expand the oncology services rural areas. Programs in South Hill, Kilmarnock, and Farmville will be expanded.
- ***Debt Service Appropriation for the Fine Arts Center.*** SB 30 includes \$132,400 NGF in the second year to cover debt service payments on the revenue bonds that will be issued for the Fine Arts Center, Phase II. These payments will be paid from student fees.
- ***Increased Appropriation for Instructional Fees.*** An additional nongeneral fund appropriation of \$150,000 in the first year and \$250,000 in the second year is recommended for self-supporting instructional programs, such as the English Language program.
- ***Increased Appropriation for Comprehensive Fees.*** SB 30 includes \$1.6 million NGF in each year to cover additional revenues generated from expanded auxiliary services, such as recreational facilities and women's sports programs.
- ***Increased Salaries for Family Practice Personnel.*** SB 30, as introduced, recommends \$91,136 GF in the first year, and \$171,651 GF in the second year to provide a 2.25 percent salary increase in each year of the biennium, for faculty and residents in the Family Practice Program. As this program is operated on a contractual services basis, employees in this program are not automatically included in the salary increase calculations.

Old Dominion University

Reductions

- ***Reduced Support for Commonwealth Center.*** SB 30, as introduced, recommends general funds of \$300,000 in each year for the Commonwealth Center of Excellence in Coastal Physical Oceanography. This funding level represents reduced funding of \$395,665 in each year of the biennium.

Increases

- ***Funding to Establish TELETECHNET.*** SB 30, as introduced, recommends \$2.2 million GF and \$1.4 million NGF in the first year, and \$2.5 million GF and \$1.4 million NGF and 34 positions to establish an

instructional telecommunications network. The funding will establish receive sites for the broadcasts at 12 of the 23 community colleges.

- ***Lease Costs for the Virginia Beach Higher Education Center.*** SB 30, as introduced, recommends \$188,385 GF and \$173,615 NGF in the first year, and \$105,121 GF and \$96,879 NGF in the second year to support expansion of Old Dominion University's leased facilities in the City of Virginia Beach. The funding will provide for an additional 17,629 square feet to accommodate expansion.
- ***Compliance with Federal and State Environmental Regulations.*** SB 30, as introduced, recommends \$320,800 GF in the first year and \$71,600 GF in the second year, and 1 position, to support efforts to monitor refrigerants, storm water management, blood borne pathogen standards, and life and fire safety issues.
- ***Virginia Consortium for Engineering and Science.*** SB 30, as introduced, recommends \$100,140 GF and \$108,660 NGF and 2 positions to support a nonresidential engineering doctoral program in Hampton Roads. Classes would be offered by a consortium comprised of the University of Virginia, the College of William and Mary, Virginia Tech, and Old Dominion University.
- ***Expanded Library Sharing.*** SB 30 recommends \$98,295 GF in the first year and \$32,989 GF in the second year and 1 position to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.
- ***Library Books and Materials.*** SB 30 includes \$155,589 NGF in the second year to fund library books and materials.
- ***New Facilities Coming On-Line.*** Nongeneral funds of \$0.3 million in the second year along with 20 positions is recommended to support the maintenance and operations of the Oceanography, Phase I Building for a portion of the fiscal year. This project is one of four ODU renovation and construction projects funded from the 1992 General Obligation Bonds. The recommended amounts are prorated to reflect when the facility will open during the 1994-96 biennium.

George Mason University

Reductions

- ***Law School Tuition Increase.*** SB 30, as introduced, recommends the implementation of a new tuition policy for the law schools at the University of Virginia, the College of William and Mary, and George Mason University. The policy, as developed by the Council of Higher

Education (SCHEV), recommends that in-state tuition be equal to at least the 75th percentile of all public law schools nationwide, and that out-of-state tuition be equal to at least the 75th percentile of all law schools, both public and private. For George Mason University, both in- and out-of-state tuition must increase by 10 percent to meet the 75th percentile. A general fund reduction of \$153,114 in the first year and \$329,536 in the second year is offset by a corresponding amount of nongeneral fund tuition.

Increases

- ***Enhance Technology in the Delivery of Instruction.*** SB 30, as introduced, recommends \$200,000 GF in the first year and \$275,000 GF in the second year, along with 3 positions, to fund George Mason's efforts to integrate technology into course instruction and to expand the teaching tools available to faculty.
- ***Compliance with the Americans with Disabilities Act.*** SB 30, as introduced, recommends \$50,000 GF to eliminate physical barriers and to provide instructional assistance to staff and students with disabilities.
- ***Expanded Library Sharing.*** SB 30 recommends \$98,295 GF in the first year and \$32,989 GF in the second year and 1 position to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.
- ***Library Books and Materials.*** SB 30 includes \$519,181 NGF in the first year and \$790,194 NGF in the second year to fund library books and materials.
- ***New Facilities Coming On-Line.*** Four of the six GMU 1992 General Obligation Bond projects are recommended to receive \$1.0 million NGF and 21 positions in the second year to support operations and maintenance. The recommended amounts are prorated to reflect when the facilities will open during the 1994-96 biennium.
- ***Restructuring the Schools of Law and Business Administration.*** The budget bill includes \$240,000 NGF in each year to be generated from continuing education programs for professionals in business and the surrounding community of George Mason University.

College of William & Mary

Reductions

- ***Elimination of General Fund Support for Commonwealth Centers.*** SB 30, as introduced, recommends eliminating funding for the two Commonwealth Centers of Excellence in American Culture and Nuclear and High Energy Physics for a general fund reduction of \$347,825 in each year of the biennium. The original recommendation for funding suggested that the Centers would become self-supporting in five years; FY 1995 would be the sixth year of funding for the Centers.
- ***Elimination of General Fund Support for Research Institutes.*** SB 30, as introduced, recommends the elimination of general fund support for several research activities at the College of William & Mary, resulting in savings of \$210,541 in each year of the biennium. The Governor's proposal recommends that these activities, all funded prior to 1985, secure outside funding, and that general fund support be either eliminated or phased-out. These activities include:

<u>Research/Public Service Center</u>	<u>GF Reduction (each year)</u>
Bureau of Business Research	\$ 21,389
Institute of the Bill of Rights	80,438
Inst. of Early American History & Culture	<u>108,714</u>
TOTAL	\$ 210,541

- ***Law School Tuition Increase.*** SB 30, as introduced, recommends the implementation of a new tuition policy for the law schools at the University of Virginia, the College of William and Mary, and George Mason University. The policy, as developed by the Council of Higher Education (SCHEV), recommends that in-state tuition be equal to at least the 75th percentile of all public law schools nationwide, and that out-of-state tuition be equal to at least the 75th percentile of all law schools, both public and private.

Both in-state and out-of-state tuition at William and Mary must increase to meet the 75th percentile. A general fund reduction of \$273,458 in the first year and \$624,763 in the second year is offset by a corresponding amount of nongeneral fund tuition.

Increases

- ***Fund Graduate Students Teaching at Community College.*** SB 30, as introduced, recommends \$44,800 GF in each year to expand a pilot project

between the College and Thomas Nelson Community College. The project will provide teaching opportunities for graduate students in English, history, and government.

- **Virginia Consortium for Engineering and Science.** SB 30, as introduced, recommends \$77,160 GF and \$86,840 NGF and 2 positions to support a nonresidential engineering doctoral program in Hampton Roads. Classes would be offered by a consortium comprised of the University of Virginia, the College of William and Mary, Virginia Tech, and Old Dominion University.
- **Expanded Library Sharing.** SB 30 recommends \$98,295 GF in the first year and \$32,989 GF in the second year and 1 position to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.
- **Library Books and Materials.** SB 30 includes \$503,106 NGF in the first year and \$726,107 NGF in the second year to fund library books and materials.
- **Collect Special Purpose Tuition.** SB 30, as introduced, recommends \$1.7 million NGF in the first year and \$1.8 million NGF in the second year to be generated from additional tuition. The fees will support the purchase of library material and instructional equipment, computing operations, and the law school faculty salary supplements.
- **New Facilities Coming On-Line.** Two of the College's four renovation and new construction projects funded from the 1992 General Obligation Bond funds will require maintenance and operating support during the 1994-96 biennium. Nongeneral funds of \$119,000 NGF in the first year and \$286,767 in the second year, along with 3 positions, is recommended in SB 30. The amounts are prorated to reflect when the facility will open during the biennium.

The Toxicology/Pathology Facility at the Virginia Institute of Marine Science will open during the biennium, as well. Funding of \$232,750 NGF in the second year, along with 6 positions, is recommended in SB 30.

Virginia Institute for Marine Science

Reductions

- **Budget Reduction.** To achieve proposed general fund savings of \$547,980 in each year, VIMS plans to eliminate lower priority research programs, continue to consolidate administrative duties with the College of William and Mary, and increase tuition for graduate students to offset some of the reduction.

Increases

- ***Compliance with the Americans with Disabilities Act*** SB 30, as introduced, recommends \$75,000 GF to purchase portable research equipment for disabled students.

Clinch Valley College

Increases

- ***Repairs to Exhaust Fume Hoods.*** SB 30, as introduced, recommends \$106,699 of general funds in the first year to repair 12 exhaust fume hoods in the Science Building. The fume hoods fail to effectively remove hazardous fumes from the building.
- ***Expanded Library Sharing.*** SB 30 recommends \$175,722 GF in the first year and \$69,773 million GF in the second year to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities. The proposed addendum will also fund the computing equipment that Clinch Valley College requires to automate the system.
- ***Library Books and Materials.*** SB 30 includes \$56,356 NGF in the first year and \$74,885 NGF in the second year to fund library books and materials.
- ***Student Work Study Wages.*** SB 30, as introduced, includes a technical adjustment to appropriate nongeneral fund student work study wages at Clinch Valley College. In the first year, \$141,069 NGF is included, along with \$143,669 in the second year.

Christopher Newport University

Increases

- ***Expand Computerized Instruction.*** SB 30, as introduced, includes \$190,700 GF in the first year and \$198,700 GF in the second year plus 6.25 positions to provide equipment and positions to expand the On-Line program. This initiative allow students to take courses over a computer bulletin board.
- ***Expanded Library Sharing.*** SB 30 recommends \$77,722 GF in the first year and \$6,776 GF in the second year to develop a "virtual library" system between institutions of higher education. The system would make

possible the electronic transfer of library materials between public colleges and universities.

- ***Library Books and Materials.*** SB 30 includes \$108,709 NGF in the first year and \$139,382 NGF in the second year to fund library books and materials.
- ***Additional Nongeneral Fund Appropriation.*** The budget bill, as introduced, includes \$236,000 NGF in each year and 5 positions for administrative and instructional equipment enhancements, and to expand courses and seminars on the Peninsula.
- ***New Facilities Coming On-Line.*** To provide operations and maintenance support for the Library Addition, nongeneral funds of \$69,552 in the first year and \$75,875 in the second year, along with 2 positions, is recommended in SB 30. This project is one of two CNU 1992 General Obligation Bond projects to be completed during the 1994-96 biennium. The amount is prorated to reflect when the facility will open during the biennium.

James Madison University

Reductions

- ***Elimination of General Fund Support for Commonwealth Center.*** SB 30, as introduced, recommends eliminating funding for the JMU Commonwealth Center of Excellence in Education, for a general fund reduction of \$127,845 in each year of the biennium. The Center was established in 1988 to support world-class research in selected areas. The original recommendation for funding suggested that the Center would become self-supporting in five years; FY 1995 would be the sixth year of funding for the Center.

Increases

- ***Expanded Library Sharing.*** SB 30 recommends \$77,722 GF in the first year and \$6,776 GF in the second year to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.
- ***Library Books and Materials.*** SB 30 includes \$195,702 NGF in the first year and \$268,049 NGF in the second year to fund library books and materials.
- ***New Facilities Coming On-Line.*** Five of the University's six projects funded from the 1992 General Obligation Bonds will open during the

1994-96 biennium. Nongeneral funds of \$285,506 in the first year and \$787,691 in the second year, along with 33.4 positions, is recommended for the operation and maintenance of the facilities. The amounts are prorated to reflect when the facility will open during the biennium.

- ***College of Integrated Science and Technology.*** As introduced, SB 30 provides \$1.4 million GF and \$0.5 million NGF in the first year, and \$1.5 million GF and \$4.3 million NGF in the second year, along with 63 positions to continue curriculum development activities and support operating costs for the projected enrollment in the new college.
- ***Continuation of Computer Literacy Program.*** The budget bill includes \$650,000 NGF in each year and 1.5 positions to support a program to enhance computer skills at all levels. The funds were appropriated in previous years, but the University was required by the Governor's office to justify continuation of this special purpose fee.
- ***Additional Nongeneral Funds for Off-Campus Instruction.*** The budget bill includes \$60,000 NGF and 1 position in each year to support instructional programs offered at off-campus locations.
- ***Technology Initiatives for Faculty Productivity.*** SB 30 recommends \$276,300 GF in the first year and \$188,300 GF in the second year and 2 positions to implement a pilot program in competency-based and self-paced learning laboratories in foreign language and business programs.

Longwood College

Reductions

- ***Elimination of General Fund Support for Public Service Institutes.*** SB 30, as introduced, recommends the elimination of general fund support for the Small Business Development Center and the Longwood Development Center, for a general fund savings of \$121,005 in each year of the biennium. The Governor's proposal recommends that these activities, all funded prior to 1985, secure outside funding, and that general fund support be either eliminated or phased-out.

Increases

- ***Expanded Library Sharing.*** SB 30 recommends \$77,722 GF in the first year and \$6,776 GF in the second year to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.

- ***Library Books and Materials.*** SB 30 includes \$83,166 NGF in the first year and \$125,398 NGF in the second year to fund library books and materials.
- ***New Facilities Coming On-Line.*** One of the College's two projects funded from the 1992 General Obligation Bonds will open during the 1994-96 biennium. Nongeneral funds of \$45,375 and 3 positions is recommended for the operation and maintenance of the facility. The amount is prorated to reflect when the facility will open during the biennium.

Mary Washington College

Increases

- ***Curriculum Development Program.*** SB 30, as introduced, includes \$150,000 GF and \$150,000 NGF and 6 positions to match a private gift to provide release time for faculty to participate in curriculum development and revision.
- ***Expanded Library Sharing.*** SB 30 recommends \$77,722 GF in the first year and \$6,776 GF in the second year to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.
- ***Library Books and Materials.*** SB 30 includes \$54,974 NGF in the first year and \$95,577 NGF in the second year to fund library books and materials.

Norfolk State University

Increases

- ***Development of New Doctoral Programs.*** SB 30, as introduced, includes \$471,960 GF in the first year and \$674,520 in the second year and 3 positions for the establishment of a doctoral program in Social Work at Norfolk State University. The recommendation will also fund physics faculty shared with the Continuous Electron Beam Accelerator Facility.
- ***Expanded Library Sharing.*** SB 30 recommends \$77,722 GF in the first year and \$6,776 GF in the second year to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.

- ***Library Books and Materials.*** SB 30 includes \$119,758 NGF in the first year and \$158,948 NGF in the second year to fund library books and materials.
- ***New Facilities Coming On-Line.*** All three of the University's projects funded from the 1992 General Obligation Bonds will open during the 1994-96 biennium. Nongeneral funds of \$0.4 million and \$0.7 million and 6 positions is recommended for the operation and maintenance of the facilities. The amounts are prorated to reflect when the facility will open during the biennium.

Virginia Military Institute

Increases

- ***Center for Interdisciplinary Studies.*** SB 30 includes \$50,000 GF in each year to support curriculum development efforts, consistent with the recommendations of the Commission on the University of the 21st Century.
- ***Additional Funding for Instructional Equipment.*** SB 30 includes \$123,725 GF and \$250,000 NGF in each year of the biennium for the acquisition of instructional equipment. VMI has not used tuition increases to support its operating budget, and has, accordingly, reduced its annual expenditures on instructional equipment.
- ***Expanded Library Sharing.*** SB 30 recommends \$77,722 GF in the first year and \$6,776 GF in the second year to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.
- ***Library Books and Materials.*** SB 30 includes \$54,555 NGF in the first year and \$84,464 NGF in the second year to fund library books and materials.
- ***Additional Nongeneral Funds in the Unique Military Program.*** SB 30 includes \$200,000 NGF in each year to support activities in this program. This addendum is a continuation of previous NGF appropriations.
- ***Virginia Women's Institute for Leadership.*** SB 30 includes \$312,000 GF in the first year to begin implementation of the Institute at Mary Baldwin College. Funding of \$557,375 GF for the biennium is included in the budget of the Council of Higher Education for a contract between the Commonwealth of Virginia and Mary Baldwin College for those students who wish to attend the Institute.

Radford University

Increases

- ***College of Global Studies at Radford University.*** SB 30 includes \$1.3 million GF in the first year and \$1.8 million in the second year and 27.5 positions to continue curriculum development activities, and to support operating costs for the instruction of anticipated enrollments.
- ***Compliance with the Americans with Disabilities Act.*** SB 30, as introduced, recommends \$109,205 GF in the first year and \$50,776 GF in the second year to eliminate physical barriers and to provide instructional assistance to staff and students with disabilities.
- ***Computer Network Enhancements.*** SB 30, as introduced, recommends \$750,000 NGF in each year and 2 positions to improve on-campus computing capabilities, including computer labs and networks. The revenue will be generated from student fees.
- ***Expanded Library Sharing.*** SB 30 recommends \$77,722 GF in the first year and \$6,776 GF in the second year to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.
- ***Library Books and Materials.*** SB 30 includes \$161,200 NGF in the first year and \$222,864 NGF in the second year to fund library books and materials.
- ***New Facilities Coming On-Line.*** All five of the University's projects funded from the 1992 General Obligation Bonds will open during the 1994-96 biennium. Nongeneral funds of \$0.2 million and \$0.4 million and 11 positions is recommended for the operation and maintenance of the facilities. The amounts are prorated to reflect when the facilities will open during the biennium.

Virginia State University

Increases

- ***Upgrade University Technology.*** SB 30 includes \$144,984 GF and \$100,016 NGF in the first year and \$107,096 GF and \$57,904 NGF and 1 position to complete the upgrading of the financial management computer system.
- ***Increased Funding for Cooperative Extension.*** SB 30 includes \$128,486 GF in each year to expand the activities of Virginia State University's Cooperative Extension Program, consistent with the recommendations of a

report by the Department of Planning and Budget on the role of VSU's extension program. The funding would cover professional development, travel, and computer equipment for extension staff.

- ***Expanded Library Sharing.*** SB 30 recommends \$77,722 GF in the first year and \$6,776 million GF in the second year to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities.
- ***Library Books and Materials.*** SB 30 includes \$101,642 NGF in the first year and \$163,260 NGF in the second year to fund library books and materials.
- ***New Facilities Coming On-Line.*** All five of the University's projects funded from the 1992 General Obligation Bonds will open during the 1994-96 biennium. Nongeneral funds of \$44,974 in the first year and \$330,227 million in the second year, along with 7.8 positions, is recommended for the operation and maintenance of the facilities. The amounts are prorated to reflect when the facility will open during the biennium.

Richard Bland College

Increases

- ***Expanded Library Sharing.*** SB 30 recommends \$262,722 GF in the first year and \$21,773 GF in the second year to develop a "virtual library" system between institutions of higher education. The system would make possible the electronic transfer of library materials between public colleges and universities. This amount includes funding for the computing capabilities required by Richard Bland to participate in the automated system.
- ***Library Books and Materials.*** SB 30 includes \$83,166 NGF in the first year and \$125,398 NGF in the second year to fund library books and materials. This item is proposed for funding from tuition and fees.
- ***New Facilities Coming On-Line.*** The College's Maintenance and Receiving Building, funded from the 1992 General Obligation Bonds, will open during the 1994-96 biennium. Nongeneral funds of \$48,814 in the first year and \$58,577 in the second year is recommended for the operation and maintenance of the facility. The amount is prorated to reflect when the facility will open during the 1994-96 biennium.

Other Education Agencies

SB 30 proposes a general fund budget of \$205.0 million for cultural and educational agencies in the Education Secretariat. Out of the \$56.8 million in reductions, \$48.8 million, comes from shifting a portion of indigent care at the teaching hospitals to Medicaid. The remainder comes from selected budget reductions in each year.

Increases include \$14.9 million GF of support for indigent patients served by the University of Virginia Medical Center, the Medical College of Virginia Hospitals, and the Medical College of Hampton Roads. In addition, a matching appropriation of \$3.0 million is provided for the Free Electron Laser at the Continuous Electron Beam Accelerator Facility. At the Council of Higher Education, \$3.1 million is provided to facilitate the library sharing initiative among Virginia's public colleges and universities.

Governor's Budget Recommendations (General Fund, \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
State Council of HE	\$73.9	57	(\$ 5.1)	0	\$3.1	0
UVA Medical Center	43.7	3,582	(31.6)	0	5.0	0
MCV Hospitals	18.8	4,334	(17.2)	(13)	4.9	0
Va. Museum of Fine Arts	14.3	189	(1.3)	0	0.0	0
Va. State Library	32.7	154	0	0	1.5	0
Science Museum of Va .	4.3	77	0	0	0.5	1
Jamestown-Yorktown Fdn	6.4	97	(0.5)	(1)	0.1	0
Museum of Front. Culture	2.5	41	(0.1)	0	0.3	0
Commission for the Arts	3.3	6	(<0.1)	0	<0.1	0
Gunston Hall Plantation	1.1	11	(0.1)	0	0.0	0
Med. Col. Hampton Roads	17.9	0	0	0	5.0	0
Ctr. for Innovative Tech.	17.3	0	(0.9)	0	0.0	0
Southeastern Universities						
Research Assoc.	1.6	0	0	0	3.0	0
SW Va. Higher Ed Center	0.6	11	(<0.1)	0	0.0	0
Total	\$238.4	8,559	(\$56.8)	(14)	\$23.4	1

**FTE totals include both general and nongeneral fund positions.*

State Council of Higher Education

Reductions

- ***Budget Reduction Plan.*** To achieve savings of \$352,513 in each year, the Council will eliminate the statewide library assistance program and restructure financial aid administration. A portion of the cut will be savings carried forward from FY 1994.
- ***Consolidation of Student Financial Aid Programs.*** SB 30 recommends the transfer of \$1.9 million GF in the first year and \$2.1 million GF in the second year from the Council's Work Study Program to the institutions of higher education. This transfer is intended to reduce administrative costs at both the Council and the colleges and universities.
- ***Eliminate Funding for the Virginia Writing Project.*** SB 30 recommends elimination of the project as a non-essential service, and reduces SCHEV's budget by \$149,625 GF in each year. The program allocated funds among seven institutions to improve the teaching of writing. The funds for the Longwood College piece of the program are in the Department of Education, and are not affected by this action.
- ***Defaulted Student Loans.*** The federal Student Loan Reform Act of 1993 requires states to share in the cost of defaulted federally insured student loans. The states must assume a portion of the payment for loan defaults that exceed 20 percent at institutions of higher education. Payments must begin in federal fiscal year 1995, but the amount of the payment is not yet known. Language in SB 30 authorizes the use of up to \$2.5 million from Economic Contingency for the payment in 1995.

Increases

- ***Virginia Women's Institute for Leadership.*** SB 30, as introduced, includes \$189,825 GF in the first year and \$367,550 GF in the second year to begin implementation of the Institute at Mary Baldwin College. The Commonwealth would contract with Mary Baldwin for each Virginia resident who wishes to attend the institute. The budget for Virginia Military Institute also includes \$312,000 GF in the first year to begin implementation of the Institute.
- ***Regional Grants and Contracts Program.*** The bill includes an additional \$9,228 GF in the first year and \$8,178 GF in the second year for tuition assistance to students who attend colleges in other states for programs not offered in Virginia.
- ***Expand Library Sharing.*** SB 30 includes general funds of \$553,796 in the first year and \$1,529,801 in the second year to facilitate the development of a virtual library system. The system will allow Virginia's

public colleges and universities to share materials electronically. SCHEV will coordinate the effort among the institutions.

- ***Math and Science Teaching Program.*** The bill as introduced includes an additional \$250,000 NGF appropriation for the federally-funded Eisenhower Math and Science Program. The program provides funds to institutions of higher education to improve teaching in math, science, computer science and foreign languages.
- ***DGS Rent Charges.*** Funding of \$199,210 GF in the first year and \$210,167 GF in the second year is provided to pay the general fund portion of rent to the Department of General Services for space the Council occupies in a state-owned building in the Capitol Square area. These funds were previously budgeted from Central Accounts appropriations.

Medical College of Virginia Hospitals

Reductions

- ***Adjustment to Indigent Care Appropriations.*** The budget bill proposes a decrease of \$41.0 million GF and an increase of \$45.6 million in NGF in the first year, and a decrease of \$38.3 million GF and an increase of \$46.4 million in the second year to reflect increased Medicaid funding. The expansion increases reimbursement in recognition of the disproportionate share of care provided by the teaching hospitals to the indigent. For the hospital, this action will not affect operations as it is merely a switch between funds.
- ***Recalculation of Medicaid Repayment Level.*** This addendum increases Medicaid payments to MCVH, resulting in an increase of \$9.6 million in general funds, and reduces the general fund indigent care appropriation by \$6.6 million in each year.

Increases

- ***Increased Support for Indigent Care.*** SB 30, as introduced, includes \$1.8 million in general funds in the first year in support of unreimbursed medical assistance provided to indigent patients.
- ***Restored Funding for the Virginia Treatment Center for Children.*** SB 30 recommends \$1.5 million GF in each year to restore funding that was removed from the Virginia Treatment Center when it was transferred to MCVH in 1993. The funds will provide operating support to prevent a projected shortfall.

- ***Nongeneral Fund Support for Operating Costs.*** SB 30, as introduced, includes \$6.2 million NGF in the first year and \$12.4 million NGF in the second year to be generated from hospital revenues. The additional revenue will be used to support operating costs at the hospital, based on prevailing hospital inflation rates.

The budget also includes \$3.0 million NGF in each year to support salary increases authorized for classified employees.

University of Virginia Medical Center

Reductions

- ***Adjustment to Indigent Care Appropriations.*** The budget bill proposes a decrease of \$8.0 million GF and an increase of \$8.0 million in NGF in each year to reflect increased Medicaid funding. The expansion increases reimbursement in recognition of the disproportionate share of care provided by the teaching hospitals to the indigent. With the additional reimbursement from Medicaid, the general fund indigent care appropriation is reduced in a commensurate amount. For the hospital, this action will not affect operations as it is merely a switch between funds.
- ***Recalculation of Medicaid Repayment Level.*** This proposed addendum increases Medicaid payments to the Medical Center, resulting in an increase of \$7.8 million in general funds, and reduces the general fund indigent care appropriation by \$7.8 million in each year.

Increases

- ***Increased Support for Indigent Care.*** SB 30, as introduced, includes \$5.0 million in general funds in the first year in support of unreimbursed medical assistance provided to indigent patients.
- ***Nongeneral Fund Support for Operating Costs.*** SB 30, as introduced, includes \$6.8 million NGF in the first year and \$18.2 million NGF in the second year to be generated from hospital revenues. The additional revenue will be used to support operating costs at the hospital, based on prevailing hospital inflation rates.

The budget also includes \$2.5 million NGF in each year to support salary increases authorized for classified employees.

Virginia State Library and Archives

Increases

- ***Circuit Court Records Program.*** The budget bill includes \$300,000 NGF and 7 positions in each year to expand a program to record and index circuit court records. The positions are supported by fees charged by the circuit courts.
- ***Fund Rent at the Seat of Government.*** Funding of \$755,409 GF in the first year and \$796,957 GF in the second year is provided to pay the general fund portion of rent to the Department of General Services for space the Library occupies in a state-owned building in the Capitol Square area. These funds were previously budgeted from Central Accounts appropriations.

Virginia Museum of Frontier Culture

Reductions

- ***Budget Reduction.*** The Museum will use nongeneral funds to offset a general fund budget reduction of \$46,000 in each year of the biennium.

Increases

- ***Operating Funds for New Facility.*** The budget bill recommends \$199,737 GF in the first year, and \$78,737 GF in the second year and 2 positions to maintain the education and research facility renovation funded from the 1992 General Obligation Bonds.

Virginia Commission for the Arts

Reductions

- ***Budget Reduction.*** The budget bill includes a Central Account budget reduction of \$11,000 GF in each year of the biennium. The agency plans to reduce administrative nonpersonal services to accommodate the reduction.

Increases

- ***DGS Rent Charges.*** Funding of \$26,938 GF in the first year and \$28,419 GF in the second year is provided to pay the general fund portion of rent to the Department of General Services for space the Commission occupies in a state-owned building in the Capitol Square area. These funds were previously budgeted from Central Accounts appropriations.

Virginia Museum of Fine Arts

Reductions

- ***Budget Reduction.*** The Museum will hold fewer exhibitions and increase fees to achieve general fund savings of \$657,100 in each year. Additional nongeneral funds of \$297,000 in each year from membership fee increases and gifts will offset a portion of the reduction.

Science Museum of Virginia

Reductions

- ***Reduction in Nongeneral Fund Appropriation.*** To reflect revised nongeneral fund revenue estimates based on visitor volume, the nongeneral fund appropriation for the Museum is reduced by \$938,666 in each year.

Increases

- ***Increased Support for Current Operations.*** Consistent with revised estimates of nongeneral fund revenues, additional general fund support of \$287,380 is recommend in the first year, and \$239,581 in the second year of the biennium.

Jamestown-Yorktown Foundation

Reductions

- ***Budget Reduction.*** The Foundation will reduce funding for facilities maintenance and repair, administrative support services, and statewide outreach programs to achieve savings of \$252,991 and one position in each year.

Increases

- ***Jamestown Slave Museum.*** SB 30, as introduced, includes \$100,000 GF in the first year to establish a non-state agency.
- ***Additional Nongeneral Funds for Increased Costs.*** The budget bill includes \$155,555 NGF in each year to support education programs, wage payroll increases, and workers' compensation costs.

Gunston Hall Plantation

Reductions

- ***Budget Reduction.*** General fund reductions of \$93,227 in the first year and \$31,000 in the second year will be accommodated by reductions in discretionary expenses and carried-forward balances from FY 1994.

Medical College of Hampton Roads

Increases

- ***Indigent Care Funding.*** The budget as introduced provides \$2.5 million in general funds in each year of the biennium to provide medical care to indigent patients.

Center for Innovative Technology

Reductions

- ***Reduced Funding.*** SB 30, as introduced, includes a Central Account reduction of \$421,538 general fund in each year of the biennium for the Center. The Center plans to reduce administrative expenses to accommodate the cut.

Southeastern Universities Research Association

Increases

- ***Matching Funds for Free Electron Laser Facility.*** The budget bill provides \$3.0 million as a match for federal funding for the development of Phase II of the free electron laser at SURA's Continuous Electron Beam Accelerator Facility project in Newport News. The General Assembly provided \$2.0 million GF as matching funds for the project in 1992.

Southwest Virginia Higher Education Center

Reductions

- ***Budget Reduction.*** The Center will reduce planning and incentive dollars for program development to accommodate a general fund budget cut of \$13,913 in each year.

Melchers-Monroe Memorials

Reductions

- ***Budget Reduction.*** The museum plans to implement operational efficiencies at both memorials to accommodate the general fund budget reduction of \$8,962 in each year of the biennium.
- ***Additional Nongeneral Appropriation.*** SB 30 recommends \$22,500 NGF in each year to reflect increased admissions revenue at Melchers-Monroe Memorials.

Faculty Compensation

SB 30, as introduced, includes a 2.25 percent salary increase in each year of the 1994-96 biennium for faculty at Virginia's public colleges and universities. In addition, funding equivalent to a one-time bonus is recommended for faculty on December 1, 1994. The bonus is funded at a composite rate of 1.72 percent, based on the same funding methodology used for calculating the classified employees bonus.

General funds of \$11.5 million and nongeneral funds of \$15.7 million are proposed to fund the increase. All instructional, administrative, and part-time faculty, as well as teaching assistants, will be eligible for the increases, which would be effective on December 1 of each year.

Effect on Competitiveness

In 1988, the Commonwealth adopted a peer group process to measure the competitiveness of faculty salaries. Salary increases were set at a level to allow each institution to remain competitive with a group of its peers from across the nation. Both public and private institutions were included in the peer groups, which reflected institutional characteristics such as size, mission, and program mix. The peer group process recognized that Virginia's colleges and universities must compete nationally to recruit and retain highly qualified faculty.

By 1990, each college's faculty salary average had reached the 60th percentile or higher for its peer group. In 1993-94, the General Assembly approved a faculty salary increase of 3.55 percent, effective December 1, 1993. With the 1993-94 increase, all four-year institutions rank below the 44th percentile for their peer groups. With the proposed 2.25 percent salary increase, peer group rankings are estimated to range from the 10th percentile to the 33rd percentile by 1995-96.

The proposed increase will be awarded on the basis of merit; there is no requirement that each faculty member receive a 2.25 percent increase. The table on the following page details the authorized salary average for instructional faculty with a 9/10 month contract. A deviation from this amount greater than 1 percent (either lesser or greater) requires that the Secretary of Education approve the deviation. This control is in place to ensure that funds appropriated for faculty salary increases are used for that purpose.

**Instructional Faculty
Salary Average
and Peer Group Ranking Percentile
1994-96**

<u>Institution</u>	<u>1994-95 Salary</u>	<u>1995-96 Salary</u>	<u>Peer-Group Ranking*</u>
George Mason University	\$55,559	\$56,948	27%
Old Dominion University	47,958	49,157	20
University of Virginia	56,639	58,055	23
Va. Commonwealth Univ.	52,401	53,711	25
Virginia Tech	54,554	55,918	22
College of William & Mary	53,547	54,886	25
Christopher Newport Univ.	44,423	45,533	32
Clinch Valley College	38,845	39,816	18
James Madison University	46,867	48,039	32
Longwood College	42,444	43,505	22
Mary Washington College	43,488	44,575	10
Norfolk State University	43,820	44,916	25
Radford University	43,878	44,974	17
Virginia Military Institute	47,650	48,841	33
Virginia State University	41,750	42,793	15
Richard Bland College	39,186	40,166	34
Va. Community Colleges	38,386	39,345	44

* Estimated percentile ranking, based on national salary increases, for 1995-96.

Student Financial Assistance

The budget, as introduced, includes additional discretionary student aid funding of \$8.4 million in the first year, and \$13.5 million in the second year. In addition, with the consolidation of student aid programs recommended in the budget, \$1.4 million is transferred each year from the Council of Higher Education's work study program to the colleges to be used as discretionary aid.

With the proposed additional funding, colleges and universities will be able to continue to meet approximately 45 percent of the unmet need for undergraduate students receiving financial aid. This calculation is based on the increase in tuition required to support the operating budgets of the colleges and universities, along with projected enrollment growth. Total discretionary aid the biennial budget, as introduced, is \$57.4 million in 1995 and \$62.5 million in 1996.

Background

The basic methodology for determining financial aid involves computing the total cost of education for every undergraduate. Total costs include tuition and fees, room and board, books, transportation, supplies and personal expenses. The total cost is reduced by the expected parental contribution, expected student contribution, and federal and other non-state aid. The unmet need amount is capped at the amount of actual tuition and required fees.

Since 1990-92, the General Assembly has provided about \$37 million in additional student financial assistance, to minimize the impact of tuition increases. The additional aid is targeted to ensure access for undergraduate Virginia residents. Financial aid funds in SB 30 are allocated to allow each institution to meet at least 45 percent of the documented remaining need for student financial assistance. Remaining need is the amount of funding still needed for student tuition and fees after all other sources of aid (e.g., federal, family contribution, workstudy) have been considered.

The table below details the 1994-96 base appropriation for financial aid, the proposed changes, and the revised appropriation, as recommended in SB 30. Several institutions reflect no or small increases because they are able to meet more than 45 percent of the average unmet need of their students.

**State Discretionary Student
Financial Assistance
1994-96**

<u>Agency</u>	<u>1994-96 Base</u>	<u>Proposed Increase</u>	<u>1994-96 Approp.</u>
George Mason University	\$ 6,953,432	\$ 676,202	\$ 7,629,634
Old Dominion University	10,669,244	2,439,211	13,108,455
University of Virginia	7,763,374	3,007,203	10,770,577
Virginia Commonwealth Univ.	11,029,230	6,622,538	17,651,768
Virginia Tech	12,374,132	3,694,626	16,068,758
College of William & Mary	2,910,544	1,535,163	4,445,707
Christopher Newport Univ.	1,768,960	73,424	1,842,384
Clinch Valley College	1,269,316	83,782	1,353,098
James Madison University	5,260,386	1,887,688	7,148,074
Longwood College	3,216,210	625,949	3,842,159
Mary Washington College	1,034,812	378,167	1,412,979
Norfolk State University	5,424,988	41,843	5,466,831
Radford University	4,791,074	2,113,112	6,904,186
Virginia Military Institute	833,108	198,020	1,031,128
Virginia State University	3,565,756	1,051,632	4,617,388
Virginia Community Colleges	16,193,266	296,000	16,489,266
Richard Bland College	<u>262,506</u>	<u>0</u>	<u>262,506</u>
TOTAL	\$95,320,338	\$24,724,560	\$120,044,898

Higher Education Equipment Trust Fund

SB 30 includes a recommendation to support additional equipment purchases of \$25 million in each year through the Higher Education Equipment Trust Fund. The equipment will be used to replace obsolete equipment as identified in 1993 equipment inventories. About \$5.5 million of the funds will be used to address initiatives which support alternative means of delivering instruction, such as through the use of computer-based electronic networks.

Background

In 1986, the General Assembly authorized the VCBA to develop a debt financed program to acquire instructional equipment for Virginia's public colleges and universities. The Higher Education Equipment Trust Fund program was intended to help meet a growing backlog of equipment needs for computers, laboratory, and classroom equipment, and to replace obsolete equipment. The Council of Higher Education developed guidelines to establish minimum equipment standards for each discipline, and then determined the deficiency at each college and university.

To date, almost \$166.0 million of new equipment has been allocated to institutions of higher education. The Equipment Trust Fund program was intended to augment, rather than supplant, existing institutional budgets for equipment. Each college and university is expected to maintain its current level of equipment purchasing. This effort is monitored through "maintenance of effort" reviews by the Council of Higher Education.

Senate Bill 30

The debt service on the equipment is paid through lease payments from the general fund to the VCBA. As the bonds are paid off, the lease amounts decline, which reduces the additional general funds needed to support new allocations. The base budget for 1994-96 included \$38.1 million GF and \$28.8 million NGF to support the outstanding bonds.

The first issuance of the bonds for the 1994-96 allocation is planned for February, 1995, with lease payments due in September, 1995. The second allocation is recommended for February, 1996. Because of the proposed timing of the issuance of the bonds, no lease payment for the second allocation will be required in the 1994-96 biennium. The prorated additional costs of the \$50 million allocation for the biennium are \$6.7 million.

The following table details the prior equipment allocations, and the distribution of the \$50 million in new equipment proposed in SB 30:

<u>Institution</u>	<u>Prior Equipment Allocations</u>	<u>1995-96 Equipment Allocations</u>
George Mason University	\$ 6,647,148	\$ 1,257,473
Old Dominion University	12,777,123	3,314,443
University of Virginia	26,008,550	11,761,693
Virginia Commonwealth Univ.	20,822,490	4,019,884
Virginia Tech	36,903,722	13,812,653
College of William & Mary	5,504,412	1,895,333
Christopher Newport College	1,716,579	162,800
Clinch Valley College	1,111,776	96,270
James Madison University	4,640,212	1,699,503
Longwood College	2,443,841	223,387
Mary Washington College	2,356,128	260,927
Norfolk State University	4,259,136	347,513
Radford University	5,422,363	782,143
Virginia Military Institute	2,943,512	615,207
Virginia State University	2,415,837	711,535
Richard Bland College	202,202	54,874
Community College System	29,514,969	8,984,362
TOTAL	\$165,690,000	\$50,000,000

Finance

SB 30 recommends a total of \$587.4 million (GF) for the seven agencies in the Finance Secretariat. This represents 4.0 percent of the total general fund operating budget. The Governor's recommendations result in a net increase of \$144.8 million (GF), or 32.7 percent, for the biennium when compared to the base budget. The adjusted base budget also includes \$40 million in recordation tax distributions to localities. This fully funds the 1990 recordation tax initiative as enacted by the General Assembly.

Recommended reductions total \$12.6 million (GF). Approximately two-thirds of this amount -- \$8.4 million (GF) -- comes from reduced ABC profit distributions to localities. Almost all of the remaining decrease represents agency plans to meet reductions budgeted to the Central Appropriations.

The maximum employment level for the agencies in the Finance Secretariat is reduced by a total of 30 FTE employees, or 2.2 percent. Technical adjustments to reflect actual funded levels of employment account for 3 of these positions. All of the remaining 27 FTE positions eliminated are proposed for removal in reductions budgeted to the Central Appropriations.

The Governor has also recommended general fund budget increases totaling \$157.4 million (GF) for the biennium, over half of which -- \$79.9 million -- is for a constitutionally required deposit into the Revenue Stabilization Fund. Most of the remaining increase represents debt service in the Treasury Board (\$69.8 million) and distribution of the local share of wine tax, rolling stock tax and TVA payments (\$2.8 million).

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
Secretary	0.7	4	<(0.1)	0	<0.0	0
Planning & Budget	10.1	88	(0.4)	(8)	0.8	0
Accounts	162.8	162	(9.8)	(4)	4.2	0
Taxation	101.9	1,011	(1.5)	(16)	0.8	0
Treasury	10.5	93	(0.7)	(1)	81.8	0
Treasury Board	154.5	0	0.0	0	69.8	0
Internal Auditor	2.1	16	(0.1)	(1)	0.1	0
Total	\$442.5	1,344	(\$12.6)	(30)	\$157.4	0

**FTE totals include both general and nongeneral fund positions.*

Secretary of Finance

Reductions

- ***Budget Reduction Plan.*** The Secretary proposes a series of administrative actions to achieve savings of \$10,019 each year.

Increases

- ***DGS Rent.*** Funding of \$8,688 the first year and \$9,166 the second year is recommended for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.

Department of Planning and Budget

Reductions

- ***Budget Reduction Plan.*** The Department proposes to eliminate 5 FTE positions, utilize year-end balances, and implement organizational and operational changes to achieve \$201,654 in savings each year. The first year savings will be partially addressed by an estimated year-end balance of \$47,964 for an actual first year budget reduction of \$153,690.
- ***DGS Rent.*** Funding of \$373,469 the first year and \$394,010 the second year is recommended for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.
- ***Unfunded MEL Adjustment.*** The agency's maximum employment level (MEL) is reduced by 3 FTE, to reflect the actual number of funded positions.

Department of Accounts

- ***Recordation Tax.*** The Department's base budget, as introduced, includes an appropriation of \$40.0 million each year for distribution of the local share of the Recordation Tax.

Reductions

- ***Budget Reduction Plan.*** Reductions of \$710,000 the first year and \$741,000 the second year, and 4 FTE positions are budgeted to the Central Appropriations.

- *Financial Reporting.* Elimination of selected financial reports, organizational changes and operating efficiencies are recommended to save \$86,000 each year, and result in the elimination of 2 FTE positions
- *CIPPS Processing.* An administrative reduction in the cost of processing the state payroll system (CIPPS) will result in savings of \$426,000 each year.
- *Administrative Cost Recovery.* SB 30, as introduced, recommends recoveries of \$176,000 each year from the state employees health insurance fund (HIF) for administrative costs.
- *Public Records.* The elimination of 1 FTE position in public records, will result in savings of \$10,000 the first year and \$25,000 the second year.
- *Payroll Processing Staff.* The elimination of 1 FTE position in payroll processing, will result in savings of \$12,000 the first year and \$28,000 the second year.
- *ABC Profits Distribution.* The Department's budget is recommended to be reduced by \$4.1 million the first year and \$4.3 million the second year to reflect a decline in ABC profits distributions to localities.

Increases

- *DGS Rent.* Funding of \$429,430 the first year and \$453,049 the second year is recommended for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.
- *Wine Tax Distribution.* SB 30, as introduced, includes an additional \$300,000 each year in the distribution of the local share of increased wine tax revenues.
- *Rolling Stock Tax Distribution.* The Department's budget, as introduced, includes an additional \$1.1 million each year in the distribution of the local share of increased rolling stock tax revenues.
- *TVA Payments.* The Department's budget, as introduced, includes an additional \$4,000 the first year and \$14,000 the second year in the distribution of the local share of payments from the Tennessee Valley Authority.
- *Line of Duty Payments.* SB 30, as introduced, includes \$250,000 for the payment of claims for public safety officers killed in the line of duty. These funds were previously budgeted to the Central Appropriations.

Department of Taxation

Reductions

- ***Budget Reduction Plan.*** A \$683,877 reduction each year is planned. This reduction is listed in the Central Accounts. Taxation plans to eliminate funding for a backup computer and a tax return processing location, and also reduce travel, training and education spending in non-compliance divisions.
 - ***Eliminate Backup Processing.*** \$611,232 is being reduced each year for a disaster location site. This site was to serve as a backup location for processing tax returns in the event the main location was unable to perform its processing functions.
 - ***Reduce Travel, Education, and Training Funds.*** A 50 percent reduction in travel, training and education funding, or \$72,645 each year, is being implemented for non-compliance divisions within the Department.
- ***Position Reductions.*** 16 positions are being eliminated from the Department's MEL because there were insufficient funds in the base budget to cover necessary non-personal service expenses. The personal service savings generated from the MEL reduction will be used to cover the non-personal service expenses.

Increases

- ***Maintain Enhanced Tax Collection System.*** \$162,500 the first year and \$174,300 the second year is provided to fund a maintenance agreement for the enhanced accounts receivable collection system (ECS) expected to come on line in January, 1994. The maintenance agreement will pay for software updates and continue the system warranty beyond the one year that comes with the purchase agreement. The new system will link the Tax computer system files to an automated data base information retrieval system and telephone dialing system. This system will have the capability to distribute telephone calls, as well as provide detailed information on each delinquent account to compliance personnel.

The ECS, along with the 101 additional compliance positions authorized in the 1992 Session, is expected to help generate \$17.2 million in additional compliance revenues in FY 1994, and \$71.2 million per year in fiscal years 1995 and 1996.

- ***Fund Rent From Agency Budget.*** In prior years, money for paying the general fund portion of rent to the Department of General Services for space the agency occupies in state owned buildings was in the Central Accounts. This year, \$134,815 in FY 1995, and \$141,815 in FY 1996 was included in the Taxation's budget.

- ***Remove Excess Postage From the Budget.*** Taxation is participating in a new centralized mailing system operated by the Department of Treasury that will lower the cost of postage. The resulting savings allow budget cuts of \$60,300 each year.
- ***Provide For Credit Card Payment of Taxes.*** Although legislation is needed to implement it, \$128,450 in FY 1995 and \$60,701 in FY 1996 is included in the Department's budget to allow the agency to accept credit card payments. These funds would be used to make computer system changes and to pay for the transaction costs of accepting credit card payments.

Department of Treasury

Reductions

- ***Budget Reduction Plan.*** A \$258,015 reduction each year is planned. This reduction is listed in the Central Accounts. These savings are achieved by eliminating one position in its check reconciliation function and also using offsetting increases in nongeneral fund fees charged for the State Non-Arbitrage Investment Program, Local Government Investment Pool, and Unclaimed Property. In addition, Treasury plans to offset part of the budget reduction with \$25,000 in carry forward savings each year.
- ***Remove Excess Postage From the Budget.*** As a result of the new centralized mail system that pre-sorts mail and is charged a lower postage rate, Treasury is anticipating savings of \$79,740 in each year.

Increases

- ***Revenue Stabilization Fund.*** In FY 1995, \$79.9 million is deposited to the Revenue Stabilization Fund. This fund is constitutionally mandated. Funding is triggered when growth in general fund income and sales tax revenues exceed the prior six-year average growth. Half of the growth above the six-year average is deposited to the fund in the next fiscal year. From fiscal years 1987-92 income and sales tax growth averaged 6.16 percent. In FY 1993, growth was 9.12 percent. Therefore, 1.48 percent of FY 1993 general fund income and sales taxes must be deposited into the Revenue Stabilization Fund in FY 1995.

The maximum size of the Fund is 10 percent of the 3 year average of total income and sales taxes. Moneys can be withdrawn from the fund only in the event actual collections are 2 percent below the official revenue forecast.

- ***Fund Banking Service Costs.*** As interest rates have dropped, compensating balances left at banks handling state funds have not been sufficient to cover the banking costs. \$612,130 each year has been included in the budget to directly pay these banking costs, rather than increase compensating balances. Whenever possible, using direct payment of banking fees allows the Commonwealth to earn a greater return than using compensating balances.
- ***Fund Rent From Agency Budget.*** In prior years, money for paying the general fund portion of rent to the Department of General Services for space the agency occupies in state owned buildings was in the Central Accounts. This year, \$173,802 in FY 1995, and \$183,361 in FY 1996 was included in Treasury's budget.
- ***Fund New Central Mail Costs.*** Treasury is operating the new centralized mailing system designed to lower the cost of postage for a number of central state agencies. To help induce agencies to participate in the new mail process, the agency will eliminate an administrative fee charged to participating agencies which was to recoup the personal service costs of the system. To support the new central mail system \$141,663 the first year and \$147,488 the second year was added to Treasury's budget.

Treasury Board

Increases

- ***Debt Service Increase.*** Additional funds of \$62.1 million (GF) and \$0.5 million (NGF) have been recommended for principal and interest payments on General Obligation bonds issued by the Commonwealth and by the Virginia Public Building Authority. The Department of Treasury made a series of assumptions in determining the mix of general and nongeneral fund requirements. The increased appropriation is recommended to service the debt issued to meet construction requirements during the 1994-96 biennium, and to provide full-year debt service costs for bonds issued in FY 1994.
- ***Regional Jail Construction Costs.*** Additional funds of \$7.7 million (GF) are recommended to reimburse localities for a portion of the costs of constructing regional jails. Specifically, reimbursement for the ongoing debt service costs of the following projects is recommended: Riverside Regional Jail (\$4.3 million GF); Rockingham Regional Jail (\$1.0 million GF); and Arlington Regional Jail (\$2.4 million GF). An additional \$2.2 million is provided through an appropriation to the Department of Corrections, in the first year, as a lump-sum final payment for the Northern Neck Regional Jail.

Department of the State Internal Auditor

Reductions

- ***Budget Reduction Plan.*** The Department proposes to eliminate 5 FTE positions, utilize year-end balances, and implement organizational and operational changes to achieve \$201,654 in savings each year. The first year savings will be partially addressed by an estimated year end balance of \$47,964 for an actual first year budget reduction of \$37,574.

Increases

- ***DGS Rent*** Funding of \$35,615 the first year and \$37,574 the second year is recommended for rental payments to the Department of General Services for space occupied in state buildings. In prior years, funds for this purpose were appropriated to the Central Appropriations.

Health and Human Resources

The Governor's recommended budget for Health and Human Resources agencies totals \$3.6 billion for the biennium. This represents an 8.8 percent increase above the base budget, incorporating total increases of \$340.6 million and total reductions of \$46.7 million. In the 1994-96 biennium, proposed spending for human resources programs would account for 24.6 percent of general fund appropriations. Most of the increase (88 percent) is driven by increased use and cost inflation in Medicaid, a federally mandated entitlement program.

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
Sec. of Health/HR	\$ 1.0	7	<(\$ 0.1)	0	<\$ 0.1	0
Aging	16.5	30	<(0.1)	(1)	0.1	0
Board/Disabilities	0.2	4	<(0.1)	0	0.1	3
Department/Disabilities	0.5	22	(0.1)	0	<0.1	0
Deaf/Hard of Hearing	2.5	19	(0.1)	0	0.1	0
Health Professions	0.0	122	0.0	0	0.0	10
Health	218.2	4,435	(8.8)	(31.5)	7.2	135
Medical Asst. Services	1,900.3	402	(22.5)	0	300.7	13
Cost Review Council	0.0	26	0.0	(3)	0.4	0
Mental Hlth., MR, SA	661.8	10,858	(11.5)	(227)	19.6	189
Rehab. Services	33.8	839	(0.4)	(16)	0.0	0
Woodrow Wilson Ctr.	11.1	418	(0.4)	0	0.0	16
Social Services	475.5	1,587	(2.3)	0	12.3	142
Visually Handicapped	13.5	207	(0.4)	0	0.0	0
Center for Blind	0.5	35	<(0.1)	0	0.0	0
Employment/Training	1.3	35	(0.1)	0	0.0	2
Early Childhood Progs.	1.3	13	(0.1)	0	<0.1	0
Total	\$3,338.0	19,059	(\$46.7)	(278.5)	\$340.6	510

**FTE totals include both general and nongeneral fund positions.*

Summary of Reductions

Total reductions of \$46.7 million and 278.5 positions are recommended for health and human resources agencies. No reduction to an individual agency is greater than seven percent of general fund appropriations.

- Reductions in the Department of Mental Health, Mental Retardation, and Substance Abuse Services (MHMRSAS) total \$11.5 million. Operational capacity of state facilities will be reduced by 227 beds, 227 staff, and \$14.3 million. From the facility savings, an additional \$7.8 million would be distributed to localities for serving discharged patients in community settings. The MHMRSAS budget also includes a one percent reduction in state aid to Community Services Boards (\$2.8 million), and a \$2 million reduction in central office costs.
- Cost containment in Medicaid totals \$12.0 million (GF). The length of hospital stays will be reduced and managed care will be implemented statewide. Additional general fund savings of \$18.4 million are achieved by using Medicaid (50 percent federal funds) to cover a portion of indigent care costs at the state teaching hospitals. Also, projected FY 1994 balances of \$10.5 million would be used to partially offset increased costs in the 1994-96 biennium. Total general fund savings achieved through Medicaid adjustments in the Department of Medical Assistance and in the teaching hospitals would equal \$40.9 million.
- General fund appropriations for the Department of Health would be reduced by \$8.8 million. Of this total, \$2.7 million in savings will be achieved by reducing technical assistance to localities for waste water treatment, and elimination of 25 positions. Reductions of \$4.3 million in general fund appropriations will be offset by increased revenues from local health departments. About one-half of the increased revenues would be recovered by doubling well and septic fees, if approved by the General Assembly.
- A new automated system for client eligibility is being developed for the Department of Social Services. Automation is projected to save \$2 million in other administrative costs during the second year.

Summary of Increases

A total increase of \$340.6 million (GF) is recommended for health and human resources agencies. Most of the increase would fund rising costs of health, mental health, and social services.

- The Medicaid budget would be increased by \$300.7 million, most of which is for increased use and inflation. The increase also includes: court-ordered coverage of transplants in eligible children, added payments for homes for adults, automation enhancements, and costs associated with additional federal health standards in nursing homes. The Medicaid budget also reflects an increase of \$25.4 million, which is offset by savings of \$43.8 million in the teaching hospitals. (If all savings, balances, and fund shifts in the teaching hospitals were included, the net increase would be \$234.4 million from the general fund.)

- Funding for mental health and mental retardation services is increased by \$19.6 million. This increase includes \$7.4 million and 192 positions for mental health and retardation facilities. Funding would address added capacity needs and federally cited treatment deficiencies. Increased costs and use of medication will cost \$3.1 million. Also, declining Medicaid-eligible populations in state facilities are reducing nongeneral fund revenues. As a result, replacement of \$5.9 million from the general fund is recommended.
- A total of \$12.3 million (GF) is added for social services. This increase includes \$3.7 million for slight increases in AFDC caseloads, \$4.6 million for expanded automation, and \$4.5 million for rate increases in homes for adults. The total cost of rate and service enhancements in homes for adults is \$12.1 million (GF) and \$5.6 million (NGF), which includes added Medicaid funding.
- Total increases of \$7.2 million (GF) for the Department of Health include salary adjustments for physicians and sanitarians (\$2.0 million), federal mandates for laboratory quality (\$1.1 million), and rent charges transferred from the Department of General Services (\$2.2 million).

Department of Medical Assistance Services

The recommended appropriation for DMAS is \$2.2 billion (GF) for the biennium. This includes increases of \$300.7 million and reductions of \$22.5 million. (The increase in the budget bill is actually \$63.5 million (GF) greater, which simply reflects a transfer of matching funds from DMHMRSAS). Details on the increases and reductions in funding are described in an issue brief on Medicaid, which is included at the end of this section.

Reductions

- ***Cost Containment.*** A total biennial savings of \$12.0 million (GF) is proposed. Average length of stays in hospitals would be reduced (saving \$8.0 million), and managed care would be implemented statewide (saving \$4.0 million).
- ***1994 Balances.*** Reduced projections of Medicaid costs could result in year-end balances of \$10.5 million (GF) in FY 1994. The balances would offset a part of increased costs projected for the 1994-96 biennium.

Increases

- ***Service Costs.*** Most of the Medicaid increase would fund increases in use and inflation: \$90.4 million (GF) in the first year, and \$167.3 million (GF)

the second year. Other increases in service costs for the biennium include court-ordered organ transplants for eligible children (\$7.6 million), and payments for additional services in homes for adults (7.3 million).

Department of Mental Health, Mental Retardation and Substance Abuse Services

The recommended appropriation for DMHMRSAS is \$606.5 million (GF). The budget includes increases of \$19.6 million and reductions of \$11.5 million. (Also, \$63.5 million (GF) is reflected in the DMAS budget for Medicaid, which appears as a reduction in the DMHMRSAS budget.)

Reductions

- ***Facility Downsizing.*** Capacity of mental health hospitals and mental retardation training centers would be reduced by 227 beds, with the elimination of 227 positions. Total budget reductions for the facilities would be \$14.3 million. However, \$7.8 million of the savings would be distributed to communities for serving discharged patients. The net reduction in the department's budget for facility downsizing would be \$6.5 million. The following facilities would be reduced:
 - Eastern State Hospital (30 beds in the admissions unit),
 - Western State Hospital (75 beds),
 - Central State Hospital (25 beds),
 - Central Virginia Training Center (62 beds in the geriatric unit), and
 - Southside Virginia Training Center (35 beds).

- ***CSB Reductions.*** State aid for Community Services Boards would be reduced by one percent (\$1.4 million, GF) each year. The intent of the reduction is to reduce administrative costs, but not services. If a CSB plans to reduce services, it must certify to DMHMRSAS that no other option is possible.

- ***Central Office.*** For each year of the biennium, \$1 million would be cut from central office costs. Of this total, \$750,000 per year is a contract with the Medical College of Virginia for substance abuse services.

Increases

- **Central State Forensic Unit.** A new 70-bed addition included in the general obligation bond issue will require staff and operating support. The expansion is expected to begin operation in September 1995. In the second year, \$1.9 million (GF), \$57,686 (NGF), and 77 positions are added.
- **Northern Virginia Mental Health Institute.** Funds and positions are added to staff a new 60-bed addition in January 1996 and to address treatment deficiencies. In the first year, \$837,454 (GF) and \$181,099 (NGF) are added. In the second year, \$2.6 million (GF) and \$554,830 (NGF) are added. A total of 115 additional positions would also be added.
- **Northern Virginia Training Center.** To address staffing and treatment deficiencies cited by the federal justice department, the caseload at NVTC will be reduced by 40 residents. Funds for serving these persons in the community would be added: \$600,000 (GF) the first year and \$1.1 million (GF) the second year.
- **DeJarnette Center.** To meet Medicaid and accreditation standards, 13 positions and \$201,662 (GF) and \$201,662 (NGF) will be added each year.
- **Medication Costs.** Increased use and costs of prescription drugs by mentally disabled persons is expected to cost \$1.3 million (GF) and \$752,203 (NGF) the first year. In the second year, \$1.8 million (GF) and \$1.1 million (NGF) are added. The increase is provided for state facilities and for the Aftercare Pharmacy, which serves patients in the community.
- **Offsets to Decline in Nongeneral Funds.** As the Medicaid-eligible population is reduced in facilities, federal funding has declined. Also, one-time balances that supported continuing costs have been depleted. To replace these nongeneral fund revenues, \$3.5 million (GF) the first year and \$2.4 million (GF) the second year are recommended.
- **Psychiatric Care at Southwest Virginia Mental Health Institute.** Additional funding is recommended to meet the increased costs of contract and staff psychiatrists. Recommendations include \$364,937 (GF) and \$112,479 (NGF) each year.
- **Service Contracts at Southeast Virginia Training Center.** Additional contract costs for housekeeping services and medical care are recommended: \$187,725 (GF) and \$163,229 (NGF) each year.
- **DGS Rental Charges.** Rent for office space in Richmond (\$2.0 million for the biennium) is appropriated in the DMHMRSAS budget. Previously, these costs were included in Central Appropriations
- **Nongeneral Fund Grants.** Foundation and federal grants for inner city youth and mentally ill homeless persons will pass through DMHMRSAS to

the localities that received grant awards. Richmond will receive grants for both purposes. The Hampton-Newport News CSB will receive a portion of the homeless assistance grant. Expected grants total \$5.5 million for the biennium.

Virginia Department of Health

The proposed biennial budget for VDH is \$216.6 million (GF). This includes reductions of \$8.8 million and increases of \$7.2 million.

Reductions

- ***Technical Assistance for Wastewater Treatment.*** Twenty-five positions and \$1.4 million (GF) each year would be eliminated from wastewater engineering services. As necessary, localities and wastewater treatment operators could contract for engineering reviews of treatment plans.
- ***Fee Increase for Well and Septic Permits.*** VDH proposes to increase well permit inspections from \$25 to \$50, which is about equal to the cost of inspections. Septic permit fees would increase from \$50 to \$100, although the cost of each inspection is estimated at \$175. Anticipated fee revenue of \$1.1 million each year would offset a general fund reduction of the same amount. A statutory change is required.
- ***Hepatitis Vaccines for Rescue Squads.*** The budget deletes \$200,000 each year to vaccinate volunteer rescue squad members. The 1993 General Assembly added \$200,000 in FY 1994 for this purpose. Future turnover in squad members would determine how much of the vaccine costs would be borne by the rescue squads.
- ***Water Supply Revolving Loan Fund.*** Loans to help small localities improve water supply systems would be eliminated, saving \$100,000 each year.
- ***Alzheimer's Disease Registry.*** Contracts with MCV and UVA for brain autopsies on Alzheimer's disease victims would be eliminated, along with the two positions in VDH responsible for maintaining the registry. This action would save \$101,966 (GF) each year.
- ***Fees for Certificate of Public Need.*** The 1993 General Assembly approved a fee increase for review of COPN applications, from 0.5 to 1 percent of the capital cost in July 1994. Additional revenue from this action will offset \$119,429 in general fund costs each year.
- ***Nongeneral Fund Revenues.*** Projected increases in collection of revenues by local health departments is expected to reduce the need for appropriations from the general fund by \$1 million each year. A major

source of additional revenue is Medicaid for personal care, maternal and child health, and dental health for children.

- ***Administrative Savings.*** A savings of \$356,500 each year is recommended from reduced travel, training, equipment purchases, and 4.5 positions.

Increases

- ***DGS Rental Charges.*** About one-third of the increase for VDH is accounted for by the inclusion of \$1.1 million each year for rental charges. Previously, these costs were included in Central Appropriations.
- ***Sanitarian and Physician Regrades.*** As approved by the Department of Personnel and Training, salaries for primary care physicians and sanitarians would be increased by four steps. The cost of the recommendation is \$1 million (GF) and \$711,457 (NGF) each year.
- ***Increased Rent and Renovation of Local Offices.*** Increases are recommended for rent and utilities in 163 local health department offices, and renovations in 14 of the most deteriorated facilities. The cost would be \$477,625 (GF) and \$315,083 (NGF) the first year. In the second year, \$724,644 (GF) and \$483,096 (NGF) are recommended.
- ***Federal Mandates for Lab Quality.*** Recent federal requirements for training, supervision, and equipment testing will add costs in local health department laboratories. For each year of the biennium, four positions and \$552,362 (GF) and \$552,362 (NGF) are recommended.
- ***Tuberculosis Outreach.*** Twenty-two positions, \$209,030 (GF) and \$168,877 (NGF) each year are recommended to improve outreach and treatment monitoring for tuberculosis victims.
- ***Roanoke Medical Examiner's Office.*** A contract with a local hospital for medical examiner services has expired. New office space and one position will be required, at a cost of \$106,550 (GF) the first year and \$92,100 (GF) the second year.
- ***Nongeneral Funds.*** Additional federal funds are expected for nutrition programs, AIDS prevention and treatment, and primary care. Federal funds would increase by \$6.7 million the first year and \$9.0 million the second year. A total of 65 positions would be added.

Department of Social Services

The recommended \$485.5 million (GF) biennial budget for DSS includes reductions of \$2.3 million and increases of \$12.3 million. A total of 142 positions are added, mostly supported by nongeneral funds for child support enforcement.

Reductions

- ***Savings through Automation.*** A savings of \$2 million in the second year is recommended, when automation of client eligibility begins to reduce administrative costs in local departments of social services.
- ***Central Office Savings.*** Training, travel and other general administrative costs would be reduced by \$147,413 the first year and \$168,714 the second year.

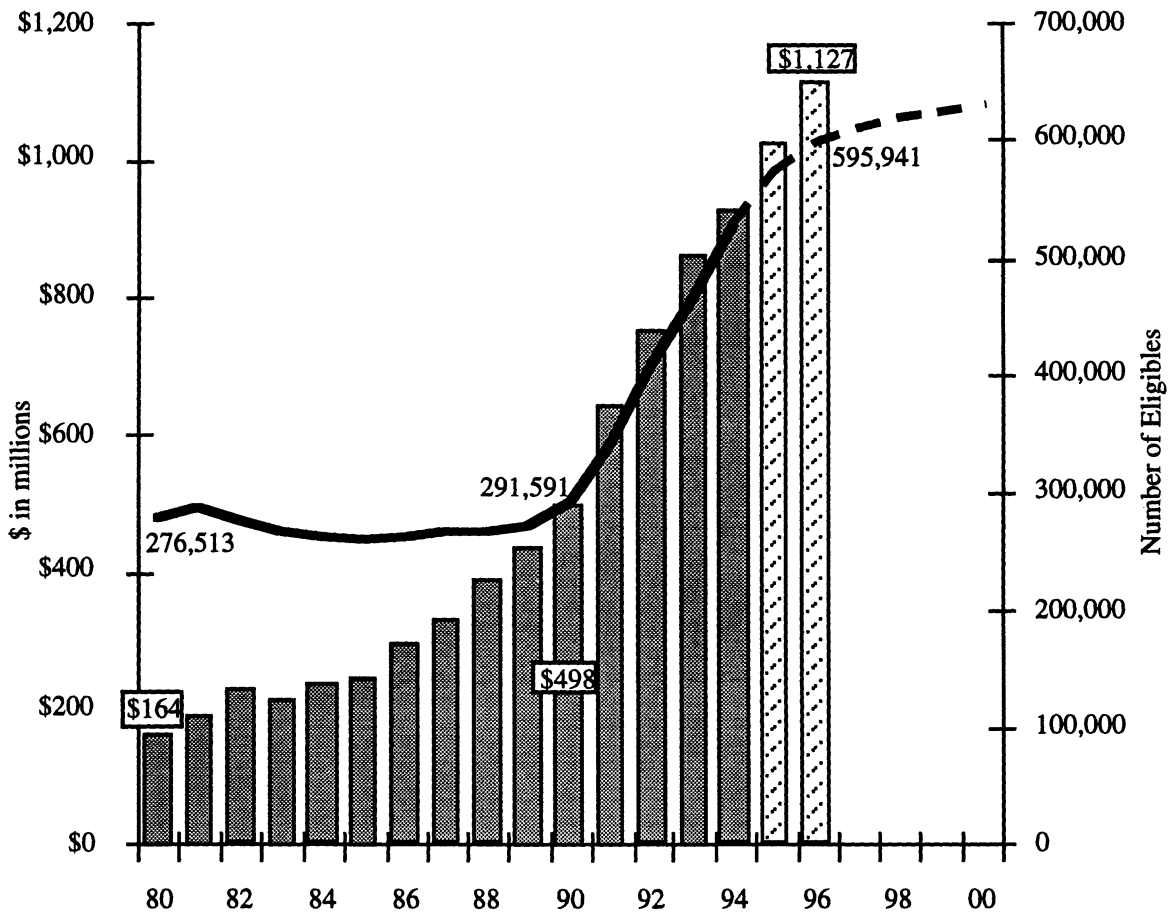
Increases

- ***AFDC Caseload Growth.*** Although the state's economy is slowly recovering, slight growth (less than one percent) is still projected in the caseload for Aid to Families with Dependent Children. Benefit costs are expected to increase by \$1.2 million (GF) the first year and \$2.5 million (GF) the second year. An equal amount of federal funds is also included.
- ***Automation of Client Eligibility.*** DSS is phasing in a new automated eligibility system. Client records will need to be entered onto the system in local departments of social services. The budget includes \$137,415 (GF) and \$195,611 (NGF) the first year, and \$848,445 (GF) and \$1.2 million (NGF) the second year for this purpose. Additional computer charges and maintenance are also expected, at a cost of \$1.5 million (GF) and \$1.3 million (NGF) the first year, and \$2.1 million (GF) and \$1.9 million (NGF) the second year.
- ***Homes for Adults.*** In the DSS budget, \$2.7 million (GF) the first year and \$1.8 million (GF) the second year is added for increase auxiliary grant payments to homes for adults. This amendment is part of a new, two-level system of care and reimbursement. The total \$17.7 million proposal is described in an issue brief in the following section.
- ***Child Support Enforcement.*** A number of amendments add nongeneral funds and staff to increase enforcement of child support orders. These amendments include:
 - \$2 million for 20 additional support positions;

- \$7.8 million for additional computer equipment, plus operational and communications costs;
 - \$3 million in postage for additional billings;
 - \$8.7 million for 117 additional support enforcement positions; and
 - \$573,516 for increased space and rent in central and local offices.
- ***Fund Transfer to DOE.*** Interagency funds for treatment of emotionally and behaviorally disturbed youth have been consolidated in the Department of Education, pursuant to the Comprehensive Services Act. Each year of the biennium, \$450,000 would be transferred from the DSS budget.

Medicaid Growth

Over the last 10 years, Medicaid costs have increased 500 percent, while the number of recipients has doubled. During this period, Medicaid spending has increased from four to 14 percent of the state general fund budget. This rapid growth has been fueled by inflation in medical costs (twice the rate for other goods and services), federally mandated expansions in eligibility, and use of Medicaid as a primary funding source for long-term care.



Increases

For the 1994-96 biennium, an additional \$257.6 million (GF) is proposed to meet projected costs for inflation and service use. Recommended funding assumes that no new federal mandates will expand eligibility during the biennium.

Other additions include a \$7.6 million increase for organ transplants in eligible children, as a result of a legal ruling. Also, \$1.1 million is added to meet federal occupational health and safety standards for prevention of communicable diseases in nursing homes. Additional automation would add \$1.5 million (GF) in

costs for the biennium. As discussed in the next issue brief, \$7.3 million (GF) and \$5.6 million (NGF) is added for the Medicaid costs of a new reimbursement system in homes for adults.

Reductions

To partially offset increases in Medicaid costs, and to save general funds for medical services, a number of actions are proposed to contain costs and reduce general fund impacts. A total general fund savings of \$42.4 million is proposed. Of this total, \$12 million would result from cost containment actions, and the remainder from fund shifts and unspent balances.

Cost Containment. The Virginia Hospital Association has agreed to work with hospitals to reduce the average length of stay for Medicaid patients to a level equal to other payers. Savings from this action are projected to be \$4 million (GF) each year of the biennium.

The Department of Medical Assistance Services also plans to expand its managed care program on a statewide basis. Currently, 104,000 recipients are in Medicaid managed care. Statewide expansion could reach 230,000 recipients. Projected savings are \$2 million (GF) each year.

Fund Balances. An estimated balance of \$10.5 million (GF) is expected at the end of FY 1994 as a result of revised cost projections. This balance would partially offset increased costs in the 1994-96 biennium.

Fund Shifts. Two adjustments are proposed in the method for calculating reimbursement rates for the two state teaching hospitals at UVA and MCV. Additional adjustments can be made in the reimbursement ceiling for UVA, because the hospital serves a disproportionate share of Medicaid recipients. (MCV and UVA already receive some "disproportionate share" payments.) Medicaid reimbursement (50 percent federal funds) can be substituted for indigent care payments (100 percent state funds). The total biennial savings is expected to be \$8.0 million (GF). However, \$5.0 million of the savings is proposed for indigent care costs at the Medical College of Hampton Roads. Therefore, the net savings would be \$3.0 million.

The second adjustment would revise the calculation of cost inflation and reimbursement for MCV and UVA. This action would also substitute Medicaid funds for indigent care funds. The savings from this action would be \$17.4 million (GF), but MCV and UVA would be allowed to retain \$2 million for utilization increases. The net savings from this action would be \$15.4 million.

These two reimbursement changes would add \$25.4 million (GF) in the budget of the Department of Medical Assistance Services, but save \$43.8 million (GF) in the budgets of MCV and UVA hospitals. The net savings would be \$18.4 million (GF).

As illustrated below, the total of all Medicaid increases, savings, and fund shifts would add \$234.4 million in costs to the general fund.

DMAS Biennial Budget (GF, \$ Millions)		
Base Budget		\$ 1,900.3
Increases		
Use and Inflation	\$ 257.6	
Organ Transplants	7.6	
Homes for Adults Payments	7.3	
Automated Systems	1.5	
Nursing Home Mandates	1.1	
Managed Care Positions	0.2	
<i>Medicaid for Indigent Care*</i>	8.0	
<i>Revised Payments to MCV and UVA*</i>	17.4	
Subtotal: Increases		300.7
Reductions		
Hospital Stays	(8.0)	
Statewide Managed Care	(4.0)	
1994 Balances	<u>(10.5)</u>	
Subtotal: Reductions		<u>(22.5)</u>
DMAS Total: 1994-96 Biennium		\$ 2,178.5**
*Note:		
Medicaid Increase (\$300.7 million-\$22.5 million)	\$ 278.2	
General Fund Savings in State Teaching Hospitals	<u>(43.8)</u>	
Net General Fund Increase		\$ 234.4
**Does not include \$63.4 million transferred from DMHMRSAS to DMAS for Medicaid match.		

Homes for Adults

In a recent study of homes for adults, the Joint Legislative Audit and Review Commission found that many disabled residents required additional services to meet their needs. The 1993 General Assembly established a new regulatory and service system to meet different levels of disability. The 1994-96 budget includes funding to serve about 8,000 eligible residents.

1993 General Assembly Actions

The 1993 General Assembly adopted a two-level service system for residents in homes for adults. The service levels are based on the degree of resident disability. Persons with greater needs for assistance in daily living activities would receive additional services. State reimbursement would be increased to pay for additional services.

The 1993 General Assembly approved funding for the new system, effective June 1, 1994. Total funding of \$1.1 million was approved for FY 1994, which included increases in the monthly rate paid to homes for adults and new case management services. (Savings of \$1 million are included in SB 31, based on revised cost estimates, timing of basic rate disbursements, and implementation of assisted living payments in January 1995.)

Proposed Funding for 1994-96

Totals of \$12.1 million (GF) and \$5.6 million in federal Medicaid funds are recommended for the 1994-96 biennium. Funding would support rate increases in homes for adults, case management services for residents needing services, and Medicaid reimbursement for qualified persons with medical needs.

The maximum monthly rate for basic room and board would be increased from \$631 to \$695 per month, effective June 1, 1994. For persons requiring greater levels of assistance, a general fund supplement of \$90 per month (\$785 total) is authorized. For persons with more intensive medical needs, who might otherwise qualify for nursing home care, a \$180 monthly Medicaid supplement is provided (50 percent federal funds). The maximum monthly rate for this group would be \$875.

Of the 8,000 residents in homes for adults who would receive state assistance, about 15 percent (1,200 persons) are expected to need assisted living services. Another 20 percent (1,600 persons) are expected to qualify for Medicaid reimbursement.

Because reimbursement will be based on the level of each individual's needs, case managers will need to certify the level of disability and ensure the adequacy of care. A total of seven positions are added in the Departments of Social Services and Medical Assistance Services to administer the new payment and regulatory system.

Natural Resources

A net general fund reduction of \$1.9 million for the biennium has been recommended by the Governor for Natural Resource agencies. SB 30 recommends a decrease in general fund spending of 1.32 percent for the Natural Resource secretariat overall. General fund changes in specific agencies range from an increase of 30.98 percent to a decrease of 9.27 percent. Proposed general fund reductions total \$11.6 million and 62 FTE. Proposed general fund increases total \$9.7 million and 192 FTE.

The major recommended increases in SB 30 include proposals to provide \$1.4 million in general fund support for two historical societies, support of \$1.4 million for increased operations in park and natural area projects funded through the 1992 General Obligation bonds, and continued funding in the amount of \$3.0 million for the Buena Vista Floodwall. An additional \$1.2 million has been recommended to support the cost of privately leased office space for the offices of the Department of Environmental Quality.

Major reductions include: elimination of Virginia Water Revolving Loan funds (\$1.0 million); elimination of funding for the statewide soil survey (\$1.3 million); and elimination of the EcoMaps program (\$0.3 million). The Governor's budget also recommends passage of legislation authorizing the implementation of a \$10 per ton solid waste "tipping" fee. The fee would generate \$50.0 million per year, \$47.0 million of which would be returned to localities. The remaining funds would be used for additional regulatory activities within the Commonwealth. Finally, SB 30 proposes shifting the cost of several programs from general fund sources to the Marine Fishing Improvement Fund and the Virginia Saltwater Recreational Fishing Development Fund.

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
Sec. of Nat. Res.	\$ 0.7	5	<(\$0.1))	(0)	<\$0.1	0
Env. Quality	62.7	908	(4.7)	(20)	3.7	171
Hist. Resources	4.2	43	(0.4)	(1)	1.7	0
Game/Inland Fish.	NGF	444	NGF	(33)	NGF	0
Conserv./Recreat.	42.4	344	(4.8)	(8)	4.2	19
Marine Res. Comm.	15.8	162	(1.3)	0	0.0	0
Ches. Bay Local Assistance Dept.	4.6	20	(0.0)	0	0.1	2
Mus. of Nat. Hist.	4.0	35	(0.4)	(0)	0.0	0
Total	\$134.4	1,961	(\$11.6)	(62)	\$9.7	192

Increases in (NGF) appropriations have been recommended for the Department of Environmental Quality for a number of programs, including: Clean Air Act Compliance (\$16.1 million and 154 FTE); Environmental Emergency Response (\$0.9 million and 7 FTE); and Oil Discharge Monitoring (\$0.6 million and 9 FTE).

Additional (NGF) appropriations are also recommended for the Department of Conservation and Recreation. These recommendations include: increased revenues from user fees in State Parks (\$0.9 million); federal funds for Nonpoint Source Pollution and Land & Water grants (\$1.6 million); and funding from federal and private sources for Natural Areas inventories (\$0.5 million).

Agency reduction strategies include plans to: eliminate the mobile lab used for wastewater treatment plant testing; eliminate general fund support for EcoMap services; eliminate the Main Street Program; eliminate the Threatened Archaeological Sites Fund; reduce grants for local park projects and public beaches; eliminate funding for the statewide soil survey and shoreline advisory services; and reduce the Best Management Practices program.

Department of Environmental Quality

The Governor's budget recommendations provide for a net general fund decrease of \$0.9 million for the Department of Environmental Quality and a net nongeneral fund increase of \$17.8 million. An increase of 151 FTE positions is also recommended. With these changes, the 1994-96 biennial appropriation for DEQ would be \$61.8 million (GF), \$102.2 million (NGF), and 1,059 FTE positions.

Reductions

- ***Agency Reductions.*** Reductions of \$2.7 million (GF) and 18 FTE positions are budgeted to Central Appropriations. Included in the reduction plan are the following elements:
 - Provide administrative efficiencies in enforcement and inspection activities (\$0.3 million and 3 FTE).
 - Institute a solid waste disposal fee of \$10 per ton. The fee is projected to provide revenues of approximately \$50.0 million in the second year. The Governor's budget proposes that \$47.0 million of these revenues be returned to localities and the remainder be used to fund additional regulatory activities and to replace a \$0.5 million (GF) reduction in the agency. A companion increase of \$0.2 million has been proposed for the Department of Mines, Minerals and Energy to allocate revenues from the disposal of waste from mineral mining operations. The implementation of this plan would require legislative authorization in the 1994 session. A detailed description of the proposal is included at the end of this section.

- Reduce environmental impact analysis, response to chemical emergencies, air modeling analysis and water research activities (\$1.1 million GF and 12 FTE). The water research reduction would eliminate the mobile lab testing provided to local wastewater treatment plants throughout the state.
- Switch storage tank inspection positions from general fund to nongeneral fund sources (\$0.5 million).
- Eliminate general fund support for EcoMaps services (\$0.3 million and 3 FTE).
- **Wastewater Revolving Loan Fund.** The elimination of general fund support (\$2.0 million) for the Wastewater Revolving Loan Fund is recommended in SB 30. Due to the uncertainty of future federal funding for this program, the Governor's budget recommends that language be provided giving the Governor authority to grant match funding to DEQ if federal wastewater funding is made available. A more detailed description of this program is provided at the end of this section.

Increases

- **Increased Rental Charges.** An increase of \$1.2 million (GF) is recommended to pay the general fund portion of increased rent costs associated with DEQ's move from state-owned space to privately leased space.
- **Transfer of Laboratory Testing Costs.** The Governor's budget proposes the transfer of \$2.6 million (GF) from the Department of General Services to the DEQ. The funds are to be used to support scientific analysis of air samples, hazardous waste samples, and soil/sediment/tissue samples for DEQ. Previously, DGS' Consolidated Laboratory has performed these analyses for DEQ. Under a pilot program, DEQ would have the authority to use DGS or contract with private vendors for the performance of these services.
- **Nongeneral Fund Appropriations.** Increases in NGF appropriations have been recommended for the Department of Environmental Quality for a number of programs, including: Clean Air Act Compliance (\$16.1 million and 154 FTE); Environmental Emergency Response (\$0.9 million and 7 FTE); and Oil Discharge Monitoring (\$0.6 million and 9 FTE).
- **Transfer Coastal Zone Management.** A total of \$1.4 million in nongeneral funds for the administration of the federal Coastal Zone Management program and 2 FTE positions have been transferred to the Chesapeake Bay Local Assistance Department.

Department of Historic Resources

The Governor's budget recommendations provide for a net increase of \$1.3 million (GF) for the Department of Historic Resources. With these changes, the 1994-96 biennial appropriation for the agency would be \$5.5 million (GF), \$1.3 million (NGF), and 42 FTE positions.

Reductions

- **Agency Reductions.** Reductions of \$0.4 million (GF) and 1 FTE position are budgeted to Central Appropriations. Included in the reduction plan are the following elements:
 - Elimination of the Main Street program (\$67,500). The Department of Historic Resources and the Department of Housing and Community Development jointly provide downtown revitalization services to communities with populations between 5,000 and 50,000. The proposed reduction would eliminate the Department's support for the program.
 - Eliminate Threatened Archaeological Sites Fund (\$0.1 million).
 - Eliminate subsidy provided to the Preservation Alliance (\$10,796).
 - Reduce publications and outreach programs (\$63,692).
 - Eliminate 1 administrative position (\$0.1 million and 1 FTE).

Increases

- **Funding for Historical Societies.** An increase of \$1.4 million (GF) is recommended to provide grants to the Virginia Historical Society and the Corporation for Jefferson's "Poplar Forest."
- **DGS Rental Charges.** An increase of \$0.3 million (GF) is recommended to pay the general fund portion of rent to the Department of General Services for space that the agencies occupy in state-owned buildings in the Capitol Square area. In prior biennia, the funding for this purpose was provided in Central Appropriations.

Department of Conservation and Recreation

The Governor's budget recommendations provide for a net decrease of \$0.7 million (GF) for the Department of Conservation and Recreation and an increase in nongeneral funds of \$3.0 million. With these changes, the 1994-96 biennial appropriation for the agency would be \$41.7 million (GF), \$15.1 million (NGF), and 355 FTE positions.

Reductions

- ***Agency Reductions.*** Reductions of \$4.8 million (GF) and 8 FTE positions are budgeted to Central Appropriations. Included in the reduction plan are the following elements:
 - Eliminate general fund support (\$1.3 million) for the Soil Mapping Services program. This action would eliminate soil mapping. With approximately 5.1 million of Virginia's 26.0 million acres remaining to be mapped as of April 30, 1993, the General Assembly goal of completing the soil survey by 1996 would not be met.
 - Reduce wage staff in parks, to provide \$0.6 million in savings.
 - Eliminate the shoreline advisory program, to provide \$0.6 million in savings.
 - Eliminate local park project grants to localities, for a savings of \$0.5 million and 1 FTE position. These grants to localities have supported the acquisition and development of local recreation areas.
 - Eliminate funding for public beaches, to provide savings of \$0.1 million.
 - Eliminate general fund support for non-Chesapeake Bay Agricultural Best Management Practices (BMPs) programs, to provide savings of \$0.1. Federal support for the program is still provided.
 - Implement agency downsizing and efficiency strategies to provide \$1.6 million (GF) and 7 FTE in savings in the 1994-96 biennium.

Increases

- ***Buena Vista Flood Wall.*** A total of \$1.8 million (GF) has been recommended to assist the City of Buena Vista to meet the cost-share requirement for the construction of a flood control project by the U.S. Army Corps of Engineers. This is a continuation of funding, begun in 1991, which is needed through FY 1997. The total cost of the project, to be paid over five years, would be \$41.7 million. Of that amount, general funds totaling \$4.7 million will be required. The remaining portion would be paid from federal and local sources.
- ***Funding State Park Needs.*** A total of \$1.4 million (GF), \$0.9 million (NGF) and 19 FTE have been recommended to provide for additional costs associated with the expansion of operations in park facilities and natural areas that were acquired, expanded, or improved with proceeds from the 1992 general obligation bonds.

- ***DGS Rental Charges.*** An increase of \$0.9 million (GF) is recommended to pay the general fund portion of rent to the Department of General Services for space that the agency occupies in state-owned buildings in the Capitol Square area. In prior biennia, the funding for this purpose was provided in Central Appropriations.
- ***Nongeneral Fund Appropriations.*** Additional (NGF) appropriations are recommended for the Department of Conservation and Recreation. These recommendations include: increased revenues from user fees in State Parks (\$0.9 million); federal funds for Nonpoint Source Pollution and Land & Water grants (\$1.6 million); and funding from federal and private sources for natural area inventories (\$0.5 million).

Marine Resources Commission

The Governor's budget recommendations provide for a decrease of \$1.3 million (GF) for the Marine Resources Commission. With this reduction, the 1994-96 biennial appropriation for the Commission would be \$14.5 million (GF), \$8.8 million (NGF) and 162 FTE positions.

Reductions

- ***Agency Reductions.*** Reductions of \$1.3 million (GF) are budgeted to Central Appropriations. SB 30 proposes shifting the cost of several programs from general fund sources to the Marine Fishing Improvement Fund and the Virginia Saltwater Recreational Fishing Development Fund. The programs include: Wallop-Breaux grants; artificial reefs; oyster repletion; and a portion of law enforcement activities.

Chesapeake Bay Local Assistance Department

No reductions are recommended for the Chesapeake Bay Local Assistance Department. The Governor's budget recommendations provide an increase of \$100,605 (GF) and an increase of \$1.4 million (NGF) for CBLAD. With these changes, the 1994-96 biennial appropriation for the Department would be \$4.7 million (GF), \$1.4 million (NGF) and 22 FTE positions.

Increases

- ***DGS Rental Charges.*** An increase of \$0.1 million (GF) is recommended to pay the general fund portion of rent to the Department of General Services for space that the agency occupies in state-owned buildings in the Capitol Square area. In prior biennia, the funding for this purpose was provided in Central Appropriations.

- ***Coastal Zone Management Program.*** A total of \$1.4 million in nongeneral funds for administration of the federal Coastal Zone Management program and 2 FTE positions have been transferred from the Department of Environmental Quality.

Virginia Museum of Natural History

The Governor's budget recommendations provide for a decrease of \$0.4 million (GF) for the Virginia Museum of Natural History. With this reduction, the 1994-96 biennial appropriation (GF) for the Museum would be \$3.7 million.

Reductions

- ***Agency Reductions.*** Reductions of \$0.4 million (GF) are budgeted to Central Appropriations. Included in the reduction plan are the following elements:
 - Eliminate branch museums at Virginia Tech and the University of Virginia (\$259,500).
 - Reduce general fund support for one administrative staff position (\$114,578). The FTE position is continued for a development officer, but is funded from nongeneral fund sources.

Federal Clean Air Act Mandates

The 1990 amendments to the federal Clean Air Act require the implementation of operating permit programs within Virginia. The programs are administered by the Department of Environmental Quality. The resources requested (\$16.1 million NGF and 154 FTE) will support four key aspects of the operating permit programs:

- 1) Permit issuance;
- 2) Enforcement of permit terms and conditions;
- 3) Assistance to small businesses subject to the program; and,
- 4) Implementation of the federal hazardous air pollutant program through the issuance of permits.

The primary source of funding for these programs would be revenues generated by the permit program. The Department of Environmental Quality currently has the authority to implement the programs and collect the fees. No legislation is required in the 1994 Session.

In addition, the existing motor vehicle emissions inspection program in Northern Virginia will be expanded and restructured as a centralized, test-only program. Finally, there are approximately 600 gasoline facilities in the Richmond nonattainment area that will be required to install Stage II vapor recovery systems. An enforcement program will be implemented to ensure compliance with this program requirement. Administration of the program will be funded by a fee added onto the annual vehicle registration collected by the Department of Motor Vehicles in the affected localities. This fee will go into effect on July 1, 1994. No legislation is required to implement this program.

The federal Clean Air Act mandates provide significant, cross-cutting sanctions if requirements are not met. These sanctions include: assumption of the state's air quality program by the U.S. Environmental Protection Agency; prohibition of the siting of new industrial facilities in nonattainment areas; and loss of federal funds for transportation projects.

Virginia Water Facilities Revolving Loan Fund

The Governor's budget recommends the elimination of the remaining \$2.0 million general fund match for the Revolving Loan fund in the 1994-96 biennium.

Federal Program

Prior to 1987, the federal government made direct grants to localities for project financing of wastewater treatment plant construction and expansion, so that localities could comply with federal environmental standards. This program was governed by the Clean Water Act of 1972. The nature of the federal grants changed significantly with the enactment of the Water Quality Act in 1987.

As a result of the new legislation, states were required to establish "revolving" or self-perpetuating funds to finance project costs, in order to qualify for federal funds. Under the new regulations, federal money was no longer available in the form of direct grants. Rather, states were authorized to use federal funds to support loans to localities. As loan repayments from localities were made to the state, those funds were used to generate additional loans to other localities. This resulted in the revolving nature of the fund.

Congress has authorized federally funded capitalization grants for state revolving funds through fiscal year 1994, after which the revolving fund programs are expected to be self-perpetuating. The legislation has required a 20 percent match of state funds, prior to any of the federal monies being released.

Virginia's Program

In 1986, the General Assembly created the Virginia Water Facilities Revolving Loan Fund to facilitate self-sufficiency for wastewater financing. Virginia agreed to satisfy the 20 percent match requirement on all federal funds received under the program. The General Assembly continued its commitment to the program by providing appropriations each biennium -- a total of \$59 million since 1987. Total funds generated for the program from state and federal sources is approximately \$300.0 million.

The program provides loans to localities throughout the Commonwealth for construction of, or upgrades for, wastewater treatment plants. Loans are provided at or below current interest rates. All principal and interest is repaid into the Fund and the money is then re-loaned for new projects. In previous years, this program has provided funding for approximately fifteen localities per year.

Continued federal funding for this program is uncertain at this time. Rather than provide funding in the Department of Environmental Quality's budget for this program in the 1994-96 biennium, language has been provided giving the Governor the authority to grant additional match funding to DEQ if federal wastewater money is made available.

Solid Waste Disposal Fee

The Governor's budget proposes the creation of a Virginia Waste Management Fund. Revenues to the Fund would be provided from a \$10 fee per ton of solid waste generated or disposed of in the Commonwealth and a \$15 fee per ton of hazardous waste generated, effective July 1, 1994. It is projected that these fees would produce revenues of \$51.0 million per year. This proposal is contingent upon enactment of authorizing legislation during the 1994 Session of the General Assembly.

The proposal assumes that six percent of the total revenue collected from the solid waste disposal fee would be retained by the Department of Environmental Quality (DEQ) to cover administrative costs and to replace approximately \$1.2 million in reductions in general fund support for waste management activities. A proposed \$0.2 million would be transferred to the Department of Mines, Minerals and Energy. All of the revenues collected from the hazardous waste disposal fee would be retained by the DEQ to fund a program of hazardous waste management permitting, inspection, investigation and enforcement, remediation and pollution prevention.

It is proposed that sixty-five percent of any fees generated on in-state solid waste would be sent back to the locality in which the facility is located or to the public service authority that operates the facility. The remaining twenty-nine percent of the revenues from in-state solid waste disposal fees would be redistributed to localities, businesses or public service authorities through a grant process.

Ninety-four percent of the revenues generated from out-of-state solid waste disposal would be redistributed to localities throughout the Commonwealth through a grant process. Grants would be awarded on the basis of demonstrated need, readiness to use the grant money and the proposed use of the funds. Priority would be given to localities requesting assistance for facility planning or implementation, and by local governments experiencing financial hardship.

On a quarterly basis, operators of solid waste disposal facilities, transporters of solid waste, and generators of hazardous waste would be required to report the amount of waste transported, disposed of, or generated by their operations. Payment of the fees would be made on a quarterly basis, as well.

Transportation

The Governor's recommended budget generally continues current services with available nongeneral fund revenues. Additional revenues will allow transportation base budgets to increase by 2.3% or \$93 million (NGF) for the 1994-96 biennium. Also included is the full \$40 million per year from general funds for the Route 58 Corridor Development Program. This is \$17.7 million per year above the \$22.3 million appropriation in the FY 1994 budget.

Other significant nongeneral fund increases include \$54.2 million for highway construction and \$10 million for public transit operating and capital support. One additional position is budgeted for the Department of Rail and Public Transit.

The Department of Motor Vehicles is budgeting an additional \$26.4 million above its base. This includes \$17.6 million for automation of labor intensive tasks and \$6.2 million to operate their new integrated computer system. In addition, 20 additional positions are budgeted for DMV.

No decreases were recommended in transportation agency budgets.

Governor's Recommended 1994-96 Transportation Budget (All Funds, \$ Millions)			
	<u>Base Budget</u>	<u>Recommended Increase</u>	<u>Recommended Budget</u>
Secr. of Transportation	\$0.7	\$0.0	\$0.7
Dept. of Transportation	3,633.5	56.5	3,690.0
Rail and Public Transp.	169.9	10.1	180.0
Dept. of Motor Vehicles	240.5	26.4	266.9
Dept. of Aviation	<u>30.0</u>	<u>0.0</u>	<u>30.0</u>
Total	\$4,074.7	\$93.0	\$4,167.6

Department of Transportation

Increases

- ***Route 58 Corridor Development Fund.*** The VDOT base budget includes \$22.3 million (GF) per year in debt service for the Route 58 Fund. The Governor recommends increasing that amount by \$17.7 million per year, to provide the full \$40 million per year in general funds originally envisioned when the program was approved in 1989.
- ***Funds for Highway Construction.*** The forecast of projected Transportation Trust Fund (TTF) revenues available for highway construction has increased by \$50.2 million in FY 1995 and \$4.0 million in FY 1996.
- ***Funding for Maintenance of Physical Plant.*** The budget as introduced, provides \$1.0 million in FY 1995 and \$1.3 million in FY 1996 for maintenance replacement activities in the district, residency, and area maintenance headquarters offices.

Department of Rail and Public Transportation

Increases

- ***Public Transit.*** Increased transportation revenues are projected to provide \$4.4 million in FY 1995 and \$5.7 million in FY 1996 for additional public transit support. These additional funds would be allocated through the mass transit formula (73.5 percent for transit operating support, 25 percent for capital needs, and 1.5 percent for experimental and ridesharing programs).
- ***Grants Management.*** The budget as introduced includes \$45,094 in FY 1995 and \$50,186 in FY 1996 for one FTE to consolidate financial accounting within the agency and help administer grants to local transit properties.

Department of Motor Vehicles

Increases

- **Automation.** The budget, as introduced, recommends \$9.9 million the first year and \$7.7 million the second for automation projects to compliment the integrated driver and registration computer system completed this year. These projects include: replacement of hardware and software; simplification of data entry through magnetic strip readers and document imaging systems; and computerized purchasing and inventory systems. In addition, the department is expanding automation of its driver's license program, placing ATM's (costing \$40,000 each) to renew vehicle registrations at each of the 12 emissions control stations in Northern Virginia, and increasing participation in the automated dealer program.
- **Funds to Run New Computer System.** The budget, as introduced, recommends \$2.9 million in FY 1995 and \$3.3 million in FY 1996 to meet projected costs for running the new integrated driver and registration computer system (CSS). The system uses more disks, tapes, and transactions, because it updates all related files automatically. The new CSS merges all vehicle and driver records into one system. This provides a more complete and flexible computer records system to track all drivers with their vehicles.
- **Expanded Branch Office.** Expanded branch offices have been included in the capital outlay request for the 1994-96 biennium. These offices include South Hill, Portsmouth, and Manassas. Only South Hill is expected to be completed and operational in the 1994-96 biennium. The budget, as introduced, includes \$240,560 and seven positions to cover the staffing needs for this office.
- **Near Habitual Offenders.** The budget, as introduced, recommends \$385,432 and eight FTE the first year and \$384,232 the second year to provide staff and non-personal service costs to notify persons at risk of becoming habitual offenders that they must attend a driving intervention school. DMV may charge fees to cover the costs for these activities.
- **Driver's License Road Tests.** The budget, as introduced, recommends \$338,895 in FY 1996 to provide drivers license road tests at two new sites in Arlington and Fairfax. Currently these areas have overcrowded branch offices. The road test sites would relieve overcrowding at existing branch offices. Licenses would be issued at the sites, upon passage of the road test.
- **Community Traffic Safety Programs.** The budget, as introduced, recommends \$874,030 each year and five FTE to expand community traffic safety programs. These positions and funds include \$197,630 each year in federal funds to encourage safe driving habits and help buy child safety seats for parents who cannot afford them.

- ***Motor Voter Act.*** Language to require DMV to implement the new National Voter Registration Act is included in the budget bill. The Director of the Department of Planning and Budget is authorized to earmark up to \$311,420 (NGF) in 1995 to register voters through DMV.

Public Safety

Increasing numbers of adult and juvenile offenders are the driving force behind the increases in the budget for Public Safety. Recognizing this growth in workload, the General Assembly has approved construction of nine new prisons since 1990, as well as increased funding for alternatives to incarceration.

Governor's Budget Recommendations

The Governor's recommended budget for Public Safety agencies totals \$1.5 billion for the 1994-96 biennium. This represents a 1.7 percent increase over the base budget, incorporating total increases of \$72.8 million and total reductions of \$46.6 million. Almost all of the reductions (\$46.3 million) are budgeted to Central Appropriations. Proposed spending for Public Safety in the biennium accounts for 10.4 percent of total general fund operating appropriations.

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
Secretary	\$0.9	5	(<0.1)	0	<0.1	0
Criminal Justice	158.2	106	(16.1)	(9)	2.8	0
Comm. Attorneys	0.5	3	(0.1)	0	0.6	0
Fire Programs	0.0	24	(0.0)	0	0.0	0
State Police	237.1	2,323	(1.2)	0	3.6	12
Corrections	853.6	9,676	(16.2)	(369)	57.7	699
Correctional Educ.	38.7	458	(1.0)	(13)	3.5	33
Parole Board	5.2	56	(0.1)	(0)	0.0	0
Youth Services	203.6	1,743	(10.9)	(7)	4.4	27
ABC Board	0.0	1,083	0.0	(0)	0.0	0
Emergency Service	7.1	84	(0.2)	(0)	0.1	0
Military Affairs	10.9	128	(.9)	(3)	0.1	0
Total	\$1,515.9	15,688	(\$46.6)	(400)	\$72.8	771

* FTE totals include both general and nongeneral fund positions.

The Department of Corrections (DOC) is the largest agency in this secretariat. The recommended DOC operating budget for 1994-96 is \$895.2 million -- a \$41.5 million (4.9 percent) increase over the base. DOC accounts for 58 percent of the total \$1.5 billion Public Safety recommended biennial budget.

Of the recommended \$72.8 million in Public Safety funding increases, \$57.7 million is for DOC. Of this amount, \$37.5 million is for operating expenses for three new prisons which will open in the 1994-96 biennium (Culpeper, Deerfield, and Lunenburg) and one work release center.

This amount is in addition to the \$17.4 million included as an adjustment to the base budget to account for two full years of operation for three new prisons which opened during fiscal year 1994 (Dillwyn, Indian Creek and Haynesville).

The major reduction proposed in the DOC budget is the closure of Mecklenburg Correctional Center, for a savings of \$15.2 million. All inmates and staff would be transferred to other facilities. Language and \$50,000 is included in Senate Bill 31 directing the Secretary to plan for an alternative use of this facility.

The Department of Youth and Family Services (DYFS) budget is recommended at \$197.1 million, a reduction of 3.2 percent below the base. This reflects reductions in block grants for local juvenile facilities and the elimination of grants for local offices on youth.

The Department of State Police budget is recommended at \$239.5 million, an increase of one percent above the base. The increases include replacement of federal funds for drug investigators and additional staffing for communications centers at division headquarters.

The Department of Criminal Justice Services budget is recommended at \$145 million, a decrease of 8.4 percent. This reflects a 9.8 percent reduction in HB 599 revenue sharing to localities and cuts in other local assistance programs.

The following sections highlight the major agencies within the Office of Public Safety. For each agency, a summary is provided, along with a detailed description of all major budget reductions and increases.

Department of Criminal Justice Services

The recommended budget for the Department of Criminal Justice Services (DCJS) is \$145 million for the 1994-96 biennium. This is a net reduction of 8.4 percent below the base, incorporating increases of \$2.8 million and reductions of \$16.1 million.

Reductions

- ***Specialized Local Assistance Programs.*** Reductions totaling \$967,000 each year are proposed. This includes (a) reductions of 17.5 percent in aid for regional police training academies as well as state matching funds for federal victim/witness and anti-drug funds; (b) reductions of 44.9 percent for public inebriate centers; and (c) elimination of law enforcement education assistance and funding for citizen volunteers in jails.

- **HB 599.** The budget, as introduced, includes a reduction in revenue sharing for localities with police departments (House Bill 599 of 1979). The proposed reduction is \$6.6 million each year, or 9.8 percent.
- **Crime Prevention Training.** Reductions totaling \$26,450 each year are proposed in crime prevention training.
- **Child Sex Abuse Training.** This program is recommended for elimination, for a reduction of \$68,000 each year.
- **Law Enforcement Task Analysis.** One position is proposed to be eliminated, for a reduction of \$49,000 each year. This position was added by the 1993 General Assembly.
- **Oversight of Regional Academies.** A reduction of one-third is proposed in the amount of time devoted to oversight and regulation of regional police training academies, for a reduction of \$45,386 each year.
- **Agency Downsizing.** A reduction of eight FTE positions is proposed, which represents about 14 percent of the agency's general fund positions (\$315,496 each year).

Increases

- **Agency Rental Charges.** Additional funds are recommended to enable the agency to consolidate its operations in rental facilities at 900 East Main Street in Richmond (\$586,000 for the biennium). The move is planned for August 1, 1994.
- **Anti-Crime Partnership.** Funds are included to continue the partnership with Newport News and initiate a second program (\$261,000 each year). Applications would be solicited from localities during fiscal 1995.
- **Pre-Trial Release.** Funds are recommended for supervised release of low-risk, non-violent offenders awaiting trial (\$1.2 million for the biennium). These funds would be used to expand six existing programs, assume the cost of programs in Fairfax and Prince William Counties and Virginia Beach which are losing federal funds, and establish three new programs.
- **Assumption of Federal Grants.** Funds are recommended to assume the cost of five Court-Appointed Special Advocate (CASA) programs for which federal funds are being reduced (\$180,000 for the biennium).
- **Mentoring Program.** Funds are recommended to expand and establish local mentoring programs, as recommended by the Governor's Commission on Violent Crime (\$110,000 for the biennium).

- ***Federal Juvenile Justice Funds.*** Funds are recommended to match increased federal funds available under the Juvenile Justice and Delinquency Prevention Act (\$43,500 for the biennium).
- ***Private Security.*** Nongeneral funds are recommended for computer support for regulation of private security (\$30,000 for the biennium).

Commonwealth's Attorneys' Services Council

The recommended budget for the Commonwealth's Attorneys' Services Council is just over \$1.0 million for the 1994-96 biennium. This is a 94 percent increase over the base, which incorporates increases of \$552,000 and decreases of \$50,000.

Reductions

- ***Agency Reduction.*** The Council proposes to eliminate payment of per diems for Commonwealth's Attorneys and staff attending the spring institute, for a savings of \$25,000 each year.

Increases

- ***Assumption of Federal Grants.*** The budget, as introduced, includes \$201,216 each year to assume the costs of regional anti-drug prosecutors. The federal grants which supported this program will expire.
- ***Prosecutorial Training.*** The budget, as introduced, includes \$75,000 each year for annual training for the 121 Commonwealth's Attorneys and their Assistants.

Department of State Police

The recommended budget for the Department of State Police (DSP) is \$239.5 million for the 1994-96 biennium. This is an increase of 1.0 percent above the base, incorporating increases totaling \$3.6 million and reductions of \$1.2 million.

Reductions

- ***Administrative Expenses.*** A reduction of \$1.2 million for the biennium is proposed through tighter control of computer expenses, reduced expenditures for computer equipment replacement, travel and training reductions, and consolidation of leased office space.

Increases

- ***Increased Fees.*** Increased general fund revenues are proposed through a \$5 increase (from \$10 to \$15) in the fee for criminal background checks (\$875,000 each year), and a \$2 increase (from \$4 to \$6) in the fee for accident reports (65,600 each year). These fees will be raised administratively. No legislation is required.
- ***Assumption of Federal Grants.*** The budget as introduced includes \$1.8 million for the biennium to pick up the cost of programs previously funded by federal grants, including drug surveillance vans and an intelligence center on drug crime.
- ***Software License Renewal.*** The budget includes \$661,000 to renew the license for the Unisys system control software and to purchase additional memory required for the Virginia Criminal Information Network.
- ***Sergeants and Dispatchers.*** The recommended budget includes \$732,000 over two years to hire four sergeants and eight dispatchers, to provide 24-hour coverage in all division headquarters.
- ***Witness Protection.*** The recommended budget includes \$50,000 the first year to set up a fund for temporary relocation costs for witnesses whose lives may be in danger because of their testimony.
- ***Communications System.*** The budget includes \$394,000 for lease purchase of the microwave component of the new communications system.

Department of Corrections

The recommended budget for the Department of Corrections (DOC) is \$895.2 million for the 1994-96 biennium. This represents a net increase of \$41.5 million (4.9 percent) over the base, incorporating increases of \$57.7 million and decreases of \$16.2 million.

Reductions

- ***Close Mecklenburg Correctional Center.*** In recent years DOC has closed high-cost operations (including seven stick camps) to reduce the overall operating cost per inmate. Senate Bill 30, as introduced, proposes the closure of Mecklenburg Correctional Center, which is the highest cost general purpose, maximum security prison in the nation. In fiscal 1993, the annual operating cost per inmate at Mecklenburg was \$35,918, compared to \$14,867 at the new Keen Mountain facility. (Language is included in SB 31 directing the Secretary of Public Safety to report on options for reuse of the facility in a more cost-effective manner.)

This recommendation achieves a budget reduction of \$15.2 million and 302 positions over two years, with no layoffs. All current inmates and staff would be absorbed into other DOC facilities.

- ***Holding Positions Vacant.*** A reduction of \$500,000 each year is proposed by delaying the filling of vacant positions in the central office.

Increases -- Institutions

- ***Operating Cost for New Prisons.*** A total of \$37.5 million over two years is recommended for the start-up and operating costs for three new medium security, dormitory style prisons. The three prisons and their projected opening dates are: Deerfield, in Southampton County (July, 1994) Coffeewood, in Culpeper County (November, 1994), and Lunenburg. An additional \$467,775 over two years is included to open the new work release center in Botetourt County.

DOC estimated Lunenburg would open in April, 1995, but the Governor's recommended budget assumes the date will be no earlier than July, 1995. Nine positions and \$638,000 are included for the Lunenburg facility, which is sufficient to plan the start-up. However, this is about \$12 million less than the amount needed for a full year of operation during fiscal 1996. Accordingly, additional funds will have to be added to the budget, either by the 1994 or 1995 General Assembly.

- ***Contract for Private Facility.*** For the second year, \$2.1 million is included in SB 30, as introduced, to contract for a private, minimum security pre-release or return-to-custody facility. The 1993 Appropriation Act directed DOC to seek proposals for such a facility. Additional funds will have to be added to the FY 1996 budget for this facility, but the amount will depend upon the actual rate negotiated with the successful bidder.
- ***Options for Land for New Prisons.*** The budget, as introduced, includes \$100,000 to purchase options on land which will be needed for additional prisons. Language is included calling for a report to the money committees when such options are obtained.
- ***Medical Services Enhancements.*** Based on the 1993 JLARC reports on inmate health care, the budget, as introduced, includes \$1.9 million and 25 FTE positions over two years for improvements in prison health services. These enhancements include additional nurses, dentists, dental assistants, dental equipment, mental health positions, and funds for computers and software to automate medical records.
- ***Automation of Classification and Records.*** A total of \$711,000 over two years and 11 positions are included in SB 30, as introduced, to address the increasing workload in classification and time computation.

A 1993 Senate initiative provided start-up funds for this effort, and language called for a strategic plan by the Department of Information Technology (DIT). A portion of these funds is intended to begin the implementation of the DIT report.

- ***Correctional Enterprises.*** The budget, as introduced, includes \$9.2 million (NGF) from the Enterprise Fund for expansion of prison industries. New clothing industries will be started at Haynesville and Culpeper, along with metal fabrication at Dillwyn and office furniture at Indian Creek. Also, a new eyeglass industry will be started at Southampton. Start-up costs for these new industries are to be funded from projected balances in the Enterprise Fund.

Language is also included to authorize a working capital advance for Correctional Enterprises through a general fund loan from the Treasury.

- ***Corrections Construction Corps.*** The budget includes \$1.1 million (NGF) over two years for operation of the inmate construction unit. This provides formal authorization for the existing practice of charging various capital project accounts for overhead expenses.
- ***Security Staffing Formula Adjustment.*** The 1985 study of security staffing developed standards to determine how many officers are needed to staff one post around the clock, 365 days per year. The most recent update of the study suggests a need for 15 additional positions. An additional \$442,000 over two years is recommended to phase in these new positions.
- ***Pocahontas Field Unit Security.*** The budget, as introduced, includes \$373,000 and seven FTE positions to increase security at the Pocahontas Correctional Field Unit.
- ***Power Plant Staffing.*** The budget, as introduced, includes \$556,000 and 14 positions over two years to meet minimum operating standards for power plants at correctional facilities.
- ***Reception Center Staffing.*** The budget, as introduced, includes \$149,000 and three positions to staff a new reception building at Deep Meadow.
- ***Assumption of Federal Grants.*** The budget, as introduced, includes \$239,000 each year to replace federal funds no longer available after June 30, 1994 for substance abuse treatment.
- ***Drug Dog Handlers.*** The budget, as introduced, includes \$234,000 over two years to replace federal funds for drug dog handlers.
- ***Payroll Positions.*** The budget, as introduced, includes \$118,000 and three positions to process payrolls for the new prisons.

Increases -- Community Corrections

- ***Probation Office Automation.*** The budget, as introduced, includes \$3.9 million over two years to complete the basic automation of all district probation and parole offices.
- ***Assumption of Federal Grants.*** The budget, as introduced, includes \$4.2 million over two years to replace federal funds which currently support 46 positions in the intensive supervision program. These federal funds will be terminated as of July 1, 1994.
- ***Substance Abuse Treatment.*** An additional \$500,000 each year is recommended to provide community substance abuse treatment.
- ***Rental Charges.*** The budget, as introduced, includes \$602,000 over two years for rent increases and moving costs for probation and parole offices.
- ***Abingdon Day Reporting Center.*** The budget, as introduced, includes five positions to be paid from a federal grant for a new day reporting center in Abingdon.
- ***Expand Residential Pre-Release Contracts.*** The budget, as introduced, includes \$233,600 each year to contract for 20 additional pre-release beds for offenders who need closer monitoring in the community.
- ***Expand Home Electronic Monitoring.*** The budget, as introduced, includes \$241,000 over two years and one position to purchase 25 bracelets and supporting equipment for home electronic monitoring.
- ***Expand Post-Release Services.*** The budget, as introduced, includes \$72,000 over two years and one position to help parolees find jobs and adjust to life after prison.
- ***Expand Supervision of Sex Offenders.*** The budget, as introduced, includes \$137,000 over two years and one position to increase the level of monitoring of sex offenders on parole.
- ***General District Court Services.*** Senate Bill 30, as introduced, includes language directing the Department of Corrections to solicit proposals for up to four pilot court service programs for General District Courts. This language follows up on a report on redirecting the Community Diversion Incentive (CDI) program, required in the 1992 Appropriation Act.
- ***Jail Support Positions.*** The budget, as introduced, includes \$158,000 over two years and two positions to review community corrections plans as required by the 1993 jail finance legislation. These positions will also audit jail population reports.

- ***Jail Construction Reimbursement.*** Senate Bill 30, as introduced, includes \$2.2 million for the second installment of reimbursement (on a lump sum basis) for the state share of the Northern Neck Regional Jail. The first installment is included in Senate Bill 31.

Reimbursement for other regional jails over time, based on 50 percent of debt service costs, is included under the Treasury Board. This includes \$2.1 million each year for the Riverside Regional Jail, \$505,000 each year for the Harrisonburg-Rockingham County Regional Jail, and \$1.2 million each year for the Arlington-Alexandria-Falls Church Regional Jail.

Department of Correctional Education

The recommended budget for the Department of Correctional Education (DCE) is \$41.2 million for the 1994-96 biennium. This represents a net increase of 6.4 percent above the base budget, incorporating increases of \$3.5 million and reductions of \$1.0 million.

Reductions

- ***Position Reductions.*** The budget, as introduced, eliminates three positions, including two in the central office and one in the field, for a reduction of \$390,000 over two years.
- ***Close Mecklenburg School.*** Consistent with the recommendation to close Mecklenburg Correctional Center, the budget, as introduced, assumes the closure of the prison school at that facility. This action would save \$603,000 and eliminate ten positions over two years.

Increases

- ***New Correctional Schools.*** An additional \$2.3 million and 17 positions over two years is recommended to start up new schools at the three prisons coming on line at Deerfield, Culpeper, and Lunenburg.
- ***Educational Services for Youth.*** An additional \$841,000 over two years is recommended for vocational education (13 positions), occupational therapy (one position) and speech and language services (one position).
- ***Educational Services for Adults.*** An additional \$109,000 and one position are recommended for vocational assessment for adult offenders.

Virginia Parole Board

The recommended budget for the Parole Board is \$5.1 million for the 1994-96 biennium. This represents a \$50,000 (or one percent) reduction below the base.

Reductions

- ***Operational Efficiencies.*** Steps totaling \$25,000 each year are recommended to reduce data processing, convention, education, travel, and equipment replacement and repair.

Department of Youth and Family Services

The recommended budget for the Department of Youth and Family Services (DYFS) is \$197.1 million for the 1994-96 biennium. This represents a 3.2 percent reduction below the base, which incorporates increases of \$4.4 million and decreases of \$10.9 million.

Reductions

- ***Eliminate Funding for Offices on Youth.*** The budget, as introduced, eliminates all funding (\$2.0 million each year) for all 50 local offices on youth, or juvenile delinquency prevention.
- ***Reduce Block Grant Funding.*** The department provides block grant support for the operations of local and regional juvenile detention facilities, group homes, and related programs. This recommendation is to reduce block grant funds by 11.4 percent, a reduction of \$1.2 million each year. An additional reduction of \$736,000 each year is also recommended by eliminating funds for local family-oriented group homes.
- ***Reduce Local Court Services Unit Reimbursement.*** The budget, as introduced, reduces funding for locally-operated court services units by \$400,000 each year.
- ***Close Camp New Hope.*** The budget, as introduced, assumes closure of the wilderness program at Natural Bridge Learning Center.
- ***Increase Position Vacancies.*** An additional 16 positions in court services units would be held vacant under this recommendation, for a reduction of \$500,000 each year. In addition, holding positions vacant in the central office yields a recommended savings of \$230,000 each year.

Increases

- ***Open New Beaumont Facility.*** An additional \$277,000 and five positions are included to oversee the opening of the new maximum security facility at Beaumont Learning Center.
- ***Security Staffing.*** An additional \$619,000 and 20 positions are included in the SB 30, as introduced, to enhance security at the learning centers.
- ***Assumption of Federal Grants.*** Eleven substance abuse counseling positions are currently funded with federal anti-drug funds. This grant will be terminated, so the budget, as introduced, includes \$525,000 each year to continue these treatment positions.
- ***Serious Offender Programs.*** An additional \$407,500 the first year and \$1.3 million the second year are included to establish a pilot inner city program for serious juvenile offenders. Also, an additional \$250,000 each year is included for full funding of the Associated Marine Institute program in Norfolk, initiated by the 1993 General Assembly.
- ***Federal Funds for School Food.*** The budget, as introduced, assumes increased USDA funds totaling \$488,800 (NGF) each year for learning centers and local juvenile facilities.
- ***Central Office Staffing.*** The budget, as introduced, includes \$230,000 over two years for a programmer/analyst and an architect to strengthen the central office of DYFS.

Department of Alcoholic Beverage Control

The recommended budget for the Department of Alcoholic Beverage Control (ABC) is \$461.6 million (NGF) for the 1994-96 biennium. This represents an increase of 0.02 percent above the base. The Governor's recommendations include \$100,000 (NGF) for studies of the agency's inventory control and accounting systems.

Department of Emergency Services

The Governor's recommended budget for the Department of Emergency Services (DES) is \$7.0 million for the 1994-96 biennium. This represents a net reduction of 1.2 percent below the base, incorporating increases of \$141,000 and decreases of \$230,000.

Reductions

- ***Reduce Chemical Emergency Planning.*** The proposed reduction of \$85,000 each year will reduce planning for chemical emergencies. Other proposed reductions in planning will save \$15,000 each year.
- ***Reduce Assistance to Local Hazardous Materials Teams.*** The proposed reduction of \$15,000 each year to regional hazardous materials response teams would be passed on to localities.

Increases

- ***Hazardous Materials Training.*** The budget, as introduced, includes \$40,800 to maintain the current level of effort in training as required by the Hazardous Materials Transportation Uniform Safety Act of 1990.
- ***Hazardous Materials Equipment.*** The budget, as introduced, includes \$30,000 each year to provide new equipment for local hazardous materials response teams.
- ***Flood Warning System.*** The National Weather Service provides equipment for the Integrated Flood Warning System (IFLOWS), but the state is responsible for maintaining and operating the system. An additional \$20,275 each year is recommended for increased operating expenses.

Department of Military Affairs

The recommended budget for the Department of Military Affairs (DMA) is \$10.0 million for the 1992-94 biennium. This is a net reduction of 8.0 percent.

Reductions

- ***Eliminate Tuition Assistance Program.*** The stipend for tuition assistance for eligible National Guard members was reduced in 1991 from \$500 to \$250 per semester. About 1,200 National Guard members received assistance in 1991.

The 1992 General Assembly reduced the appropriation to \$100,000 for fiscal year 1994 with the intention of phasing out the program. The explanatory paragraph in the 1992 conference committee report explained: "The funding is phased down to reflect current commitments combined with the phased elimination of funding..." This recommendation eliminates the program, for a reduction in the base budget of \$100,000 per year.

- ***Close Three Armories.*** The budget, as introduced, eliminates \$88,000 each year to reflect a recommendation to close the Farmville, Hopewell and Chesapeake armories.
- ***Reduce Maintenance.*** The budget, as introduced, includes reductions of \$65,000 each year by reducing maintenance and repair of armories and an additional \$80,000 each year by reducing custodial services.
- ***Reduce Administrative and Clerical Expenses.*** The budget, as introduced, includes reductions of \$52,000 each year by eliminating 2.5 administrative positions and an additional \$80,000 each year by reducing clerical and temporary assistance.

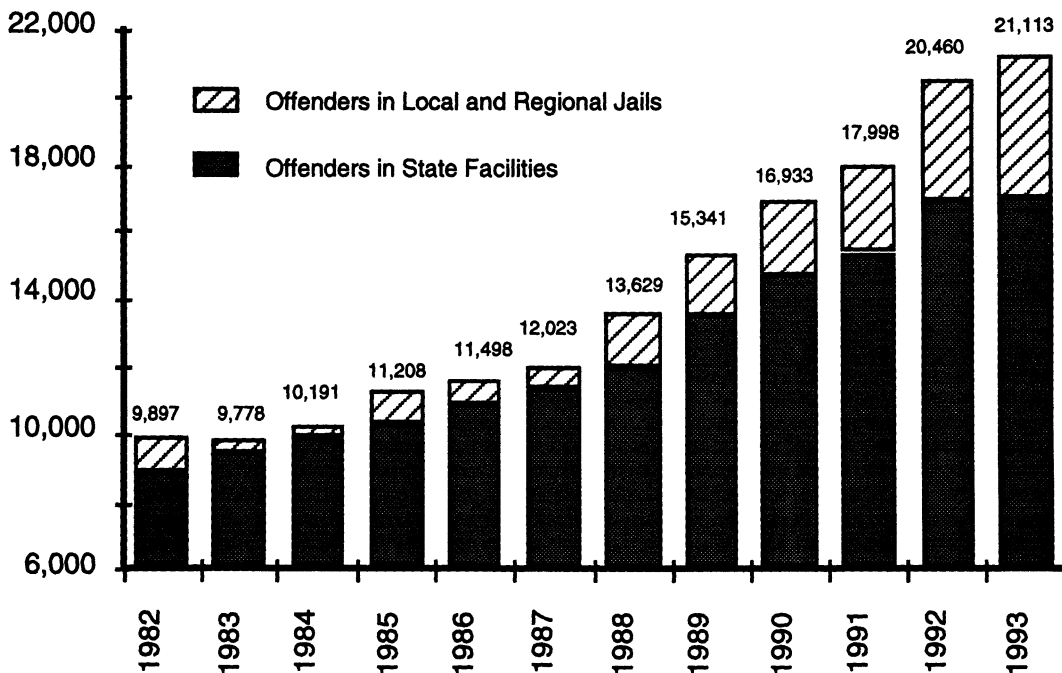
Adult Offender Population Projections

Current projections indicate that by 1998 over 80,000 offenders will be under some form of correctional supervision, including incarceration in state prisons and local or regional jails, or under probation and parole supervision. The cost of providing sufficient facilities and other forms of supervision for these offenders is a major factor driving increases in the budget for Public Safety.

Excluding the number of offenders on probation or parole supervision, over 42,000 offenders in 1998 are projected to be either state or local responsibility. Senate Bill 186 of 1990 defined state responsibility offenders as felons with sentences greater than two years. Local responsibility offenders include felons with sentences of two years or less, misdemeanants, and persons awaiting trial.

Virginia's state responsibility offender population increased 116 percent from July 1, 1983 to 1993, as shown below.

STATE RESPONSIBILITY OFFENDER POPULATION
(As of July 1, 1982 - 1993)



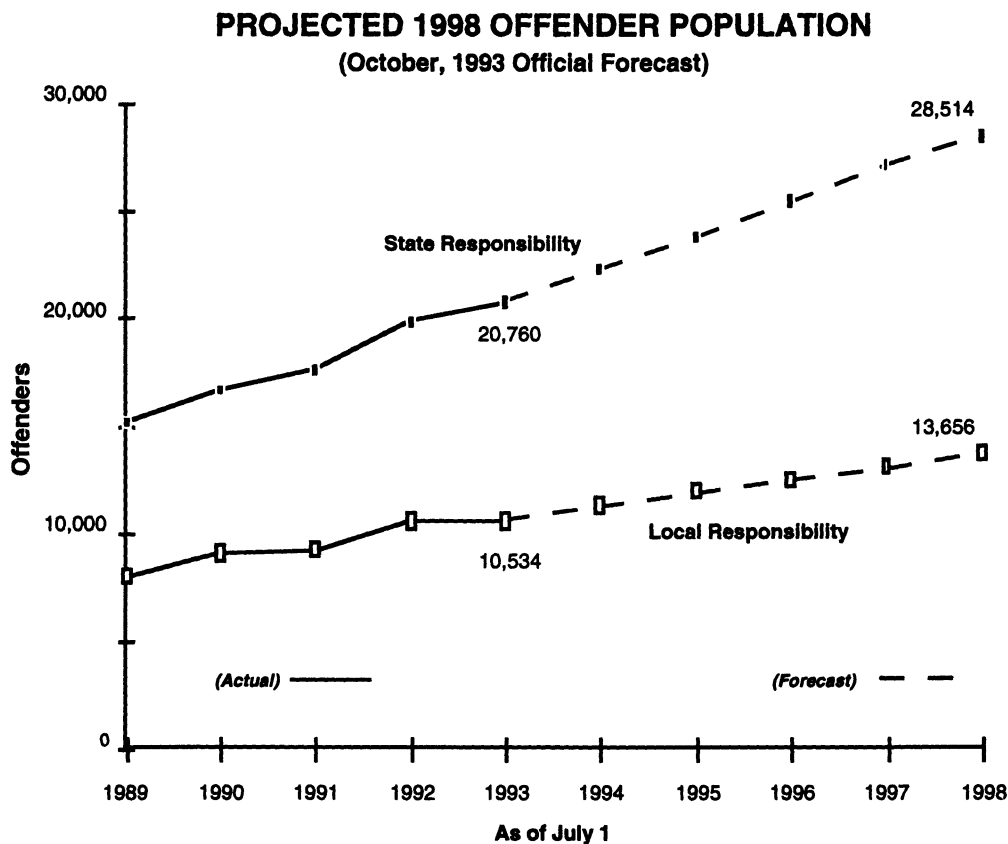
Source: Department of Corrections

By July 1, 1994, the Department of Corrections (DOC) is required to take into the state correctional system all state responsibility offenders with sentences of more than three years, within 60 days of receipt of final court orders. DOC must take in all state responsibility offenders, with sentences of more than two years, by July 1, 1996, again within the 60-day framework.

Under the provisions of SB 186 (1990), the Department of Corrections must eliminate the backlog of state responsibility offenders in local jails. However, if DOC is unable to meet its obligations on schedule, the procedures for reimbursing localities for the cost of these prisoners will be governed by the Appropriation Act. The Joint Subcommittee on Jail Finance is currently examining the system of reimbursing jails for their operating costs.

Offender Population Forecast for 1998

The state and local responsibility offender populations are projected to increase 37 and 30 percent, respectively, by 1998, as shown below:



Source: Report of the Prison and Jail Forecasting Policy Committee (October, 1993)

Baseline Gap in Corrections Resources By 1998 For State Responsibility Felons

	<u>Beds (or the equivalent)</u>
State-Responsibility Forecast (June, 1998)	(28,514)
Less: State Felons in Jail (Within 60-Day Limit)	1,604
Less: General Assembly Plan for Corrections Resources:	
<u>Alternative Punishment</u>	950
Day Reporting Centers	150
Residential Facilities (halfway houses)	170
Intensive Supervision	500
Boot Camp (Southampton)	100
Jail Contract Beds	30
<u>Institutional Punishment</u>	
Current Prison Capacity	16,183
New Prisons Opening by 1998	
Deep Meadow I (Buckingham County-Dillwyn)	825
Deep Meadow II (St. Brides-Indian Creek)	825
Deep Meadow III (Haynesville-Totuskey)	825
Deep Meadow IV (Culpeper)	825
Deep Meadow V (Lunenburg)	825
Deerfield Replacement	375
Keen Mountain I (Red Onion)	697
Bland Segregation Unit	40
Work Release Unit	24
Keen Mountain II	697
Women's Correctional Center	1,170
Funded Prison Capacity (June 30, 1998)	23,311
<i>Additional Authorized Capacity Not Yet Funded (Chapter 994)</i>	
<i>Pre-Release & Return-to-Custody Facilities (600 beds)</i>	0
Baseline Gap in Corrections Resources (as of July 1, 1998)	<u><u>(2,649)</u></u>

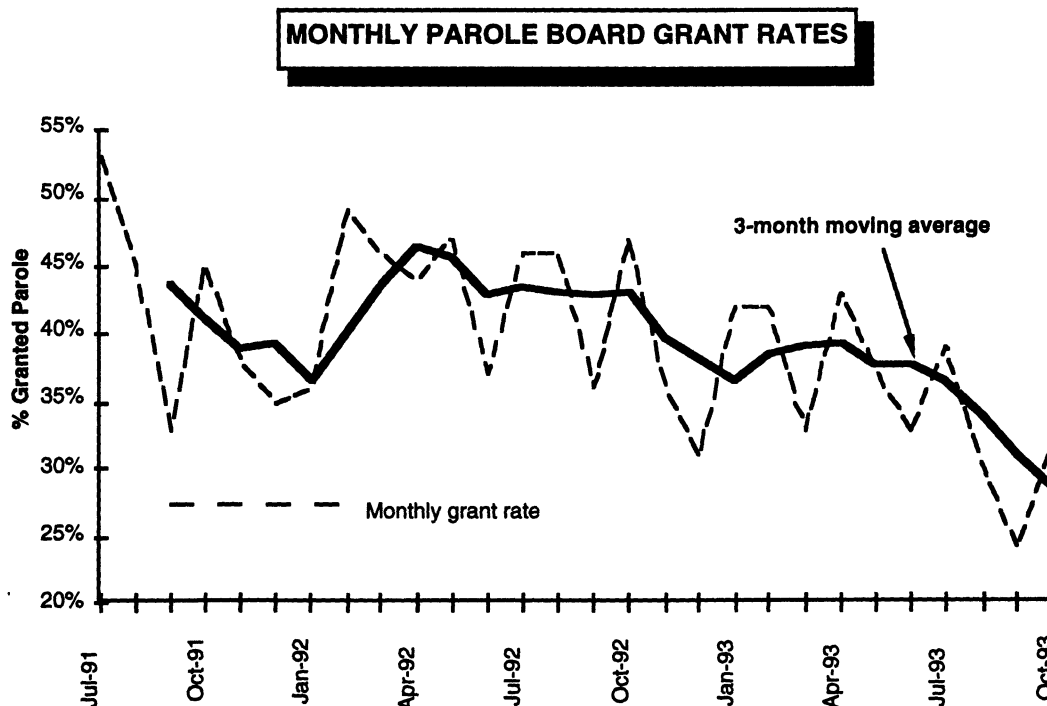
As shown on the previous page, the Department of Corrections faces a baseline gap of 2,649 beds (or the program equivalent of beds) as of 1998. This gap is the difference between the funded level of correctional resources (including new prisons authorized but not yet built), and the projected state responsibility population.

Localities face a similar gap in meeting the projected local responsibility population. Taking into account new jail beds which will be coming on line over the next two years, there is a gap of about 2,800 beds between local and regional jail capacity (statewide) and the local responsibility projection for 1998.

Factors Affecting the Official Forecast

The state responsibility population is projected using a simulation model which takes into account many factors, including inputs (such as arrest rates) and outputs (including the parole grant rate).

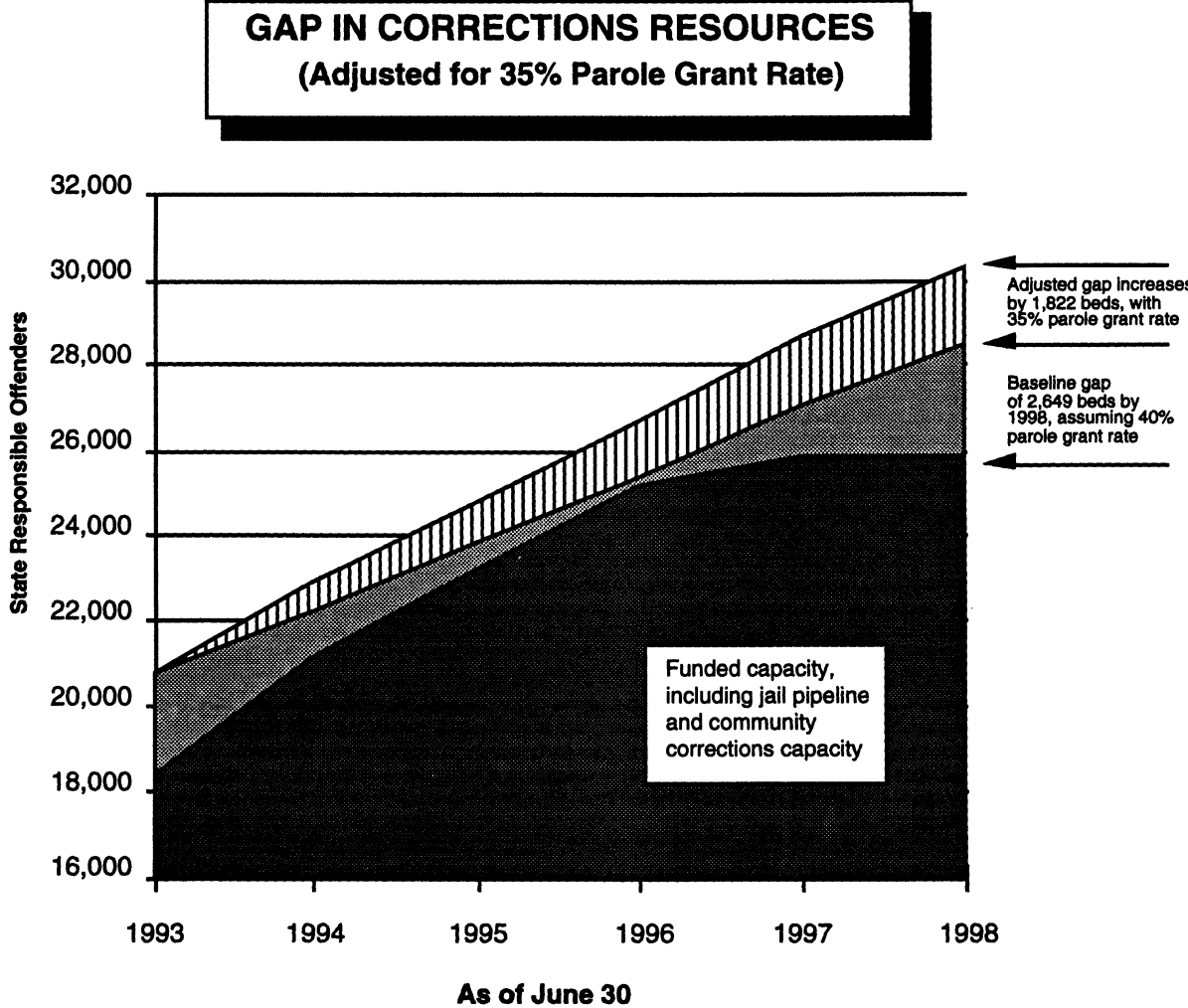
The current official forecast (adopted in October, 1993) assumes a 40 percent discretionary parole grant rate. This was the average monthly grant rate in fiscal 1993. However, the grant rate has been declining since the introduction of automated parole guidelines in early 1992, as shown below. The Parole Board is reviewing the impact of these guidelines on its decision-making.



Source: Virginia Parole Board

Several factors may have contributed to the drop in the parole grant rate, according to the Parole Board, including: an increase in repeat offenses by drug offenders; an increase in the number of offenders with extensive juvenile records; better access to juvenile arrest records; and, better information generally available to the Parole Board as a result of automating the decision-making process. However, pending more complete analysis, it is premature to draw final conclusions as to the reasons for the decline in the grant rate.

The Parole Board, assuming normal cyclical patterns, believes the grant rate will stabilize at about 35 percent. If the rate stays below 40 percent, the official forecast will have to be revised. As shown in the chart below, a grant rate of 35 percent widens the 1998 gap in corrections resources from 2,649 to 4,471 beds. If the rate stays below 35 percent, the gap will widen accordingly.



Increased Prison and Jail Crowding

The effects of this change in the parole grant rate will likely be felt over the next several months. If the rate stays at 35 percent, the simulation model suggests the DOC will need 1,061 more beds by July 1, 1995. This number of beds is above and beyond the new prisons which are opening over the coming year, which are already included in the funded capacity shown on the graph above.

Over the next 12 to 18 months, there are only two basic options to accommodate an increase in the population above that which is already projected: (a) increased crowding in local or regional jails; and (b) increased double-celling and double-bunking in state facilities.

Increased Local Crowding. The 15 largest urban jails in Virginia, which account for about two-thirds of the current jail population statewide, were already operating at 184 percent of their rated capacity, as of early November, 1993. For this reason, the ability of several jails to accommodate a significant increase in crowding may be limited. The comparable measure of crowding in state facilities is about 120 percent.

Increased State Crowding. A policy decision can be made to increase double-celling and double-bunking in state facilities. Presently, the estimate of funded capacity used by the General Assembly for planning purposes assumes 35 percent double-celling and 25 percent double-bunking. This level represents the level recommended by the Department of Corrections and accepted by the Senate Finance and House Appropriations Committees.

Additional crowding at some point will create management and security problems for the Department of Corrections. If this policy choice is selected, sufficient resources should be provided to ensure DOC is not placed at-risk of federal court orders mandating population caps or other restrictions on management. As of January 1, 1991, 32 states were under court orders regarding conditions of confinement, 27 had population limits set by the courts, and 15 had court-appointed monitors.

Possible Changes in Federal Law. In the U.S. Senate version of the anti-crime bill, approved on November 19, the Senate approved an amendment that would limit the role of federal courts in ordering remedies for crowding of jails and prisons. The amendment would effectively bar class-actions suits alleging overcrowding, requiring instead that the courts merely determine whether crowding violates the Eighth Amendment prohibition against cruel and unusual punishment. If this provision is enacted, the committee may wish to reexamine the current policy on double-celling and double-bunking.

Central Appropriations

Central Appropriation items are divided into two groups of accounts, for distribution to the agencies as required. These two groups are the Operating Accounts and the Capital Accounts. Central Appropriations for operating items are summarized in this section. Central Appropriations for capital items are summarized in the Capital Outlay section.

SB 30 contains a net negative \$91.3 million (GF) appropriation for the eight Central Appropriation items. This represents the net effect of recommended reductions totaling \$208.8 million (GF), and proposed increases totaling \$154.7 million (GF) for the biennium.

At \$205.9 million (GF), almost all of the proposed reductions represent additional agency reductions budgeted to the Central Appropriations. As a result of these cuts, the maximum employment levels (MEL) for the all agencies in the Executive Branch are reduced by a net of 333.9 FTE employees. Discussion of each agency's tentative plan to meet the required reversion can be found in the secretarial summaries. Savings of \$2.9 million from elimination of public relations positions in the Office of Commerce and Trade account for the remainder of the reductions.

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
Compensation Supplements	\$ 0.0	0	\$ 0.0	0	\$ 114.0	0
Higher Education Equipment	23.6	0	0.0	0	6.6	0
Economic Contingency	7.5	0	0.0	0	9.5	0
Reversion Clearing Account	(75.8)	0	(208.8)	(334)	24.6	0
Oil Overcharge	0.0	0	0.0	0	0.0	0
Va. Plan for Equal Opportunity	7.4	0	0.0	0	0.0	0
Legal Defense Reserve	0.1	0	0.0	0	0.0	0
Employee Health Insurance Program	0.0	0	0.0	0	0.0	0
Total	(\$37.2)	0	(\$208.8)	(334)	\$154.7	0

**FTE totals include both general and nongeneral fund positions.*

Almost three-fourths of the proposed increases -- \$114.0 million (GF) -- is recommended to fund the proposed compensation increases. The Governor's initiatives in this area are discussed in the issue brief at the end of this section. Technical adjustments to agency base budgets account for a recommended increase of \$24.6 million (GF). An administration initiative for defense conversion receives an additional \$2.0 million (GF). An increase in funds for higher education equipment leases is recommended at \$6.6 million (GF). An additional \$9.5 million is recommended for economic contingency, including \$4.5 million for the solar photovoltaic incentive grant program, \$2.5 million for the state's obligation for defaulted student loans, and \$2.0 million to establish a new defense conversion fund.

Compensation Supplements

Increases

- ***December 1994 2.25 Percent Salary Increase.*** The Governor recommends \$22.6 million (GF) the first year and \$38.8 million (GF) the second year to provide a 2.25 percent performance-based salary increase for state employees and state-supported local employees on December 1, 1994. The \$15.5 million cost of a similar increase for faculty is budgeted directly to the institutions of higher education.
- ***Employee Bonus Program.*** SB 30, as introduced proposes the appropriation of \$27.6 million (GF) the first year to institute a new employee bonus, payable on December 1, 1994. Bonuses ranging from 1 to 4 percent would be paid to state employees who receive a rating of acceptable or better on their annual performance evaluation. The bottom 3 percent of employees, as determined by the annual performance evaluation, would receive no bonus payment. For a typical state employee, this bonus payment would amount to approximately \$320, after taxes and deductions.

Bonus are authorized, but not funded for FY 1995-96. Funds for performance bonuses in that year are proposed to come from agency efficiencies.

- ***December 1995 2.25 Percent Salary Increase.*** The Governor recommends \$22.4 million (GF) the second year to provide a 2.25 percent performance based salary increase for state employees and state-supported local employees on December 1, 1995. The \$5.9 million cost of a similar increase for faculty is budgeted directly to the institutions of higher education.

- **Job Class Regrades.** An increase of \$576,813 million (GF) is recommended each year for job class regrades for certain positions in the Divisions of Forensic Science and Consolidated Laboratory Services.
- **Technical Adjustments for Health Insurance.** A technical adjustment provides an additional \$188,445 (GF) each year to reflect the effect of changes in the mix of subscriber coverage on the cost of the employee health insurance program, and premium conversion.

Proposed Changes in Employee Compensation (General Funds, \$ Millions)	
<u>Item</u>	<u>1994-96 Biennium</u>
Classified 2.25% Increase -- December 1, 1994	\$ 61.4
Incentive Bonuses of Zero to 4% -- December 1, 1994	27.6
Classified 2.25% Increase -- December 1, 1995	\$ 22.4
Job Class Regrades - Dept. of General Services	1.2
Increase in FICA Cap to \$60,600	1.1
Technical Adjustments	<u>0.4</u>
TOTAL COMPENSATION SUPPLEMENTS	\$ 114.0

Reversion Clearing Account

Increases

- **Turnover and Vacancy.** A technical adjustment restores \$2.5 million each year to agency base budgets. The original base budgets had been reduced to reflect anticipated turnover and vacancy savings. These savings have been captured in the agency reduction plans.
- **VRS Rates.** A technical adjustment restores \$5.7 million each year to agency base budgets to reflect actual savings to be realized in 1994-96 from changes in VRS actuarial methodology mandated in the last biennium. The budgeted VRS rate for 1994-96 is 9.92 percent - 0.54 percent more than the actual rate for FY 1993-94.
- **Group Life Insurance Rates.** A technical adjustment restores \$10.0 million the first year and \$7.5 million the second year to agency base budgets to reflect actual savings to be realized in 1994-96 from changes in the actuarial methodology for the VRS group life insurance program that were mandated in the last biennium.

- **Restore Compensation Adjustments.** A technical adjustment restores \$1.5 million each year to agency base budgets to reflect actual funding needed to continue 1992-94 compensation and benefit increases. The original base budgets had been reduced by this amount.

Reductions

- **Budget Reduction Plans.** Agency reductions of \$73.5 million (GF) the first year and \$132.5 million (GF) the second year are proposed for this reversion clearing account. Just over one-half of these reductions are offset by non-general fund increases - primarily in institutions of higher education. A net elimination of 333.9 FTE positions results from these plans by the end of the 1994-96 biennium. Language in the Budget Bill itemizes these reductions by agency. Discussion of each agency's tentative plan to meet the required reversion can be found in the secretarial summaries.
- **Eliminate Public Relations Positions.** SB 30, as introduced, includes savings of \$1,446,000 each year from elimination of public relations positions in the Office of Commerce and Trade.

SUMMARY OF 1994-96 REVERSION CLEARING ACCOUNT (General Funds, \$ Millions)				
PURPOSE	Base Budget	Reductions	Increases	SB 30 Recomm. Total
Agency Reductions	\$0.0	(\$205.9)	\$0.0	(\$205.9)
Public Relations Positions	0.0	(2.9)	0.0	(2.9)
VRS Rate Change	(39.4)	0.0	11.4	(28.0)
Group Life Rate Change	(22.8)	0.0	5.3	(17.5)
Turnover & Vacancy	(4.9)	0.0	4.9	0.0
Premium Conversion	(5.8)	0.0	0.0	(5.8)
Comp. Adjustment to Base	(2.9)	0.0	2.9	0.0
Total: Reversion Clearing	(\$75.8)	(\$208.8)	\$24.5	(\$260.1)

Economic Contingency

The Department of Planning and Budget's calculation of the base budget includes of \$7.5 million (GF) for an economic contingency reserve. Of this amount, \$5.0 million (GF) is for the Economic Development Fund and \$2.5 million

(GF) is for the Economic Contingency Reserve. Language in SB 30 also allows the use of up to \$1.0 million (GF) from the unappropriated balance to supplement the economic contingency reserve.

Increases

- ***Photovoltaic Incentive Grants.*** SB 30, as introduced, recommends an additional \$4.5 million in the second year to fund the photovoltaic incentive grant program. This program is designed to encourage the manufacture of solar photovoltaic panels in the Commonwealth.
- ***Motor Voter Registration Act.*** An additional appropriation of \$465,000 the first year is recommended for implementation of the federal National Voter Registration Act of 1993. This act requires states to allow voter registration at motor vehicle and social services offices.
- ***Defaulted Student Loans.*** The federal Student Loan Reform Act of 1993 requires states to share in the cost of defaulted federally insured student loans. The states must assume a portion of the payment for loan defaults that exceed 20 percent at institutions of higher education. Payments must begin in federal fiscal year 1995, but the amount of the payment is not yet known. Language in SB 30 authorizes the use of up to \$2.5 million from Economic Contingency for the payment in 1995.
- ***Defense Conversion Fund.*** An appropriation of \$1.0 million each year is recommended to establish the defense conversion fund. These funds will be used for projects designed to businesses and localities adapt to defense downsizing. This issue is discussed further in the section on the Office of Commerce and Trade.

SUMMARY OF 1994-96 ECONOMIC CONTINGENCY ACCOUNT (General Funds, \$ Millions)				
PURPOSE	Base Budget	Reductions	Increases	SB 30 Recomm. Total
Economic Contingency	\$2.5	\$0.0	\$0.0	\$2.5
Economic Development Fund	5.0	0.0	0.0	5.0
Defaulted Student Loans	0.0	0.0	2.5	2.5
Motor Voter Registration	0.0	0.0	0.5	0.5
Defense Conversion Fund	0.0	0.0	2.0	2.0
Photovoltaic Incentive Grants	0.0	0.0	4.5	4.5
Total: Economic Contingency	\$7.5	0.0	\$9.5	\$17.0

Virginia Plan for Equal Opportunity

No changes are proposed to this account, which provides \$3.7 million (GF) each year for a variety of programs to implement the Virginia Plan for Equal Opportunity in state-supported institutions of higher education.

Oil Overcharge

Increases

- ***Interest Earnings.*** SB 30, as introduced, recommends an appropriation of \$1.0 million (NGF) the first year to reflect actual funds available from prior year balances for appropriation in the 1994-96 biennium. Appropriation of these funds is expected to exhaust moneys available from oil companies as a result of federal court cases. Generally, these funds may be used only for energy conservation purposes; however, specific uses are subject to the provisions of the individual court orders.

Higher Education Equipment

Increases

- ***Higher Education Equipment Trust Fund.*** The Governor's budget recommends an additional allocation of \$50 million in new instructional equipment for the biennium. To fund these lease payments, and to annualize the costs of the lease partially funded in FY 1994, an additional \$3.3 million GF is provided in the first year, and \$3.4 million GF is provided in the second year. The nongeneral fund portion of the lease payments, which was assumed by the institutions of higher education, is reduced by \$290,000 in the first year, and \$4.0 million in the second year.

Legal Defense Reserve

No changes are proposed to this account, which provides \$50,000 (GF) each year for payments to outside legal counsel in cases where the use of such outside counsel has been approved by the Attorney General.

Employee Health Insurance

Increases

- ***State Employee Health Insurance Fund.*** SB 30, as introduced, includes a technical language amendment that authorizes a sum sufficient appropriation for operation of the state employee health insurance program. Total operating costs are estimated at \$481.5 million (All Funds) the first year and \$539.3 million (all Funds) the second year. Previously, funds for this purpose have been expended without appropriation.
- ***Local Employee Health Insurance Fund.*** A technical amendment appropriations \$53.3 million (NGF) the first year and \$59.7 million (NGF) the second year for operation of the local employee health insurance program. Previously, funds for this purpose have been expended without appropriation.

Employee Compensation

The Governor has proposed three major actions that effect the compensation of all state employees and state-supported local employees:

- 1) Provision of a 2.25% salary increase on December 1, 1994;
- 2) Provision of performance bonuses on December 1, 1994;
- 3) Provision of a 2.25% salary increase on December 1, 1995;

Taken together, these changes - along with smaller amounts recommended for job specific salary increases and technical adjustments - result in an increase of \$114.0 million in the funds available for employee compensation.

Proposed Changes in Employee Compensation (General Funds, \$ Millions)	
<u>Item</u>	<u>1994-96 Biennium</u>
Classified 2.25% Increase -- December 1, 1994	\$ 61.4
Incentive Bonuses of Zero to 4% -- December 1, 1994	27.6
Classified 2.25% Increase -- December 1, 1995	\$ 22.4
Job Class Regrades - Dept. of General Services	1.2
Increase in FICA Cap to \$60,600	1.1
Technical Adjustments	<u>0.4</u>
TOTAL COMPENSATION SUPPLEMENTS	\$ 114.0
Faculty 2.25% Increase -- December 1, 1994	15.5
Faculty Bonuses of Zero to 4% -- December 1, 1994	5.8
Teachers 2.25% Increase -- December 1, 1994	60.5
Faculty Bonuses of Zero to 4% -- December 1, 1994	27.3
Faculty 2.25% Increase -- December 1, 1995	5.9
Teachers 2.25% Increase -- December 1, 1995	24.5
Job Class Regrade - Dept. of Health Physicians	2.1
Job Class Regrade - Dept. of Health Sanitarrians	1.3
VRS Rate Increase	14.6
Group Life Rate Increase	5.9
Technical Adjustments	<u>2.9</u>
OTHER COMPENSATION INCREASES	\$ 166.3
TOTAL COMPENSATION CHANGE	\$ 280.3

Compensation Increases

Four compensation increases totaling \$280.3 million are included in the Governor's proposals: (1) funding of a 2.25 percent salary increase on December 1, 1994, (2) a new program of employee incentive bonuses on December 1, 1994, (3) a 2.25 percent salary increase on December 1, 1995, and (4) job class regrades for certain positions in the Department of General Services and the Health Department.

2.25% December, 1994 Salary Increase. The largest of the proposed increases is \$137.3 million for implementation of a 2.25 percent salary increase on December 1, 1994. As proposed, employees with ratings of acceptable or higher on their annual performance evaluation (about 97%) will receive this increase. This is the third salary increase received by state employees since July 1, 1990.

Comparison of Recommended Compensation Increases 1994-96 Biennium (% Increase)						
Employee Category	1994-95			1995-96		
	% Proficiency Increase	Avg. % Proficiency Bonus b/	% Total	% Proficiency Increase	% Proficiency Bonus b/	% Total
Classified Employees	2.25	1.72	2.25	2.25	0.0	2.25
Faculty (Full-Time)	2.25	1.72	2.25	2.25	0.0	2.25
Faculty (Administrative)	2.25	1.72	2.25	2.25	0.0	2.25
Faculty (Part-Time) Teachers	2.25	1.72	2.25	2.25	0.0	2.25
Agency Heads	2.25	1.72	2.25	2.25	0.0	2.25
Judges	2.25	1.72	2.25	2.25	0.0	2.25
Wage Employees ^{a/}	2.25	0.0	2.25	2.25	0.0	2.25
Constitutional Officers						
Officers	2.25	1.72	2.25	2.25	0.0	2.25
Employees	2.25	1.72	2.25	2.25	0.0	2.25
General Registrars	2.25	1.72	2.25	2.25	0.0	2.25
Electoral Boards	2.25	1.72	2.25	2.25	0.0	2.25
Comm Service Boards	2.25	1.72	2.25	2.25	0.0	2.25
Social Services Boards	2.25	1.72	2.25	2.25	0.0	2.25
Ctrs for Ind Living	2.25	1.72	2.25	2.25	0.0	2.25
Juv Blk Grant Employees	2.25	1.72	2.25	2.25	0.0	2.25
Corrections Prevention	2.25	1.72	2.25	2.25	0.0	2.25

^a Wage increases are to be funded within existing agency resources.

^b Bonus payments range from zero to 4% of annual salary, based on performance. Bonus payments are authorized, but, not funded for FY 1995-96

Incentive Bonuses. SB 30 proposes the appropriation of \$60.7 million to institute a new employee bonus payable on December 1, 1994. Bonuses of one to four percent would be paid to state employees, and state supported local employees, based on their annual performance evaluation. All state employees -- including agency heads and judges -- would participate in the proposed program. Constitutional officers, registrars, and electoral boards employees of constitutional officers, and most other state supported local employees would participate in the proposed bonus program.

As proposed, bonuses of 4 percent would be paid to the top 8 percent of performers, with the next highest 41 percent receiving bonuses of 2 percent, and the next highest 47 percent receiving bonuses of 1 percent. The bottom 3 percent of employees, as determined by the annual performance evaluation, would receive no bonus payment. For a typical state employee, this bonus payment would amount to approximately \$320, after taxes and deductions.

Performance Evaluation	% of Empl.	Perf Bonus
Exceptional	9%	4%
Exceeds Expectations	41	2
Meets Expectations	47	1
Fair	2	0
Does Not Meet Expectations	1	0
Average	100%	1.72%

Language in the Central Appropriations authorizes the continuation of the bonus program on December 1, 1995; however, no funds are provided. Instead, these second year bonuses are proposed to be funded from agency savings. The purpose of this approach is to give employees a tangible incentive to re-examine agency operations in order to achieve long-term cost savings.

2.25% December, 1995 Salary Increase. The largest of the proposed increases is \$52.7 million for implementation of a 2.25 percent salary increase on December 1, 1995. As proposed, employees with ratings of acceptable or higher on their annual performance evaluation (about 97%) will receive this increase. This is the third salary increase received by state employees since July 1, 1990.

Department of General Services Job Class Regrade. An increase of \$1.2 million for the biennium is recommended to implement the findings of a salary study of certain employees of the Department of General Services Divisions of Forensic Science and Consolidated Laboratories.

Department of Health Physicians Job Class Regrade. An increase of \$2.1 million (GF) and \$1.4 million (NGF) for the biennium is recommended to

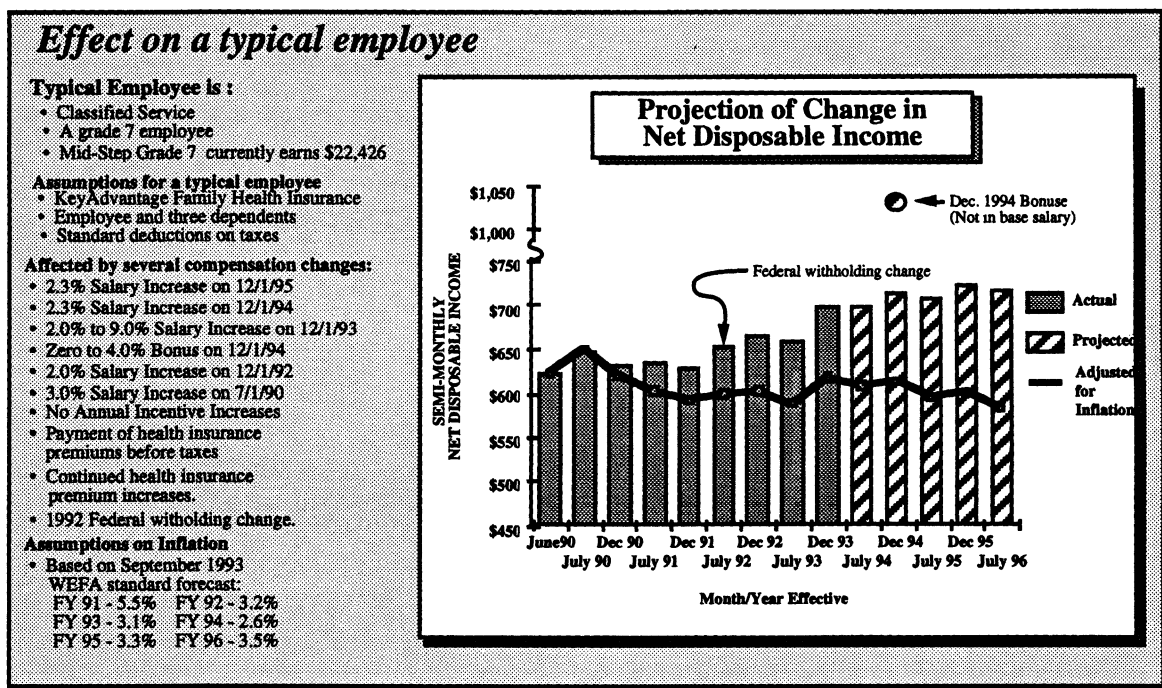
implement the findings of a salary study of primary care physicians at the Department of Health. These funds are budgeted directly to the agency.

Department of Health Sanitarians Job Class Regrade. An increase of \$1.3 million (GF) and \$0.9 million (NGF) for the biennium is recommended to implement the findings of a salary study of primary care physicians at the Department of Health. These funds are budgeted directly to the agency.

Effect of Compensation Proposals on Disposable Income

The following graph illustrates the effect on disposable income of projected compensation changes for a typical employee (in grade 7 at the middle step of the pay grade), including: both of the proposed 2.25 percent salary increases, projected increases in the cost of family health insurance, and the proposed employee bonus program. By December, 1995, the net disposable income of the typical classified employee will be \$723 per pay period — 10.9 percent more than it was on July 1, 1993, just before salary increases were resumed following a long hiatus.

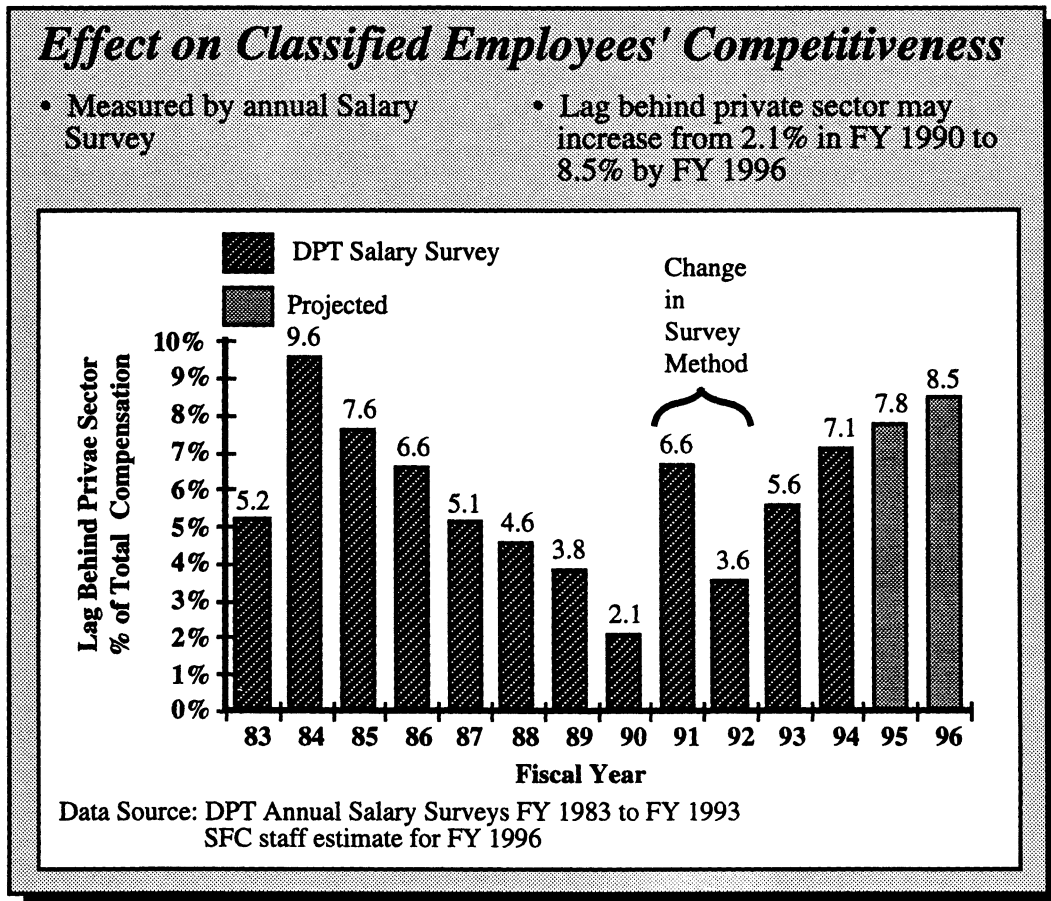
The effects of recent salary increases have stopped the decline in state employees' after tax purchasing power -- the value of take home pay when the effects of inflation are factored in. By the end of the 1994-96 biennium, the inflation-adjusted net disposable income for the typical classified employee will be \$599 per pay period — essentially the same (in 1990 dollars) as on July 1, 1993.



Effect on Market Competitiveness

The primary measure of competitiveness in classified compensation is the annual salary survey conducted by the Department of Personnel and Training. In measuring competitiveness, the survey attempts to include the value of both cash compensation and employee benefits.

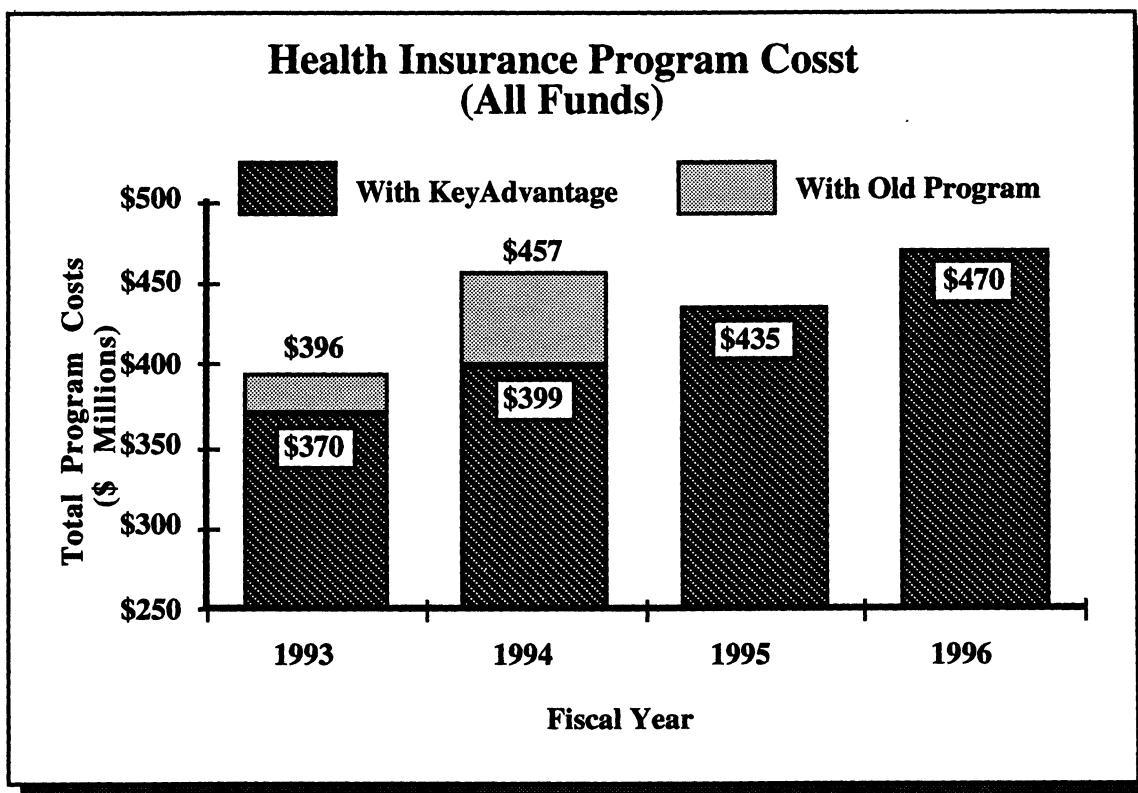
Until FY 1990, the gap between private sector and state compensation narrowed significantly. At the end of FY 1990, classified compensation trailed only about 2.1 percent behind that of similar employees in the private sector.



The lag behind the private sector grew quickly during the recent period of limited salary increases -- reaching 7.1 percent for 1993-4. As can be seen from the chart, recent and project salary increases have slowed the rate of decline in the Commonwealth's competitive position. Due to the effects of the December 1993 salary increases and continued market movement the projected July 1, 1994 salary deviation may dip only another 0.7 percent (to 7.8 percent) when compared to the salary survey for FY 1993-94. After the proposed 2.25 percent salary increases, projected increases in private sector compensation indicate that this lag will increase to 8.5 percent by June, 1995.

Health Insurance Rates and Coverage

Implementation of the new KeyAdvantage health benefit program for state employees has significantly slowed the rate of increase in the overall cost of providing health insurance coverage for state employees. As can be seen from the chart, the estimated cost of the program for FY 1993-94 is \$58 million less than the last estimates of cost for the previous BC/Blue Shield program.



If these trends continue, the total cost of the Commonwealth's health benefits program will increase from \$370 million in FY 1992-93 to \$399 million (7.8 percent) in FY 1994, \$435 million (9.0 percent) in FY 1995 and \$470 million (8.0 percent) in 1996. This rate of increase is much less than the double digit rate typical under the old program in the 1980's.

While the increases in the employer and employee rates are less than in the past, they will continue to move up. No rate increase is planned for either the employer or employees in FY 1994-95. For FY 1996 contribution rates for KeyAdvantage are projected to increase approximately 11 percent from FY 1994 levels. Benefit levels will be held the same.

**State Employee Health Insurance
Monthly Key Care Rates**

Fiscal Year	Coverage Type	State	Employee
1993-94	Single	\$180	\$8
	Employee+1	\$278	\$98
	Family	\$356	\$170
1994-95	Single	\$180	\$8
	Employee+1	\$278	\$98
	Family	\$356	\$170
1995-96*	Single	\$200	\$9
	Employee+1	\$309	\$109
	Family	\$396	\$189

* Projection based on recent trends.
Actual rates for FY 1995-96 have not yet been established

Source: DPT

Independent Agencies

Senate Bill 30, as introduced, contains a recommended appropriation totaling \$271.6 million (NGF) for the three Independent Agencies. The Governor's recommendations result in an increase of \$8.2 million (NGF), or 3.1 percent, for the biennium when compared to the 1992--94 base budget of \$263.4 million (NGF).

The maximum employment level for the Independent Agencies is increased by a total of 39 FTE employees, or 3.1 percent ---- all for increased workload at the State Corporation Commission.

Almost one--half of the Governor's recommended general fund budget increases of \$8.2 million (GF) for the biennium, ---- \$3.9 million ---- is for a additional computer terminals at the State Lottery. Most of the remaining increase represents funding for the start--up of new lottery games ---- \$1.1 million ---- and workload increases at the State Corporation Commission ---- \$2.8 million.

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	NGF	FTE*	NGF	FTE*	NGF	FTE*
State Corporation Commission	\$ 106.6	612	\$ 0.0	0	\$ 2.8	39
Dept. of Workers' Compensation	20.2	145	0.0	0	0.4	0
State Lottery Department	136.6	330	0.0	0	4.9	0
Total	\$ 263.4	1,087	\$ 0.0	0	\$ 8.2	0

**FTE totals include both general and nongeneral fund positions.*

State Corporation Commission

Increases

- **Increased FTE Employment.** SB 30, as introduced, includes an increase of 9 FTE employees for increased workload in three areas: building maintenance and operation -- 2 FTE positions, the office of General Counsel -- 1 FTE position, and information technology -- 1 FTE position.

No additional funds are provided for these positions. They will be supported by internal charges to the divisions within the SCC.

- ***Public Utility Regulation Workload.*** An increase of \$268,353 (NGF) the first year, \$271,066 (NGF) the second year and 5 FTE positions is recommended to address increased workload in the regulation of public utilities.
- ***Communications Industry Regulation Workload.*** SB 30, as introduced, includes an increase of \$176,144 (NGF) the first year, \$176,869 (NGF) the second year and 3 FTE positions to address increased workload in the regulation of the communications industry.
- ***Insurance Industry Regulation Workload.*** An increase of \$1,000,000 (NGF) the first year, \$915,396 (NGF) the second year and 22 FTE positions is recommended to address increased workload in the regulation of the insurance industry.

Department of Workers' Compensation

Increases

- ***Uninsured Employers' Fund.*** An increase of \$200,000 (NGF) each year is recommended to provide workers' compensation coverage for employees in instances where the employer has not maintained the required insurance coverage.

State Lottery Department

Increases

- ***Expanded Revenue Programs.*** SB 30, as introduced, recommends an increase of \$745,953 (NGF) the first year and \$312,245 (NGF) the second year for start-up costs associated with an additional on-line product and three new instant games, as well as change to the existing on-line products.
- ***Computer Terminals.*** An additional \$1,171,000 (NGF) the first year and \$2,717,000 (NGF) the second year is recommended for administrative computer support, as well as equipment and computer support for new lottery retailers.

Lottery Revenues

Virginia's lottery statute was passed by the 1987 General Assembly. The statute provided that the Lottery would become operational only after approval by referendum. The voters approved the Lottery in November of that year. The Lottery began operation in September of 1988, although not all games began at that time. The first full year of operation was FY 1989 -- 1990.

Fiscal Year	Operating Costs as a % of Gross Sales
FY 1989 (Exempt)	10.2%
FY 1990	9.1
FY 1991	6.8
FY 1992	7.6
FY 1993	7.5
FY 1994 (Projected)	8.4
FY 1995 (Projected)	8.5
FY 1996 (Projected)	8.4

The *Code of Virginia* provisions governing the Lottery mandate an efficient operation. Administrative expenses may not exceed 10 percent of estimated gross sales, and historically, they have been well under this amount.

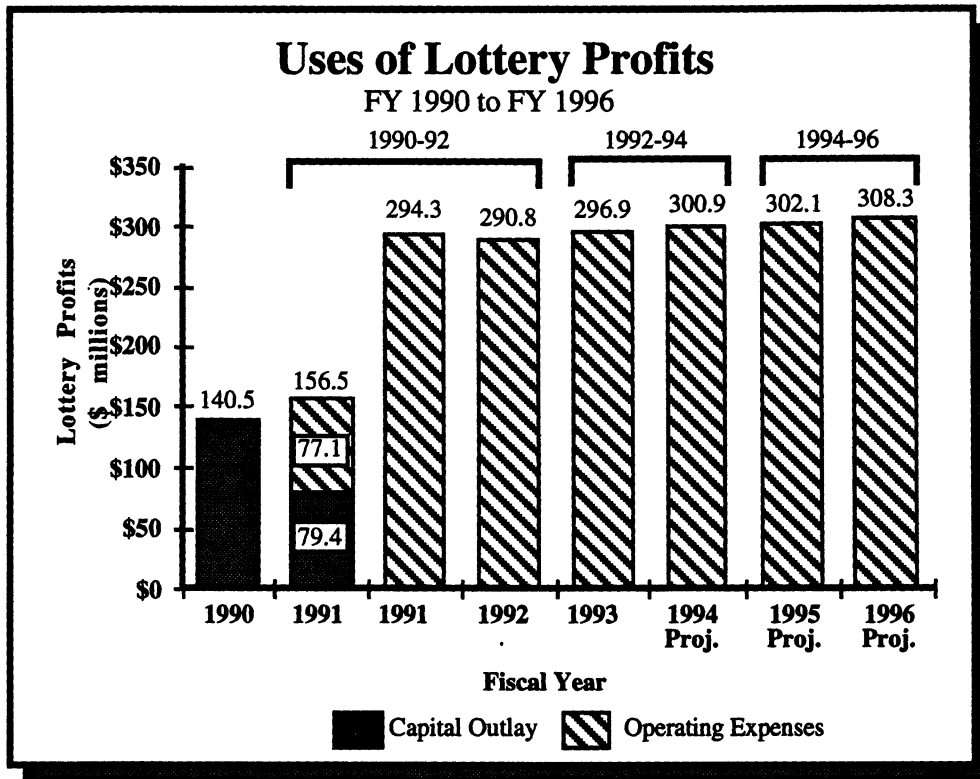
The largest expense categories are retailer compensation and prizes. Retailer compensation represents the commissions and other incentives paid to businesses that sell lottery tickets. For FY 1993, retailer compensation totaled \$45.0 million (5.3 percent of gross sales of \$843.5 million). Prizes of \$444.7 million (52.7 percent of gross sales) were paid out during this same period.

Lottery Transfers to the General Fund (\$ millions)		
Fiscal Year Collected	Transfer	Fiscal Year Appropriated
FY 1989	\$ 140.5	FY 1990
FY 1990	156.5	FY 1991
FY 1991	294.3	FY 1991
FY 1992	290.8	FY 1992
FY 1993	296.9	FY 1993
FY 1994 Proj.	300.9	FY 1994
FY 1995 Proj.	302.1	FY 1995
<u>FY 1996 Proj.</u>	<u>308.3</u>	FY 1996
Total	\$2,090.3	

From the Lottery's inception to the end of FY 1992--93, a total of \$1,179.0 million has been transferred to the general fund, where it has been appropriated for state purposes.

Projections of lottery transfers to the general fund have been lowered by \$7.2 million for FY 1993--94 ---- from \$308.1 million to \$300.9 million. After the first four months of fiscal 1994, lottery sales were running approximately 2 percent behind official projections in Chapter 994. Sales for all lottery games were behind these official projections; however, lagging *lotto* sales ---- caused by relatively low *lotto* jackpots ---- appear to be the primary explanation for the overall decline in sales. The maturity of the *Pick 3* and *Pick 4* games also contributed to slower sales. Use of relatively new industry norms for sales projections on the *Cash 5* and *\$2 Offline* products resulted in slight downward revisions of sales projections as well. If the revised projections hold true, \$300.9 million will be transferred to the General Fund for FY 1994. The Lottery Department feels that profits of \$302.1 million and \$308.3 million can be transferred to the general fund for FY 1994--95 and FY 1995--96 respectively. This would bring the total contributed by the lottery to \$2.1 billion from the beginning of the lottery to FY 1995--96.

The *Code of Virginia* leaves the use of lottery revenues up to the General Assembly. Prior to FY 1990, the General Assembly appropriated lottery revenues for capital facilities. A total of \$219.9 million was used for capital projects.



Beginning in the fall of 1990, a slowing economy and increasing funding requirements for state programs required a re-direction of Lottery appropriations

to the operating budget. The 1991 General Assembly approved the transfer of lottery profits to the general fund in the year collected. As a result, the 1990--92 budget used three years of lottery profits ---- \$662.2 million ---- to support operating programs. In contrast, the 1992--94 and subsequent biennia use only two years of lottery profits. For 1994--96 these profits are projected to be \$610.4 million.

By the end of the 1994--96 biennium, a total of \$1,870.4 million will have been used for operating expenses since the beginning of the lottery.

Non-State Agencies

SB 30 recommends a total of \$1.8 million (GF) for operating grants to non-state agencies. These grants must be matched by the recipient organization. This represents just over 0.01% of the total general fund operating budget.

Governor's Budget Recommendations (General Fund; \$ in millions)

	Base Budget		Reductions		Increases	
	GF	FTE*	GF	FTE*	GF	FTE*
Non-state Agencies	0.0	0	0.0	0	\$ 1.8	0
Total	\$ 0.0	0	\$0.0	0	\$ 1.8	0

**FTE totals include both general and nongeneral fund positions.*

<u>Non-State Agencies</u>	<u>1994-95</u>	<u>1995-96</u>
Black History Museum and Cultural Center	\$ 50,000	\$ 50,000
Arts Museum of Western Virginia	65,000	65,000
Council for America's First Freedom	390,000	316,000
Peninsula Fine Arts Center	30,000	30,000
Science Museum of Western Virginia	178,978	178,978
Western Virginia Foundation for Arts and Sciences	161,915	161,915
William King Regional Arts Center	<u>75,000</u>	<u>75,000</u>
	\$ 950,893	\$ 876,893

SB 30, as introduced, also recommends an additional \$1.4 million for grants to historic landmarks. These grants -- which are budgeted to the Department of Historic Resources -- must also be matched by the recipient organization.

<u>Historic Landmarks</u>	<u>1994-95</u>	<u>1995-96</u>
Virginia Historical Society	\$ 200,000	\$ 200,000
The Corporation for Jefferson's Poplar Forest	<u>500,000</u>	<u>500,000</u>
	\$ 700,000	\$ 700,000

Capital Outlay

Overview

SB 30, as introduced, includes \$140.5 million in general funds for new capital outlay in 1994-96. General fund projects address critical life/safety corrections or hazardous materials disposal, the correction of infrastructure problems that cannot be deferred, and a limited number of planning projects.

Biennial funding for capital outlay includes \$51.0 million for maintenance reserve, to address repairs and replacement of roofs, mechanical systems, and other deferred maintenance at state agency buildings. SB 30 also recommends \$120.2 million for projects funded with either 9(c) or 9(d) bonded debt. An additional \$182.2 million is recommended for projects funded from other nongeneral fund sources.

The Virginia Public Building Authority bill will propose \$13.8 million of new projects, including equipment for the Lunenburg Correctional Center, construction of regional agriculture laboratories, and improvements to administrative buildings in the seat of government.

General fund projects recommended for funding in 1994-96 are detailed below.

Central Accounts

- **Maintenance Reserve.** SB 30 recommends \$21.0 million GF for maintenance reserve in the first year, and \$ 30.0 million in the second year. The maintenance reserve appropriation addresses repair projects to maintain or extend the useful life of buildings.
- **Handicapped Access Renovations.** SB 30, as introduced, includes \$7.3 million GF and \$2.8 million NGF in the first year, and \$15.9 million GF in the second year to renovate and eliminate barriers to improve access to state buildings and institutions of higher education.
- **Asbestos Abatement.** In the first year, \$6.2 million GF and \$1.3 million NGF is recommended in SB 30 to remove asbestos from state agency and higher education facilities. In the second year, an additional \$4.1 million GF is recommended.
- **Correction of Environmental Hazards.** SB 30 includes \$2.0 million GF and \$251,000 NGF in the first year and \$2.0 million GF in the second year to fund the replacement and remediation of underground fuel storage tanks at state agencies. All tanks must comply with the regulations of the U.S. Environmental Protection Agency and Virginia's State Water Control Board by December, 1998.

- **Improvements to Heating, Electrical and Energy Systems.** SB 30 includes \$1.6 million GF in the first year to renovate and upgrade heating, electrical, and energy management systems in state agency facilities.
- **Life and Safety Code Renovations.** For 1995, SB 30 recommends \$1.6 million GF to renovate state buildings to bring them into compliance with statewide building code requirements.
- **Roof Repairs.** SB 30 includes \$713,000 GF in the first year to repair roofs of buildings at state agencies.

Administration

- **Life Safety Code Repairs.** SB 30 recommends general funds of \$246,000 in the first year to correct fire protection and safety deficiencies in the 8th Street, 9th Street, and Supreme Court Buildings.
- **Veterans' Cemetery.** SB 30 includes \$1.7 million GF and \$1.4 million NGF in the first year to fund the first of a four-phase project to plan and build a veterans' cemetery in Amelia County.

Higher Education

Virginia Community College System

- **Roof Repairs and Replacement.** The budget includes \$600,000 GF in 1995 to repair or replace the roofs on eighteen instructional buildings at nine community colleges.
- **Mechanical System Repairs.** SB 30 includes \$3.0 million GF in the second year to replace sixteen major mechanical and heat pump systems throughout the community college system.
- **New Campus of John Tyler Community College.** The budget includes \$1.5 million GF and \$547,000 NGF in the first year for planning for the new Midlothian Campus of John Tyler Community College.
- **New Campus of Tidewater Community College.** The budget includes \$750,000 GF in the first year for planning for the new Norfolk Campus of Tidewater Community College.
- **Water System Improvements at Tidewater Community College.** For 1995, \$278,000 GF is recommended for the replacement of the existing well system with city-supplied water for the Portsmouth Campus.

Virginia Tech

- **Health and Safety Code Compliance.** The budget includes \$400,000 GF in 1995 to address air quality problems identified in University facilities.

Virginia Commonwealth University

- **Life and Safety Code Compliance.** The budget includes \$1.7 million GF in 1995 to install a fire suppression system throughout Sanger Hall.
- **Renovation of Old State Library Building.** SB 30 recommends \$900,000 GF in 1996 to plan renovation of the existing State Library building to allow for the relocation of Tompkins-McCaw library. The project will also reconfigure space for the schools of nursing and allied health professions,
- **Life and Safety Code Compliance, MCVH.** The budget includes \$202,000 GF and \$1.5 million GF for life and safety fire improvements in the inmate hospital ward.

Old Dominion University

- **Construction of TELETECHNET Center.** SB 30 recommends \$448,000 GF in the first year for ODU to plan the construction of a building to house a statewide satellite education network.
- **Installation of Power Protection System.** SB 30, as introduced, includes \$302,000 GF and \$279,000 NGF in the first year to allow ODU to design, purchase, and install an electrical power system in the University's main information technology resource center.

George Mason University

- **Prince William Institute, Phase II.** SB 30, as introduced, includes \$600,000 GF in the first year for GMU to continue planning the second phase of the new campus planned for Prince William County.

Richard Bland College

- **Roof Replacement.** General funds of \$254,000 in the first year is recommended to replace the roof and clean up asbestos found in the roof of the physical education building.

Virginia Institute of Marine Science

- **Replacement of Jefferson Hall.** Construction of the Coleman Bridge Expansion required the sale of the Jefferson Hall property to the Department of Transportation, who will use the facility as an administrative headquarters. Funding of \$213,000 GF and \$425,000 NGF is recommended for the construction of a replacement for this academic and research facility on the VIMS campus.

James Madison University

- **Water System Improvements.** SB 30, as introduced, includes \$191,000 NGF in the first year and \$598,000 GF in the second year for JMU to replace undersized water lines, and to extend lines to provide adequate water pressure in case of an emergency.
- **College of Science and Technology, Phase II.** SB 30 recommends \$1.2 million GF in the first year for JMU to plan construction of a second academic facility on the new campus.

Christopher Newport University

- **Science Building Renovation.** Funding of \$65,000 GF is recommended in the first year for CNU to plan the renovation of restrooms and the exterior of the Science Building to correct safety problems.

Mary Washington College

- **Boiler Replacement.** SB 30 recommends \$186,000 GF in 1996 for the replacement of an inoperable coal-fired boiler with a more energy efficient unit.
- **New Stafford Campus.** SB 30 includes \$75,000 GF in the first year and \$455,000 GF in the second year for a master site plan and for planning the first building of the Stafford campus.

Radford University

- **College of Global Studies, Phase II.** SB 30 recommends \$710,000 GF in the first year for Radford to plan construction of a second academic facility for the new college.

- **Construction of Coal-Fire Boiler Plant.** SB 30 includes \$1.5 million NGF in 1995 and \$1.5 million GF in 1996 for the construction of a new boiler plant to replace three aging gas boilers.
- **Electrical Distribution System.** SB 30 recommends \$325,000 NGF in 1995 and \$325,000 GF in 1996 to replace the existing delivery system and install new cable.

Health and Human Resources

Department of Mental Health, Mental Retardation and Substance Abuse Services

- **Systems Renovations.** SB 30 recommends \$298,000 GF in the first year and \$6.7 million GF in the second year for the repair and replacement of boilers, steam distribution systems, and chillers for air conditioning systems at MHMRSAS facilities.
- **Life and Safety Code Compliance.** SB 30 includes \$439,000 GF in the first year and \$4.6 million GF in the second year for the installation of sprinkler and fire alarm systems in patient dormitories and resident living areas.
- **Improvements, Central Virginia Training Center.** SB 30 recommends \$103,000 GF in the first year and \$184,000 GF in the second year to install a central oxygen and suction system in the center's hospital building.

Woodrow Wilson Rehabilitation Center

- **Carter Hall Dormitory Renovations.** SB 30 includes \$189,000 GF in the first year and \$2.8 million GF in the second year to renovate the men's dormitory to meet life safety code and Americans with Disabilities Act requirements.
- **Birdsall-Hoover Renovations.** SB 30 recommends \$150,000 GF in the first year to plan the renovation of the facility to correct foundation problems, and to meet life safety code and Americans with Disabilities Act requirements.

Public Safety

Department of Corrections

- **Locking Systems.** SB 30 includes \$950,000 to replace worn-out locks and locking systems at Powhatan and Brunswick Correctional Centers.
- **Water and Wastewater Systems.** SB 30 includes \$3.0 million to improve the water supply systems at Bland, James River, and Southampton Correctional Centers and two field units (Pocahontas and Appalachian), as well as to upgrade the wastewater treatment plants at Bland and the Virginia Correctional Center for Women.
- **Heating Systems.** SB 30 includes \$233,000 for replacing the heat distribution system at White Post Correctional Field Unit near Winchester.
- **Boiler Replacement.** SB 30 includes \$530,000 for replacing a boiler at Southampton Correctional Center.
- **Electrical Systems.** SB 30 includes \$3.5 million to upgrade antiquated electrical systems at five field units (Baskerville, Harrisonburg, Cold Springs, Stafford, and Appalachian) and to continue the renovation of the electrical system at the Virginia Correctional Center for Women (\$2.9 million).
- **Fire Safety.** SB 30 includes \$1.6 million to continue projects begun in the current biennium as well as new projects to bring four major prisons into compliance with fire safety standards (Augusta, Nottoway, St. Brides, and Buckingham Correctional Centers).

Department of Youth and Family Services

- **Hanover Replacement Facilities.** SB 30 includes \$600,000 for plans for replacing most of the facilities at Hanover Learning Center.
- **Security Enhancements.** SB 30 includes \$535,000 for improving security at learning centers, including fences, exterior lights, metal detectors, locking systems, and an emergency power generators.

Department of Military Affairs

- **Kitchen Renovations.** SB 30 includes \$95,000 (GF) and \$257,000 (NGF) for renovations to eleven kitchens at National Guard armories.

Nongeneral funds projects recommended for funding in SB 30 are detailed on the spreadsheet at the end of this section.

**SB 30, as Introduced
1994-96 Capital Budget**

Capital Project	General Fund	Nongeneral Fund	§ 9 c Bonds	§ 9 d Bonds	VPBA Bonds	Total
Central Accounts						
Asbestos Abatement/Remediation	\$10,362,000	\$1,298,000				\$11,660,000
Underground Petroleum Storage Tanks	3,980,000	251,000				4,231,000
Cheatham Annex Cleanup w/ Fed. Agree.	Language					Language
Life Safety Code Compliance (Suppl.)	1,627,000					1,627,000
Roof Repairs	713,000					713,000
HVAC Systems Repairs (Supplement)	1,604,000					1,604,000
Land Acquisition		500,000				500,000
Maintenance Reserve	1,000,000					1,000,000
Handicapped Access/ADA Compliance	21,186,000	2,837,000				24,023,000
Department of General Services						
Maintenance Reserve	1,621,850					1,621,850
8th, 9th & Supreme Ct. Bldg. Repairs	246,000					246,000
Parking Deck Renovations			\$1,906,000			1,906,000
Archives Records Storage Supplement					\$1,838,000	1,838,000
Jefferson Bldg. Renovation Supplement					2,376,385	2,376,385
Department of Veterans' Affairs						
State Veterans' Cemetery	1,739,000	1,424,000				3,163,000
Virginia Employment Commission						
Maintenance Reserve		205,000				205,000
Renovate Central Office		1,774,000				1,774,000
Exmore Office		1,546,000				1,546,000
Chesapeake Office		1,676,000				1,676,000
Woodbridge Office		1,484,000				1,484,000
Department of Agriculture & Cons. Services						
Maintenance Reserve	150,025					150,025
Warrenton Laboratory					1,985,000	1,985,000
Lynchburg Laboratory					2,534,000	2,534,000
Department of Forestry						
Maintenance Reserve	83,601					83,601

**SB 30, as Introduced
1994-96 Capital Budget**

<u>Capital Project</u>	<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>§ 9 c Bonds</u>	<u>§ 9 d Bonds</u>	<u>VPBA Bonds</u>	<u>Total</u>
Virginia Port Authority						
Maintenance Reserve		\$3,750,000				\$3,750,000
Cargo Facility Renovations		3,750,000				3,750,000
Virginia School Deaf & Blind-Hampton						
Maintenance Reserve	\$352,617					352,617
Virginia School Deaf & Blind-Staunton						
Maintenance Reserve	226,000					226,000
Virginia Community College System						
Maintenance Reserve	3,806,619					3,806,619
Renovate Major Mechanical, Phase III	3,000,000					3,000,000
Portsmouth Water System-Tidewater CC	278,000					278,000
Improve Campus Exterior-Thomas Nelson		200,000				200,000
Parking Facilities-Thomas Nelson		310,000				310,000
Plan Midlothian Campus-John Tyler	1,537,000	547,000				2,084,000
Roof Repair & Replacement Systemwide	600,000					600,000
Parking Lot-Central Virginia		1,000,000				1,000,000
Parking Facilities-New River		300,000				300,000
Norfolk Campus Planning-Tidewater CC	750,000					750,000
Student Center-Central Virginia		400,000				400,000
University of Virginia						
Maintenance Reserve	5,825,825					5,825,825
Renovate Medical School Facilities		1,625,000				1,625,000
Academic & Support Renovations		3,000,000				3,000,000
Research Facility Renovations, I, II, III		1,700,000				1,700,000
Rheumatology Dept. Renovations, II		1,700,000				1,700,000
Law School Expansion & Renovation		1,790,000				1,790,000
Expand Gilmer Field Recreation Center		3,500,000				3,500,000
Plan Special Collections Library		3,740,000				3,740,000
Renovate Orthopedics Department		1,072,000				1,072,000
Improve Sports Arena & Utility Service		800,000				800,000
Const 175 Space Parking Lot		3,028,000				3,028,000
Renovate Monroe Hall		577,000				577,000
Renovate Scott Stadium Seating		1,188,000				1,188,000
		600,000				600,000

**SB 30, as Introduced
1994-96 Capital Budget**

<u>Capital Project</u>	<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>§ 9 c Bonds</u>	<u>§ 9 d Bonds</u>	<u>VPBA Bonds</u>	<u>Total</u>
Replace Scott Stadium Playing Surface		\$2,900,000				\$2,900,000
University of Virginia Medical Center						
Maintenance Reserve	\$211,172	402,000				613,172
Renovate Medical Center Facilities		1,300,000				1,300,000
Clinch Valley College						
Maintenance Reserve	207,808					207,808
Virginia Polytechnic Institute						
Maintenance Reserve	7,095,917	6,588,000				13,683,917
Renovate Lane Stadium		1,500,000				1,500,000
Renovate Rector Field House		2,865,000				2,865,000
Health & Safety Code Compliance	400,000					400,000
Residence Halls			\$15,075,000			15,075,000
Dining Hall			5,000,000			5,000,000
Student Health & Fitness Center				\$17,909,000		17,909,000
Virginia Commonwealth University						
Maintenance Reserve	4,439,465	1,308,000				5,747,465
Life & Fire Safety Compliance	1,658,000					1,658,000
Academic Campus Parking Deck				11,587,000		11,587,000
Plan Old State Library Adaptive Reuse	900,000					900,000
Recreation Facilities/Convocation Cntr.		13,162,000				13,162,000
Blanket Author.-Academic & Research		2,000,000				2,000,000
Blanket Authorization-Auxiliary Renovation		1,000,000			9,692,000	11,692,000
Medical College of Virginia						
Maintenance Reserve	1,373,514	1,200,000				2,573,514
Blanket Authorization for Renovations		3,000,000				3,000,000
Outpatient Cancer Center		3,518,000				3,518,000
Improve HVAC Sys. Main & North Hosp.		200,000				200,000
Life Safety Code Compliance	202,000	1,461,000				1,663,000
Old Dominion University						
Maintenance Reserve	1,525,003	2,860,000				4,385,003
Plan Telechnet Center & Network	448,000					448,000
Install Power Protection System	302,000	279,000				581,000

**SB 30, as Introduced
1994-96 Capital Budget**

<u>Capital Project</u>	<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>§ 9 c Bonds</u>	<u>§ 9 d Bonds</u>	<u>VPBA Bonds</u>	<u>Total</u>
George Mason University						
Maintenance Reserve	\$1,026,957	\$281,000				\$1,307,957
Prince Wm Institute Sitework		1,317,000	\$2,200,000			3,517,000
Arlington Metro Campus Parking		3,000,000	2,000,000			5,000,000
Renovate Student Union		1,500,000				1,500,000
Renovate Student Housing			3,400,000			3,400,000
Construct Swimming Pool Complex				10,006,000		10,006,000
Renovate Athletic & Recreation Facilities		2,000,000				2,000,000
Plan Prince Wm. Institute, Phase II	600,000					600,000
College of William & Mary						
Maintenance Reserve	1,952,395	358,000	3,574,000			2,310,395
Upgrade Underground Utility System		1,001,000	3,915,000			3,574,000
Renovate Fraternity Complex						1,001,000
Renovate Dormitories						3,915,000
Expand College Bookstore				2,881,000		2,881,000
Richard Bland College						
Maintenance Reserve	296,869					296,869
Replace Phys. Ed. Bldg. Roof	254,000					254,000
Virginia Institute of Marine Science						
Maintenance Reserve	354,566					354,566
Replace Jefferson Hall	213,000	425,000				638,000
James Madison University						
Maintenance Reserve	816,235	988,000				1,804,235
Blanket Authorization-Auxiliary Renovation		2,000,000				2,000,000
Equip New College of Science & Tech.		3,023,000				3,023,000
Const. Student Service Bldg. (new coll.)		1,150,000	5,313,000			6,463,000
Renovate Bluestone Dormitories		5,722,000				5,722,000
New College Residence Hall			11,771,000			11,771,000
Parking Facilities-New College			3,214,000			3,214,000
Upgrade Campus Water System	598,000	191,000				789,000
Plan New College, Phases II	1,225,000					1,225,000

**SB 30, as Introduced
1994-96 Capital Budget**

<u>Capital Project</u>	<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>§ 9 c Bonds</u>	<u>§ 9 d Bonds</u>	<u>VPBA Bonds</u>	<u>Total</u>
Christopher Newport University						
Maintenance Reserve	\$105,361					\$105,361
Blanket Authorization-Auxiliary Renovation		\$500,000				500,000
Renovate Science Building	65,000					65,000
Longwood College						
Maintenance Reserve	413,262	1,054,000				1,467,262
Convert S. Rufner, Tab & French (Dorms)		1,363,000				1,363,000
Construct New Dining Hall			\$8,150,000			8,150,000
Replace Campus Wide Electric System	204,000	296,000				500,000
Mary Washington College						
Maintenance Reserve	452,431	120,000				572,431
Stafford Campus Planning	530,000					530,000
Replace Boiler	186,000					186,000
Melchers Monroe Memorials						
Maintenance Reserve	7,747					7,747
Norfolk State University						
Maintenance Reserve	475,548	433,000				908,548
Renovate Residential Service Building		1,281,000				1,281,000
Blanket Authorization-Auxiliary Renov.		1,500,000				1,500,000
Plan 2,500 Seat Football Stadium		400,000				400,000
Radford University						
Maintenance Reserve	636,626	2,146,000				2,782,626
Purchase Property, Auxiliary		1,000,000				1,000,000
Coal Fired Boiler Plant	1,450,000	1,450,000				2,900,000
Purchase Apartment Complex		1,900,000				1,900,000
Improve Primary Electric System	325,000	325,000				650,000
Blanket Authorization-Auxiliary Renovation		1,000,000				1,000,000
Planning, College Global Studies II	710,000					710,000
Virginia Military Institute						
Maintenance Reserve	1,066,002	280,000				1,346,002

**SB 30, as Introduced
1994-96 Capital Budget**

<u>Capital Project</u>	<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>§ 9 c Bonds</u>	<u>§ 9 d Bonds</u>	<u>VPBA Bonds</u>	<u>Total</u>
Virginia State University						
Maintenance Reserve	\$858,875					\$858,875
Renovate Langston Hall			\$2,621,000			2,621,000
Renovate Foster Hall (Student Union)		\$152,000				152,000
Renovate Jones Dining Hall		203,000				203,000
Renovate Dormitories		151,000				151,000
Virginia Museum of Fine Arts						
Maintenance Reserve	238,097					238,097
Science Museum of Virginia						
Maintenance Reserve	861,240					861,240
Frontier Culture Museum						
Maintenance Reserve	89,061					89,061
Gunston Hall						
Maintenance Reserve	31,665					31,665
Jamestown-Yorktown Foundation						
Maintenance Reserve	225,649					225,649
Jamestown Settlement, Phase II	2,033,000					2,033,000
Department of Mental Health & Retardation						
Maintenance Reserve	5,669,345					5,669,345
Oxygen & Vacuum Syst.-CVTC Hospital	287,000					287,000
Renovate Boilers, Steam Lines & HVAC	7,000,000					7,000,000
Fire Safety/Sprinklers Patient Areas	5,000,000					5,000,000
Authority to Sell Surplus Prop. Any Facility	Language					Language
Woodrow Wilson Rehabilitation Center						
Maintenance Reserve	1,047,958					1,047,958
Renovate Carter Hall Dormitory	3,000,000					3,000,000
Plan Renovate Birdsell-Hoover Hospital	150,000					150,000
Department for Visually Handicapped						
Maintenance Reserve	308,621					308,621
Department of Conservation & Recreation						
Maintenance Reserve		2,400,000				2,400,000
Department of Game & Inland Fisheries						
Maintenance Reserve		1,000,000				1,000,000

**SB 30, as Introduced
1994-96 Capital Budget**

<u>Capital Project</u>	<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>§ 9 c Bonds</u>	<u>§ 9 d Bonds</u>	<u>VPBA Bonds</u>	<u>Total</u>
Virginia Museum of Natural History						
Maintenance Reserve	\$110,844					\$110,844
Department of State Police						
Maintenance Reserve	164,273					164,273
Department of Corrections						
Maintenance Reserve	3,698,466					3,698,466
Replace Heating Syst. - White Post	233,000					233,000
Upgrade F. Unit Electrical Systems	463,000					463,000
Replace Southampton Boiler	530,000					530,000
Locking Systems-Powhatan & Brunswick	950,000					950,000
Upgrade Water Systems	1,014,000					1,014,000
Fire Safety Upgrade-System Wide	1,600,000					1,600,000
Wastewater Systems.-Bland & VCCW	1,905,000					1,905,000
Renovate Electrical Systems-VCCW	2,900,000			900,000	3,350,000	2,900,000
Bland Isolation Bldg. Supplement						900,000
Equip Lunenburg Correctional Center						3,350,000
Department of Youth & Family Services						
Maintenance Reserve	1,754,076					1,754,076
Upgrade Learning Center Security	635,000					635,000
Equip Beaumont New Buildings					791,000	791,000
Plan Improve Hanover Learning Center	600,000					600,000
Department of Military Affairs						
Maintenance Reserve	418,415					418,415
Const. Richlands Armory/Community Bldg.	3,169,000	2,624,000				5,793,000
Renovate Various Kitchens	95,000	257,000				352,000
Department of Alcoholic Beverage Control						
Maintenance Reserve		124,000				124,000
Department of Motor Vehicles						
Maintenance Reserve		1,433,000				1,433,000
Expand Fairfax Branch Office (Suppl.)		550,000				550,000
Replace Alexandria Branch Office		390,000				390,000
Replace Portsmouth Branch Office		600,000				600,000
Acquire West Henrico Branch Office		650,000				650,000

**SB 30, as Introduced
1994-96 Capital Budget**

<u>Capital Project</u>	<u>General Fund</u>	<u>Nongeneral Fund</u>	<u>§ 9 c Bonds</u>	<u>§ 9 d Bonds</u>	<u>VPBA Bonds</u>	<u>Total</u>
Replace Manassas Branch Office		\$500,000				\$500,000
Capital Lease-South Hill Office		Language				Language
Department of Transportation						
Acquire Northern Va. District Office		19,000,000				19,000,000
Replace Superintendent, etc. Offices		1,624,000				1,624,000
Potomac Regional Design Center		1,687,000				1,687,000
Relocate Harrisonburg Residency		244,000				244,000
Relocate Winchester Sub-Residency		2,854,000				2,854,000
Equip. Bldg. Various Operational Facilities		3,904,000				3,904,000
Expand Sites-Mt Airy/Moscow		64,000				64,000
Const. Chemical Storage Buildings		2,297,000				2,297,000
State Lottery Department						
Purchase/Replace Computer Equipment		8,336,000				8,336,000
	<u>\$140,456,000</u>	<u>\$182,163,000</u>	<u>\$79,726,000</u>	<u>\$40,488,000</u>	<u>\$13,774,385</u>	<u>\$456,607,385</u>
GRAND TOTAL						

SB 31: FY 1993

Summary of Senate Bill 31 Amendments

SB 31 proposes changes totalling \$161.4 million to the revenues available during 1992-94. These changes, combined with the \$31.1 million in balances previously embedded in the current budget, and a small savings in exiting appropriations will leave a total of \$193.0 million to be carried forward into the next biennium. The \$193.0 million is included as a beginning balance in SB 30. Of the total balance carried forward into the 1994-96 biennium, \$79.9 million would be appropriated for the Revenue Stabilization Fund in FY 1995.

Additional General Fund Revenue Available for Appropriation (FY 1994, \$ millions)

	<u>Original Amount</u>	<u>Revised Amount</u>	<u>Difference</u>
Unappropriated Balance	\$67.9	\$176.4	\$108.5
Additions to the Balance	6.4	8.3	1.9
Official Revenue Estimates	6,381.0	6,444.5	63.5
Transfers	<u>420.2</u>	<u>407.7</u>	<u>(12.5)</u>
Additional GF Revenues Available for Appropriation	\$6,803.1	\$6,964.5	\$161.4

Changes in the Balance

The unappropriated balance increased by a net total of \$108.5 million in FY 1993. Most of the increase was the result of a FY 1993 revenue surplus of \$112.1 million, plus unexpended appropriations. A decrease of \$10 million is also included for Maintenance Reserve, a contingent appropriation approved by the 1993 General Assembly.

Additions to the balance increased by \$1.9 million. This was mainly the result of appropriation savings and capital outlay reversions.

Changes in Revenue

Revenue changes since the 1993 Session have resulted in an increase in expected revenues of \$63.5 million. The total for FY 1994 is projected to be \$6,444.5 million. The year-end revenue surplus and modest improvement in expected economic conditions for Virginia in FY 1994 were responsible for most of the revenue revision to the official FY 1994 revenue forecast. Personal income growth is now expected to edge up from 5.5 percent growth in FY 1993 to 6.2 percent growth in FY 1994.

The current revenue forecast also includes \$17.3 million in additional compliance revenues as a result of the enhanced collection system implemented at the Department of Taxation.

Estimate of General Fund Taxes By Source

	<u>Estimated FY94</u>	<u>Estimated % Growth</u>	<u>Thru November % Growth</u>	<u>Change From 1993 Official</u>
Net Individual	\$3,819.4	6.5%	6.2%	\$20.6
Corporate *	312.8	(15.8)	26.8	6.0
Sales	1,546.6	7.3	(0.8)	28.7
Insurance	191.4	6.2	11.2	0.3
Public Service	<u>102.9</u>	<u>5.2</u>	<u>(1.3)</u>	<u>(15.4)</u>
Total Revenues	\$6,444.5	5.1%	7.2%	\$63.5

* A one-time corporate income tax payment of \$88 million was made in FY 1993.

Transfers

Total estimated transfers decreased \$12.5 million for fiscal year 1994. Lottery profits are expected to fall \$7.4 million short of last year's projection, while ABC profits are expected to be \$5.5 million short. Several small transfer increases account for the remainder of the changes.

A table detailing SB 31 changes is included on the next page. A summary of appropriation amendments follows the table.

**General Fund Revenue and Appropriation Changes
Included in Senate Bill 31
(\$ in Millions)**

Unappropriated Balance and Additions to Balance:

1992-94

Additional Balance in Comptroller's Report	\$ 28.6
Revenue Reserve Fund	79.9
Additional Reappropriation Savings	2.7
Sum Sufficient Appropriations	(0.7)
Repayment of State Bar Treasury Loan	(0.3)
Litter Control Program	(0.4)
Capital Outlay Reversions	<u>0.6</u>

Total Additional Balances **\$ 110.4**

Revenue Amendments:

November Estimate	\$ 45.9
Tax Compliance	17.3
Repayment of State Bar Treasury Loan	<u>0.3</u>

Total Revenue Adjustments **\$ 63.5**

Transfers:

ABC Profits	\$ (5.5)
Local Sales Tax Compliance	0.1
Transportation Sales Tax Compliance	0.1
Lottery Profits	(7.4)
Mansville Trust Funds	<u>0.2</u>

Total Transfer Amendments **\$ (12.5)**

Total Additional GF Revenues **\$ 161.4**

Appropriation Amendments:

\$ 0.5

Revised K-12 Enrollment Savings	\$ (13.4)
Debt Service Savings	(6.4)
Basic Aid Offset to Sales Tax Increase	(4.7)
UVA Shift Indigent Care to Medicaid	(4.0)
ABC Profit Distribution to Localities	(3.7)
Revisions in Adult Home Payments	(1.0)

Appropriation Amendments (continued):

Literary Fund Shortfall	11.0	
Sales Tax for Education	8.9	
Special Education	4.4	
Workforce Training	3.0	
Indigent Care-Med. Coll. Hampton Roads	2.5	
Wine Tax/Rolling Stock Tax	1.4	
Free Textbook Payments	0.5	
Open Deerfield Correctional Center	0.5	
Miscellaneous	<u>0.5</u>	
Total	\$ (0.5)	
Total Revenue & Appropriation Amendments		\$ 161.9
Unappropriated Balance, Chapter 994		<u>31.1</u>
Total Balance Available For Appropriation In 1994-96 Biennium		\$ 193.0

Summary of Appropriation Amendments

Amendments to increase appropriations in SB 31 total \$32.7 million. Amendments to reduce appropriations total \$33.2 million, for a net reduction of \$0.5 million.

Public Education

- ***Increased Enrollment.*** Enrollment increases in public schools are beginning to slow. Based on actual September 30, 1993, membership, about 6,479 fewer students are enrolled than were budgeted for in FY 1994. The reduction in the cost of these children will be \$13.4 million.
- ***Literary Fund Diversion.*** A reduction in the transfer of Literary Fund revenues for teacher retirement of \$11.0 million is recommended. Current Literary Fund Revenue projections indicate that revenue collections in FY 1994 will not be sufficient to pay for teacher retirement. Additional general funds in the amount of \$11.0 million are recommended to offset this reduction.
- ***Sales Tax Changes.*** Funding is also increased due to a projected increase in sales tax revenues that are dedicated to public education of \$8.9 million in FY 1994. The increase in sales tax requires a corresponding decrease of \$4.7 million in state Basic Aid. When these two changes are combined, the result is a net increase of \$4.2 million in the general fund appropriation for public schools.
- ***Special Education Funding.*** Increased special education funding in the amount of \$4.4 million (GF) is recommended to pay for the increased cost of special education tuition in regional programs and to continue the pilot projects for special education services in jails in FY 1994.
- ***Textbook Funding.*** Increased funding for textbooks of \$456,985 is recommended. As an incentive to school divisions to provide free textbooks, the state pays for 75 percent of the local share of textbooks in systems which offer a free textbook system, but only 25 percent of the local share in rental systems. A shift by local school divisions from rental to free systems in FY 1994 resulted in an increased state cost.

(Note: A listing of projected FY 1994 SOQ enrollment and funding, by locality, is provided at the end of this section.)

Higher Education and Museums

- ***Second-Year Adjustment for Science Museum of Virginia.*** SB 31 reduces the Museum's FY 1994 general fund appropriation by \$160,000 to reflect a transfer of appropriation to FY 1993. This transfer was needed to eliminate an operating deficit at the Museum.
- ***Minority Professorships.*** SB 31 includes \$148,000 GF in FY 1994 for the establishment of professorships for minorities at James Madison University.
- ***Community Outreach Project.*** SB 31 includes \$65,000 GF for Virginia State University to initiate a community outreach project for the Petersburg area.
- ***Indigent Care Reduction at the University of Virginia Medical Center.*** SB 31 recommends a net savings of \$4.0 million by substituting Medicaid funds (50 percent federal funds) for state indigent care funds. Because the teaching hospital serves a disproportionate share of indigent patients, the medical center qualifies for increased Medicaid payments. As noted in the next item, a portion of this savings would be appropriated for MCHR.
- ***Indigent Care Support.*** For the Medical College of Hampton Roads, \$2.5 million GF is recommended in SB 31 in support of care provided to indigent patients in the area. Funding would also support Area Health Education Centers.
- ***Restructuring Report Language.*** Language is included under the Council of Higher Education which calls for each institution of higher education to submit, by June 15, 1994, a plan detailing higher education restructuring efforts. Upon review of the plans, recommendations will be made by the Council to the Governor and the chairmen of the House Appropriations and Senate Finance Committee. SB 30, as introduced, includes language which withholds 1.5 percent of the institution's instructional budget pending approval of the plan.

Health and Human Resources

- ***Homes for Adults.*** Funding for implementation of a new, two-level reimbursement system in June 1994 is reduced by \$1.0 million. In June 1994, the basic rate would be increased to \$695 per month, but the enhanced, assisted living rate would not become effective until January 1995. (Although the Appropriations Act authorized the maximum basic rate to increase from \$631 to \$714 per month, revised estimates of service costs were used to set the \$695 ceiling.)
- ***Language Amendments.*** Two language amendments are proposed for the Department of Medical Assistance Services. Effective May 1, 1994, DMAS would be authorized to initiate a voluntary system of a new type of

managed care. "Capitated" reimbursement could be paid to networks of service providers. A negotiated total contract price would be set with the networks, based on the claims history of the Medicaid-eligible population to be served.

In the second amendment, DMAS is authorized to seek federal approval of a new physician reimbursement system. Primary care physicians would be paid at increased rates, as an incentive for more persons to practice general medicine rather than specialties.

Public Safety

- ***Mecklenburg Study.*** In Senate Bill 30, as introduced the Governor is proposing the closure of Mecklenburg Correctional Center. SB 31, as introduced, provides language directing the Secretary of Public Safety to study and determine an appropriate disposition for the facility. Potential options may include demolition and construction of a replacement facility, sale or lease of the property to a public or private entity for use as a correctional facility, or renovation to create a special purpose facility.

If the Secretary selects replacement or conversion to a special purpose facility as the recommended options, SB 31, as introduced, includes \$50,000 in fiscal year 1994 for development of the necessary plans. The Secretary's decision is to be presented by July 1, 1994. If new construction or conversion is the recommended option, the plan is to be presented by October 1, 1994.

- ***Deerfield Start-up Expenses.*** SB 31, as introduced, includes \$500,627 in fiscal 1994 to enable Deerfield Correctional Center to open as close to July 1, 1994 as possible.

Finance

- ***Interest Rate Savings.*** Lower than projected interest rates and a somewhat slower issuance schedule have reduced the requirements for debt service on the General Obligation and Virginia Public Building Authority bonds by \$6.4 million (GF) in FY 1994. A reduction of this amount from the Treasury Board budget is recommended.
- ***ABC Profits Distribution.*** The Department's budget is reduced by \$3,686,467 the second year to reflect a decline in the local shares of ABC profits.
- ***Wine Tax Distribution.*** SB 31, as introduced, includes an additional \$300,000 the second year in the distribution of the local share of increased wine tax revenues.

- ***Rolling Stock Tax Distribution.*** The Department's budget, as introduced, includes an additional \$1,133,709 the second year in the distribution of the local share of increased rolling stock tax revenues.

Commerce and Trade

- ***Industrial Training.*** SB 31 includes \$3 million more for industrial training, about double the current appropriation of \$3.2 million. Additional funding would meet an expected shortfall in the program. Commitment of training incentives to companies expanding in Virginia have exceeded appropriations in seven of the last nine years.

1993-94 STANDARDS OF QUALITY PAYMENTS

DIVISION	1992-94 COMPOSITE INDEX	1993-94 AVERAGE DAILY MEMBERSHIP		1993-94 STANDARDS OF QUALITY (SOQ) PAYMENTS	
		CHAPTER 994	REVISED	CHAPTER 994	REVISED
ACCOMACK	0.3087	5,487	5,407	\$14,787,047	\$14,585,943
ALBEMARLE	0.5324	10,540	10,425	20,027,303	19,964,913
ALLEGHANY	0.2526	2,403	2,418	6,801,738	6,828,525
AMELIA	0.3111	1,688	1,688	4,704,853	4,698,419
AMHERST	0.2785	4,657	4,601	12,865,902	12,732,017
APPOMATTOX	0.2686	2,291	2,291	6,442,141	6,442,086
ARLINGTON	0.8000	16,254	16,360	19,985,352	20,600,239
AUGUSTA	0.3289	10,097	10,254	25,540,701	25,951,499
BATH	0.8000	900	862	1,048,042	1,003,510
BEDFORD COUNTY	0.3589	8,175	8,264	19,977,795	20,215,444
BLAND	0.2054	978	1,046	3,857,120	4,081,742
BOTETOURT	0.3391	4,220	4,265	11,029,664	11,176,458
BRUNSWICK	0.2463	2,620	2,531	8,208,034	8,018,549
BUCHANAN	0.2331	5,634	5,707	16,959,738	17,132,715
BUCKINGHAM	0.2728	2,091	2,075	6,251,364	6,211,407
CAMPBELL	0.2806	8,348	8,356	21,913,570	21,917,540
CAROLINE	0.3162	3,594	3,579	9,261,597	9,315,975
CARROLL	0.2415	4,010	3,930	12,847,560	12,716,913
CHARLES CITY	0.3293	1,068	1,055	3,163,720	3,135,901
CHARLOTTE	0.2401	2,075	2,100	6,294,340	6,350,036
CHESTERFIELD	0.3869	48,322	47,855	108,836,112	108,149,324
CLARKE	0.5445	1,716	1,747	3,396,402	3,437,561
CRAIG	0.2858	681	681	1,906,078	1,895,861
CULPEPER	0.4296	5,072	5,025	11,358,676	11,353,497
CUMBERLAND	0.2939	1,105	1,152	3,334,793	3,405,803
DICKENSON	0.2043	3,216	3,301	9,866,557	10,043,186
DINWIDDIE	0.2756	3,801	3,765	10,605,053	10,521,870
ESSEX	0.4102	1,640	1,578	4,098,855	3,986,439
FAIRFAX COUNTY	0.7576	132,976	132,705	170,142,271	170,359,434
FAUQUIER	0.6863	8,661	8,490	12,256,781	12,094,185
FLOYD	0.2888	1,837	1,815	5,337,177	5,288,830
FLUVANNA	0.3537	2,381	2,365	6,097,952	6,074,421
FRANKLIN COUNTY	0.3398	6,577	6,399	16,313,872	15,924,590
FREDERICK	0.4100	8,809	9,013	18,848,478	19,290,378
GILES	0.2834	2,524	2,588	7,333,491	7,456,705
GLOUCESTER	0.3223	6,190	6,235	15,417,288	15,568,315
GOOCHLAND	0.6170	1,738	1,738	3,156,885	3,203,259
GRAYSON	0.2391	2,135	2,205	7,126,465	7,317,847
GREENE	0.3028	2,178	2,153	6,070,157	6,005,973
GREENSVILLE	0.2211	1,793	1,769	5,520,882	5,429,478
HALIFAX	0.2238	5,049	5,160	15,193,553	15,436,255
HANOVER	0.4540	12,676	12,835	26,043,546	26,440,676
HENRICO	0.4953	35,406	34,985	69,111,837	68,573,401
HENRY	0.2901	9,162	9,079	24,370,285	24,166,922
HIGHLAND	0.4765	366	385	1,079,210	1,128,064
ISLE OF WIGHT	0.3540	4,456	4,413	11,233,551	11,189,971
JAMES CITY	0.5663	5,871	5,911	10,479,116	10,612,528
KING GEORGE	0.3677	2,607	2,656	6,353,177	6,500,612

SOQ payments do not include Remedial Summer School Payments.

1993-94 STANDARDS OF QUALITY PAYMENTS

DIVISION	1992-94 COMPOSITE INDEX	1993-94 AVERAGE DAILY MEMBERSHIP		1993-94 STANDARDS OF QUALITY (SOQ) PAYMENTS	
		CHAPTER 994	REVISED	CHAPTER 994	REVISED
KING AND QUEEN	0.3565	880	885	\$2,569,469	\$2,572,042
KING WILLIAM	0.3294	1,528	1,566	4,221,028	4,314,741
LANCASTER	0.6120	1,645	1,604	2,785,880	2,733,061
LEE	0.1641	4,348	4,370	15,058,941	15,107,659
LOUDOUN	0.8000	16,574	17,012	18,264,856	18,811,373
LOUISA	0.6521	3,768	3,768	5,959,195	5,987,018
LUNENBURG	0.2169	2,286	2,170	6,919,046	6,677,938
MADISON	0.3793	1,857	1,870	4,859,649	4,896,139
MATHEWS	0.4605	1,274	1,282	2,829,052	2,850,572
MECKLENBURG	0.2857	5,067	5,047	14,536,654	14,519,185
MIDDLESEX	0.5457	1,256	1,288	2,609,797	2,694,058
MONTGOMERY	0.3518	8,731	8,715	21,665,959	21,598,311
NELSON	0.4151	2,093	2,075	5,023,707	4,997,094
NEW KENT	0.3978	1,984	1,984	5,068,957	5,086,776
NORTHAMPTON	0.2808	2,479	2,458	7,100,857	7,061,774
NORTHUMBERLAND	0.6234	1,519	1,519	2,691,332	2,719,853
NOTTOWAY	0.2536	2,460	2,460	7,256,464	7,258,081
ORANGE	0.3896	3,822	3,809	9,200,001	9,238,717
PAGE	0.3139	3,447	3,449	9,167,625	9,218,430
PATRICK	0.2651	2,683	2,647	7,580,169	7,502,851
PITTSYLVANIA	0.2353	9,327	9,235	27,108,427	26,870,270
POWHATAN	0.3851	2,461	2,536	5,863,539	6,050,284
PRINCE EDWARD	0.2905	2,640	2,585	7,434,173	7,298,880
PRINCE GEORGE	0.2282	5,224	5,215	14,411,250	14,413,515
PRINCE WILLIAM	0.4367	45,415	44,873	103,150,366	102,161,617
PULASKI	0.2785	5,253	5,215	14,415,790	14,328,562
RAPPAHANNOCK	0.6990	1,069	991	1,671,559	1,591,842
RICHMOND COUNTY	0.3615	1,390	1,330	3,613,032	3,472,854
ROANOKE COUNTY	0.3717	13,542	13,561	32,126,077	32,153,042
ROCKBRIDGE	0.3325	2,999	2,955	8,086,975	7,996,901
ROCKINGHAM	0.3636	9,721	9,721	23,360,772	23,416,255
RUSSELL	0.2053	4,869	4,789	14,676,287	14,486,768
SCOTT	0.1895	3,942	3,942	13,409,212	13,385,587
SHENANDOAH	0.4135	4,934	5,020	11,525,879	11,713,435
SMYTH	0.2334	5,285	5,360	15,378,655	15,508,426
SOUTHAMPTON	0.3083	2,765	2,760	7,807,954	7,798,657
SPOTSYLVANIA	0.3881	14,416	14,227	32,262,932	32,006,115
STAFFORD	0.3508	14,277	14,397	33,142,614	33,504,608
SURRY	0.8000	1,281	1,198	1,392,352	1,351,876
SUSSEX	0.3366	1,463	1,486	4,033,285	4,088,113
TAZEWELL	0.2239	8,473	8,447	24,058,621	24,009,220
WARREN	0.3961	4,462	4,540	10,255,877	10,448,256
WASHINGTON	0.2691	7,395	7,374	20,563,440	20,496,402
WESTMORELAND	0.4044	2,007	2,007	4,874,057	4,900,870
WISE	0.2016	8,184	8,179	24,080,746	24,125,084
WYTHE	0.2691	4,294	4,394	12,531,137	12,774,796
YORK	0.3610	11,005	10,700	25,179,079	24,596,625
ALEXANDRIA	0.8000	10,040	9,825	11,744,177	11,682,821

SOQ payments do not include Remedial Summer School Payments.

1993-94 STANDARDS OF QUALITY PAYMENTS

DIVISION	1992-94 COMPOSITE INDEX	1993-94 AVERAGE DAILY MEMBERSHIP		1993-94 STANDARDS OF QUALITY (SOQ) PAYMENTS	
		CHAPTER 994	REVISED	CHAPTER 994	REVISED
BEDFORD CITY	0.3533	936	956	\$2,383,792	\$2,435,738
BRISTOL	0.3489	2,564	2,495	6,776,394	6,668,023
BUENA VISTA	0.2273	1,059	1,060	3,272,234	3,267,315
CHARLOTTESVILLE	0.5328	4,706	4,571	9,315,926	9,122,182
CHESAPEAKE CITY	0.3379	32,995	33,185	78,477,252	79,304,408
CLIFTON FORGE	0.2589	678	728	2,018,138	2,132,458
COLONIAL HEIGHTS	0.4191	2,712	2,587	5,905,880	5,692,922
COVINGTON	0.3100	980	966	2,708,050	2,670,205
DANVILLE	0.2932	8,388	8,309	21,484,143	21,370,163
EMPORIA	0.3216	1,059	1,038	2,781,830	2,743,529
FAIRFAX CITY	0.8000	2,402	2,402	2,816,518	2,848,684
FALLS CHURCH	0.8000	1,274	1,357	1,437,295	1,516,448
FRANKLIN CITY	0.2610	1,867	1,778	5,030,909	4,854,453
FREDERICKSBURG	0.5992	1,964	2,079	3,538,476	3,737,929
GALAX	0.3433	1,157	1,184	2,864,382	2,928,190
HAMPTON	0.3139	23,465	22,975	57,117,433	55,462,820
HARRISONBURG	0.5805	3,574	3,474	5,730,873	6,012,893
HOPEWELL	0.2722	4,125	4,089	10,962,105	10,918,960
LEXINGTON	0.3929	661	661	1,479,149	1,482,120
LYNCHBURG	0.3706	9,294	9,294	21,919,500	21,950,294
MANASSAS CITY	0.6134	5,374	5,374	9,220,932	9,291,271
MANASSAS PARK	0.3146	1,412	1,379	4,453,294	4,369,338
MARTINSVILLE	0.3642	2,792	2,781	6,819,666	6,811,249
NEWPORT NEWS	0.2952	30,595	30,529	79,010,292	79,052,867
NORFOLK	0.2952	36,694	34,795	94,859,302	90,788,672
NORTON	0.2596	877	877	2,444,667	2,417,726
PETERSBURG	0.2823	6,084	6,134	16,308,784	16,459,822
POQUOSON	0.3092	2,468	2,409	6,069,512	5,936,409
PORTSMOUTH	0.2489	18,222	17,770	52,368,115	51,580,587
RADFORD	0.3276	1,444	1,490	3,536,186	3,594,953
RICHMOND CITY	0.4874	26,477	26,269	56,888,815	56,720,614
ROANOKE CITY	0.4157	12,726	12,749	30,102,162	30,055,950
SALEM	0.4343	3,784	3,735	7,965,463	7,898,901
SOUTH BOSTON	0.2768	1,467	1,353	3,850,251	3,579,176
STAUNTON	0.3773	3,002	2,975	6,996,266	6,963,049
SUFFOLK	0.3127	9,312	9,346	24,571,960	24,704,217
VIRGINIA BEACH	0.3503	75,420	74,397	175,853,545	173,494,744
WAYNESBORO	0.4243	2,837	2,775	5,951,652	5,847,308
WILLIAMSBURG	0.8000	726	698	835,959	833,303
WINCHESTER	0.5873	3,184	3,156	5,381,563	5,366,394
COLONIAL BEACH	0.2988	625	611	1,732,295	1,697,437
WEST POINT	0.3296	<u>725</u>	<u>690</u>	<u>1,925,690</u>	<u>1,835,924</u>
TOTALS		1,046,016	1,039,537	\$2,331,549,633	\$2,322,832,211

SOQ payments do not include Remedial Summer School Payments.

Appendix

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
LEGISLATIVE BRANCH			
General Assembly of Virginia			
1994-96 Base Budget	35,075,472	0	199.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	35,075,472	0	199.00
% Net Change	0.00%	NA	0.00%
Division of Legislative Services			
1994-96 Base Budget	7,141,246	120,000	56.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	7,141,246	120,000	56.00
% Net Change	0.00%	0.00%	0.00%
Virginia Code Commission			
1994-96 Base Budget	461,860	0	0.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	461,860	0	0.00
% Net Change	0.00%	NA	NA
Virginia Coal and Energy Commission			
1994-96 Base Budget	42,640	0	0.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	42,640	0	0.00
% Net Change	0.00%	NA	NA
State Water Commission			
1994-96 Base Budget	20,320	0	0.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	20,320	0	0.00
% Net Change	0.00%	NA	NA
Nat. Conf. of Comm's Uniform State Laws			
1994-96 Base Budget	65,616	0	0.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	65,616	0	0.00
% Net Change	0.00%	NA	NA
Virginia Housing Study Commission			
1994-96 Base Budget	255,608	0	2.00
Agency Increase	0	0	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	255,608	0	2.00
% Net Change	0.00%	NA	0.00%
Virginia State Crime Commission			
1994-96 Base Budget	332,352	0	2.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	332,352	0	2.00
% Net Change	0.00%	NA	0.00%
Virginia Commission on Youth			
1994-96 Base Budget	237,736	0	2.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	237,736	0	2.00
% Net Change	0.00%	NA	0.00%
Commission on Population Growth & Dev.			
1994-96 Base Budget	162,265	0	0.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	162,265	0	0.00
% Net Change	0.00%	NA	NA
Chesapeake Bay Commission			
1994-96 Base Budget	253,786	0	1.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	253,786	0	1.00
% Net Change	0.00%	NA	0.00%
Joint Commission on Health Care			
1994-96 Base Budget	686,102	0	5.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	686,102	0	5.00
% Net Change	0.00%	NA	0.00%
Division of Legislative Automated Systems			
1994-96 Base Budget	5,557,120	440,000	19.00
Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	5,557,120	440,000	19.00
% Net Change	0.00%	0.00%	0.00%

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Joint Legislative Audit & Review Comm.			
1994-96 Base Budget	4,181,051	0	33.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	4,181,051	0	33.00
% Net Change	0.00%	NA	0.00%
Auditor of Public Accounts			
1994-96 Base Budget	17,269,726	1,625,476	195.00
DGS Rental Charges	240,867	0	0.00
Total Increases	240,867	0	0.00
Agency Decrease	0	0	(7.00)
Total Decreases	0	0	(7.00)
Governor's Recommended Budget	17,510,593	1,625,476	188.00
% Net Change	1.39%	0.00%	(3.59%)
Va. Comm. on Intergovernmental Cooperation			
1994-96 Base Budget	700,364	0	0.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	700,364	0	0.00
% Net Change	0.00%	NA	NA
Division of Capitol Police			
1994-96 Base Budget	5,247,990	0	73.00
DGS Rental Charges	78,996	0	0.00
Total Increases	78,996	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	5,326,986	0	73.00
% Net Change	1.51%	NA	0.00%
Comm on VA Alcohol Safety Action Program			
1994-96 Base Budget	0	1,499,680	6.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	1,499,680	6.00
% Net Change	NA	0.00%	0.00%
Legis. Dept. Reversion Clearing Account			
1994-96 Base Budget	2,212,280	0	0.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	2,212,280	0	0.00
% Net Change	0.00%	NA	NA
Legislative Branch			
1994-96 Base Budget	79,903,534	3,685,156	593
Increases	319,863	0	0
Decreases	0	0	(7)

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Grand Total: Governor's Recommended Budget	80,223,397	3,685,156	586.00
% Net Change	0.40%	0.00%	(1.18%)
JUDICIAL BRANCH			
Supreme Court			
1994-96 Base Budget	18,553,715	793,750	113.63
Automation of Inmate Time Computation	300,000	0	3.00
DGS Rental Charges	1,443,240	0	0.00
Total Increases	1,743,240	0	3.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	20,296,955	793,750	116.63
% Net Change	9.40%	0.00%	2.64%
Court of Appeals			
1994-96 Base Budget	7,493,736	0	46.63
DGS Rental Charges	212,614	0	0.00
Total Increases	212,614	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	7,706,350	0	46.63
% Net Change	2.84%	NA	0.00%
Circuit Courts			
1994-96 Base Budget	83,889,499	0	145.00
Criminal Fund	3,917,109	0	0.00
Revenues for Indexing Court Records			
DGS Rental Charges	33,137	0	0.00
Total Increases	3,950,246	397,200	0.00
Criminal Fund Adjustment	(4,676,968)	0	0.00
Total Decreases	(4,676,968)	0	0.00
Governor's Recommended Budget	83,162,777	397,200	145.00
% Net Change	(0.87%)	NA	0.00%
General District Courts			
1994-96 Base Budget	109,705,781	0	819.50
Involuntary Mental Commitment Fund	3,571,537	0	0.00
DGS Rental Charges	110,419	0	0.00
Total Increases	3,681,956	0	0.00
Agency Position Level Adjustment	0	0	(30.80)
Total Decreases	0	0	(30.80)
Governor's Recommended Budget	113,387,737	0	788.70
% Net Change	3.36%	NA	(3.76%)
Juvenile & Dom. Rel. District Courts			
1994-96 Base Budget	58,985,384	0	387.50
DGS Rental Charges	46,940	0	0.00
Agency Position Level Adjustment	0	0	19.70
Total Increases	46,940	0	19.70
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	59,032,324	0	407.20
% Net Change	0.08%	NA	5.08%
Combined District Courts			
1994-96 Base Budget	21,673,131	0	175.50
DGS Rental Charges	60,745	0	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Agency Position Level Adjustment	0	0	11.10
Total Increases	60,745	0	11.10
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	21,733,876	0	186.60
% Net Change	0.28%	NA	6.32%
Magistrate System			
1994-96 Base Budget	24,893,550	0	366.80
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	24,893,550	0	366.80
% Net Change	0.00%	NA	0.00%
Judicial Inquiry & Review Commission			
1994-96 Base Budget	639,574	0	3.00
DGS Rental Charges	21,189	0	0.00
Total Increases	21,189	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	660,763	0	3.00
% Net Change	3.31%	NA	0.00%
Virginia State Bar			
1994-96 Base Budget	740,000	15,048,720	60.00
Use Revenues for Increased Staffing	0	492,200	14.00
Total Increases	0	492,200	14.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	740,000	15,540,920	74.00
% Net Change	0.00%	3.27%	23.33%
State Board of Bar Examiners			
1994-96 Base Budget	1,055,600	0	4.00
Cost of Grading Bar Exams	120,000	0	0.00
Total Increases	120,000	0	0.00
Agency Decrease	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	1,175,600	0	4.00
% Net Change	11.37%	NA	0.00%
Public Defender Commission			
1994-96 Base Budget	22,256,800	0	221.50
Cost of New Leases	168,870	0	0.00
Additional Positions	1,870,533	0	31.00
Total Increases	2,039,403	0	31.00
Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	24,296,203	0	252.50
% Net Change	9.16%	NA	14.00%
Judicial Branch			
1994-96 Base Budget	349,886,770	15,842,470	2,343.06
Increases	11,876,333	889,400	78.80
Decreases	(4,676,968)	0	(30.80)
Grand Total: Governor's Recommended Budget	357,086,135	16,731,870	2,391.06
% Net Change	2.06%	5.61%	2.05%

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
EXECUTIVE OFFICES			
Office of the Governor			
1994-96 Base Budget	4,564,404	0	37.00
DGS Rental Charges	186,210	0	0.00
Total Increases	186,210	0	0.00
Agency Reduction	(357,680)	0	(2.00)
Total Decreases	(357,680)	0	(2.00)
Governor's Recommended Budget	4,392,934	0	35.00
% Net Change	(3.76%)	NA	(5.41%)
Office of the Lieutenant Governor			
1994-96 Base Budget	608,562	0	6.00
DGS Rental Charges	27,296	0	0.00
Total Increases	27,296	0	0.00
Agency Reduction	(15,200)	0	0.00
Total Decreases	(15,200)	0	0.00
Governor's Recommended Budget	620,658	0	6.00
% Net Change	1.99%	NA	0.00%
Attorney General & Dept. of Law			
1994-96 Base Budget	25,614,156	8,100,450	258.00
DGS Rental Charges	1,035,846	0	0.00
Total Increases	1,035,846	0	0.00
Agency Reduction	(1,921,062)	0	0.00
Total Decreases	(1,921,062)	0	0.00
Governor's Recommended Budget	24,728,940	8,100,450	258.00
% Net Change	(3.46%)	0.00%	0.00%
Secretary of the Commonwealth			
1994-96 Base Budget	1,886,498	0	21.00
DGS Rental Charges	155,477	0	0.00
Total Increases	155,477	0	0.00
Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	2,041,975	0	21.00
% Net Change	8.24%	NA	0.00%
Virginia Liaison Office			
1994-96 Base Budget	548,254	145,116	5.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Eliminate Research Position	(90,341)	0	(1.00)
Total Decreases	(90,341)	0	(1.00)
Governor's Recommended Budget	457,913	145,116	4.00
% Net Change	(16.48%)	0.00%	(20.00%)
Interstate Organization Contributions			
1994-96 Base Budget	476,370	0	0.00
Agency Increase	0	0	0.00
Total Increases	0	0	0.00
Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	476,370	0	0.00
% Net Change	0.00%	NA	NA

Executive Offices

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
1994-96 Base Budget	33,698,244	8,245,566	327.00
Increases	1,404,829	0	0.00
Decreases	(2,384,283)	0	(3.00)
Grand Total: Governor's Recommended Budget	32,718,790	8,245,566	324.00
% Net Change	(2.91%)	0.00%	(0.92%)

ADMINISTRATION

Secretary of Administration

1994-96 Base Budget	1,434,032	0	14.00
DGS Rental Charges	124,572	0	0.00
Total Increases	124,572	0	0.00
Agency Reduction (CA)	(51,241)	0	(1.00)
Other Decrease	0	0	0.00
Total Decreases	(51,241)	0	(1.00)
Governor's Recommended Budget	1,507,363	0	13.00
% Net Change	5.11%	NA	(7.14%)

Virginia Veterans' Care Center

1994-96 Base Budget	0	320,282	2.00
No Increase	0	0	0.00
Total Increases	0	0	0.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	320,282	2.00
% Net Change	NA	0.00%	0.00%

Council on Human Rights

1994-96 Base Budget	463,326	0	4.00
DGS Rental Charges	47,483	0	0.00
Total Increases	47,483	0	0.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	510,809	0	4.00
% Net Change	10.25%	NA	0.00%

Department of Personnel & Training

1994-96 Base Budget	9,999,268	1,522,906	95.00
DGS Rental Charges	552,259	0	0.00
Health Insurance Administration	0	784,894	0.00
Total Increases	552,259	784,894	0.00
Agency Reduction (CA)	(367,391)	0	0.00
Total Decreases	(367,391)	0	0.00
Governor's Recommended Budget	10,184,136	2,307,800	95.00
% Net Change	1.85%	51.54%	0.00%

Department of Employee Relations Counselors

1994-96 Base Budget	1,703,904	55,796	13.00
Increased Administrative Costs	0	47,446	0.00
Total Increases	0	47,446	0.00
Unfunded MEL Adjustment	0	0	(1.00)
Total Decreases	0	0	(1.00)
Governor's Recommended Budget	1,703,904	103,242	12.00
% Net Change	0.00%	85.03%	(7.69%)

Department of General Services

1994-96 Base Budget	58,928,722	13,289,686	916.00
DGS Rental Charges	8,097,333	0	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Roanoke Laboratory Operations	132,000	0	0.00
Procurement Training Staff	0	154,140	2.00
Automobile Liability Claims Administration	0	470,000	4.00
Total Increases	8,229,333	624,140	6.00
Agency Reduction (CA)	(1,549,563)	0	(12.00)
DEQ Testing Pilot Project	(2,563,028)	0	0.00
Total Decreases	(4,112,591)	0	(12.00)
Governor's Recommended Budget	63,045,464	13,913,826	910.00
% Net Change	6.99%	4.70%	(0.66%)
State Board of Elections			
1994-96 Base Budget	14,391,860	0	18.00
DGS Rental Charges	107,039	0	0.00
Temporary Campaign Audit Staff	33,500	0	0.00
Total Increases	140,539	0	0.00
Agency Reduction (CA)	(401,062)	0	0.00
Total Decreases	(401,062)	0	0.00
Governor's Recommended Budget	14,131,337	0	18.00
% Net Change	(1.81%)	NA	0.00%
Virginia Retirement System			
1994-96 Base Budget	0	23,386,786	122.00
Investment Research Position	0	102,058	1.00
Total Increases	0	102,058	1.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	23,488,844	123.00
% Net Change	NA	0.44%	0.82%
Compensation Board			
1994-96 Base Budget	644,837,726	0	10.00
New Jail Staffing	7,807,631	0	0.00
Additional Jail Staffing	4,063,574	0	0.00
Jail Overcrowding Positions	6,958,546	0	0.00
Additional Budget Position	0	0	1.00
Constitutional Officers Automation	1,829,188	0	0.00
DGS Rental Charges	96,454	0	0.00
Total Increases	20,755,393	0	1.00
Agency Reduction (CA)	(25,177,904)	0	0.00
Reduce Excess Compensation	(2,182,000)	0	0.00
Jail Per diem Payments	(8,250,102)	0	0.00
Total Decreases	(35,610,006)	0	0.00
Governor's Recommended Budget	629,983,113	0	11.00
% Net Change	(2.30%)	NA	10.00%
Commission on Local Government			
1994-96 Base Budget	1,057,052	0	6.00
DGS Rental Charges	67,085	0	0.00
Total Increases	67,085	0	0.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	1,124,137	0	6.00
% Net Change	6.35%	NA	0.00%
Department of Information Technology			
1994-96 Base Budget	16,241,490	0	394.00
Graduate Engineering Program	61,930	0	0.00
Total Increases	61,930	0	0.00
Agency Reduction (CA)	(169,928)	0	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Total Decreases	(169,928)	0	0.00
Governor's Recommended Budget	16,133,492	0	394.00
% Net Change	(0.66%)	NA	0.00%
Council on Information Management			
1994-96 Base Budget	1,274,894	0	8.00
DGS Rental Charges	73,614	0	0.00
Integrated Human Resource Information System	0	6,000,000	0.00
Total Increases	73,614	6,000,000	0.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	1,348,508	6,000,000	8.00
% Net Change	5.77%	NA	0.00%
Department of Veterans' Affairs			
1994-96 Base Budget	4,441,382	0	57.00
DGS Rental Charges	28,588	0	0.00
Increase	0	0	0.00
Total Increases	28,588	0	0.00
Unfunded MEL Adjustment	0	0	(5.00)
Total Decreases	0	0	(5.00)
Governor's Recommended Budget	4,469,970	0	52.00
% Net Change	0.64%	NA	(8.77%)
Office of Administration			
1994-96 Base Budget	754,773,656	38,575,456	1,659.00
Increases	30,080,796	7,558,538	8.00
Decreases	(40,712,219)	0	(19.00)
Grand Total: Governor's Recommended Budget	744,142,233	46,133,994	1,648.00
% Net Change	(1.41%)	19.59%	(0.66%)
	5.04%	0.27%	1.53%

COMMERCE AND TRADE

Secretary of Commerce & Trade			
1994-96 Base Budget	1,196,866	0	7.00
DGS Rental Charges	54,084	0	0.00
Total Increases	54,084	0	0.00
Agency Reduction	(33,850)	0	0.00
Total Decreases	(33,850)	0	0.00
Governor's Recommended Budget	1,217,100	0	7.00
% Net Change	1.69%	NA	0.00%
Dept. of Housing & Community Dev.			
1994-96 Base Budget	61,225,524	88,193,172	130.00
Federal Housing Funds	0	21,762,000	0.00
Total Increases	0	21,762,000	0.00
Agency Reduction	(1,640,906)	643,000	0.00
Total Decreases	(1,640,906)	643,000	0.00
Governor's Recommended Budget	59,584,618	110,598,172	130.00
% Net Change	(2.68%)	25.40%	0.00%
Dept. of Economic Development			
1994-96 Base Budget	47,097,636	4,995,620	164.50
Industrial Advertising	1,000,000	0	0.00
Industrial Training	3,000,000	0	0.00
Manufacturing Extension	0	3,900,040	9.00
Base Closing Assistance	0	122,256	0.00
DGS Rental Charges	20,421	0	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Total Increases	4,020,421	4,022,296	9.00
Agency Reduction	(2,693,382)	0	(20.00)
Total Decreases	(2,693,382)	0	(20.00)
Governor's Recommended Budget	48,424,675	9,017,916	153.50
% Net Change	2.82%	80.52%	(6.69%)
Dept. of Minority Business Enterprise			
1994-96 Base Budget	1,142,192	1,152,158	20.00
Positions for Highway Services	0	0	3.00
DGS Rental Charges	83,765	0	0.00
Total Increases	83,765	0	3.00
Agency Reduction	(172,462)	0	(1.00)
Total Decreases	(172,462)	0	(1.00)
Governor's Recommended Budget	1,053,495	1,152,158	22.00
% Net Change	(7.77%)	0.00%	10.00%
Department of Labor and Industry			
1994-96 Base Budget	15,718,490	8,090,398	225.00
DGS Rental Charges	451,543	0	0.00
Total Increases	451,543	0	0.00
Agency Reduction	(2,641,004)	2,641,004	0.00
Total Decreases	(2,641,004)	2,641,004	0.00
Governor's Recommended Budget	13,529,029	10,731,402	225.00
% Net Change	(13.93%)	32.64%	0.00%
Dept. of Occupation & Profession Reg.			
1994-96 Base Budget	0	17,167,996	146.00
Upgrade Automation	0	880,690	4.00
Clerks for Licensing	0	58,391	6.00
Regulatory Exams	0	146,908	2.00
Tradesman Certification	0	54,400	0.00
Total Increases	0	2,589,470	12.00
No Decreases	0	0	0.00
Governor's Recommended Budget	0	19,757,466	158.00
% Net Change	NA	15.08%	8.22%
Dept. of Agriculture & Consumer Ser.			
1994-96 Base Budget	48,149,422	34,300,076	602.00
Positions for Meat Certification	0	128,786	2.00
Foreign Exchange Rate Difference	85,286	0	0.00
Weights & Measures Positions	151,570	0	2.00
DGS Rental Charges	2,214,557	0	0.00
Total Increases	2,451,413	128,786	4.00
Agency Reduction	(5,018,708)	499,740	(37.00)
Total Decreases	(5,018,708)	499,740	(37.00)
Governor's Recommended Budget	45,582,127	34,928,602	569.00
% Net Change	(5.33%)	1.83%	(5.48%)
Virginia Agriculture Council			
1994-96 Base Budget	0	580,668	0.00
No Increases	0	0	0.00
No Decreases	0	0	0.00
Governor's Recommended Budget	0	580,668	0.00
% Net Change	NA	0.00%	NA
Milk Commission			
1994-96 Base Budget	0	1,439,022	12.00
No Increases	0	0	0.00
No Decreases	0	0	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Governor's Recommended Budget	0	1,439,022	12.00
% Net Change	NA	0.00%	0.00%
Dept. of Mines, Minerals & Energy			
1994-96 Base Budget	21,223,260	34,969,702	287.00
Replace Energy Division Funds	500,000	0	0.00
Small Mine Safety Program	520,000	0	0.00
Total Increases	1,020,000	0	0.00
Transfer Position to Forestry	(55,124)	0	(1.00)
Agency Reduction	(938,500)	656,500	(3.00)
Total Decreases	(993,624)	656,500	(4.00)
Governor's Recommended Budget	21,249,636	35,626,202	283.00
% Net Change	0.12%	1.88%	(1.39%)
Virginia Employment Commission			
1994-96 Base Budget	1,928,774	625,664,190	1,073.00
No Increases	0	0	0.00
Agency Reduction	(324,200)	0	(3.00)
Total Decreases	(324,200)	0	(3.00)
Governor's Recommended Budget	1,604,574	625,664,190	1,070.00
% Net Change	(16.81%)	0.00%	(0.28%)
Department of Forestry			
1994-96 Base Budget	25,229,274	17,020,400	377.00
New Facility Costs	583,162	0	1.00
Total Increases	583,162	0	1.00
Agency Reduction	(1,656,164)	0	(12.00)
Total Decreases	(1,656,164)	0	(12.00)
Governor's Recommended Budget	24,156,272	17,020,400	366.00
% Net Change	(4.25%)	0.00%	(2.92%)
Virginia Port Authority			
1994-96 Base Budget	26,762,480	33,070,776	148.00
Foreign Exchange Rate Difference	352,370	0	0.00
Total Increases	352,370	0	0.00
Agency Reduction	(1,821,758)	1,193,326	(7.00)
Total Decreases	(1,821,758)	1,193,326	(7.00)
Governor's Recommended Budget	25,293,092	34,264,102	141.00
% Net Change	(5.49%)	3.61%	(4.73%)
Virginia Racing Commission			
Sum Sufficient Budget			
Office of Commerce & Trade			
1994-96 Base Budget	249,673,918	866,644,178	3,191.50
Increases	9,016,758	28,502,552	29.00
Decreases	(16,996,058)	5,633,570	(84.00)
Grand Total: Governor's Recommended Budget	241,694,618	900,780,300	3,136.50
% Net Change	(3.20%)	3.94%	(1.72%)

EDUCATION

Secretary of Education			
1994-96 Base Budget	965,482	0	7.00
DGS Rental Charges	34,513	0	0.00
Total Increases	34,513	0	0.00
Agency Reduction (CA)	(29,324)	0	0.00
Unfunded MEL Adjustment	0	0	(2.00)

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Total Decreases	(29,324)	0	(2.00)
Governor's Recommended Budget	970,671	0	5.00
% Net Change	0.54%	NA	(28.57%)
Department of Education			
1994-96 Base Budget	43,324,438	33,072,376	378.00
DGS Rental Charges	1,564,348	0	0.00
Updated Educational Achievement Tests	690,100	0	0.00
Transfer Conference Travel	278,400	0	0.00
Virginia Business Partnership	120,000	0	0.00
Federal Funds-Drug Free Schools & V-Quest	0	7,442,000	0.00
Federal Funds-School Food	0	736,000	0.00
Total Increases	2,652,848	8,178,000	0.00
Agency Reduction (CA)	(5,258,000)	300,000	0.00
Excess Postage	(17,472)	0	0.00
Unfunded MEL Adjustment	0	0	(13.00)
Total Decreases	(5,275,472)	300,000	(13.00)
Governor's Recommended Budget	40,701,814	41,550,376	365.00
% Net Change	(6.05%)	25.63%	(3.44%)
Direct Aid to Public Education			
1994-96 Base Budget	4,720,827,704	779,667,160	0.00
Sales Tax Increases	51,545,482	0	0.00
Increase SOQ Funding	193,658,825	0	0.00
Increased Special Education Tuition	18,305,207	0	0.00
Increased Homebound Instruction	1,042,532	0	0.00
Increase-Hospitals, Clinics & Detention Homes	3,177,029	0	0.00
Fully Fund Remedial Summer School	8,315,364	0	0.00
Increase At-Risk Funding	10,879,667	0	0.00
Lower Class Size for Educable Mentally Retarded	1,415,200	0	0.00
Free Textbooks	8,698,770	0	0.00
Federal Funds - School Food	0	86,576,000	0.00
Increase for Comprehensives Act	8,320,083	0	0.00
Increase GF Support for Teacher Retirement	92,570,000	(92,570,000)	0.00
Public School Employee Salary Increase	112,363,483	0	0.00
Transfer Interagency Consortium funds	1,200,000	0	0.00
Total Increases	511,491,642	(5,994,000)	0.00
Eliminate Maintenance Supplement	(17,767,872)	0	0.00
Transfer Teacher Training Funds	(278,400)	0	0.00
Eliminate Enrollment Loss	(3,668,576)	0	0.00
Total Decreases	(21,714,848)	0	0.00
Grand Total: Governor's Recommended Budget	5,210,604,498	773,673,160	0.00
% Net Change	10.37%	(0.77%)	NA
School for the Deaf & Blind (Staunton)			
1994-96 Base Budget	11,223,296	974,816	165.00
Federal Funds - Summer Enrichment Program	0	110,000	0.00
Offset Tuition - Lower Enrollment	1,529	(1,529)	0.00
Total Increases	1,529	108,471	0.00
Agency Reduction (CA)	(1,034,474)	0	(19.00)
Unfunded MEL Adjustment	0	0	0.00
Total Decreases	(1,034,474)	0	(19.00)
Grand Total: Governor's Recommended Budget	10,190,351	1,083,287	146.00
% Net Change	(9.20%)	11.13%	(11.52%)
School for the Deaf & Blind (Hampton)			
1994-96 Base Budget	13,128,638	1,179,342	177.00
Offset Tuition - Lower Enrollment	84,212	(84,212)	0.00
Total Increases	84,212	(84,212)	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Agency Reduction (CA)	(1,215,116)	0	0.00
Unfunded MEL Adjustment	0	0	(23.00)
Total Decreases	(1,215,116)	0	(23.00)
Grand Total: Governor's Recommended Budget	11,997,734	1,095,130	154.00
% Net Change	(8.61%)	(7.14%)	(12.99%)
Council of Higher Education			
1994-96 Base Budget	73,942,094	7,177,680	57.00
Common Market Tuition for Va. Residents	17,406	0	0.00
Expand Library Sharing	2,083,597	0	0.00
Appropriate Federally Funded Positions	0	0	3.00
Fund Rent at Seat of Government	409,377	0	0.00
Va. Women's Institute for Leadership	557,375	0	0.00
Federal Funding for Math & Science	0	500,000	0.00
Total Increases	3,067,755	500,000	3.00
Agency Reduction	(705,026)	0	(3.00)
Elim. Funding for Va. Writing Project	(299,250)	0	0.00
Consolidate Student Financial Aid Programs	(4,078,300)	0	0.00
Total Decreases	(5,082,576)	0	(3.00)
Governor's Recommended Budget	71,927,273	7,677,680	57.00
% Net Change	(2.72%)	6.97%	0.00%
Virginia Community College System			
1994-96 Base Budget	373,282,114	299,422,300	7,095.33
Establish Distance Learning Network	703,800	0	0.00
Increase Faculty Salaries	6,138,162	3,537,377	0.00
New Facilities Coming On-Line	0	0	75.60
Expand Library Sharing	408,999	0	0.00
Increase Student Financial Aid	296,000	0	0.00
Fund Rent at Seat of Government	701,653	0	0.00
Total Increases	8,248,614	3,537,377	75.60
Agency Reduction	(6,542,590)	15,848,513	0.00
Total Decreases	(6,542,590)	15,848,513	0.00
Governor's Recommended Budget	374,988,138	318,808,190	7,170.93
% Net Change	0.46%	6.47%	1.07%
University of Virginia			
1994-96 Base Budget	220,403,830	617,098,418	5,702.10
Expand Technology to the Classroom	290,000	0	2.50
Comply with Radioactive Waste Regulations	74,000	0	1.00
Va. Consortium for Engineering & Science	231,140	276,060	2.00
Additional Tuition for Financial Aid	0	15,500,000	0.00
Tuition for Law and Business Schools	0	2,600,000	3.00
New Facilities Coming On-Line	0	0	6.90
Increase Family Practice Salaries	160,855	0	0.00
Increase Faculty Salaries	3,039,119	3,630,003	0.00
Increase Student Financial Aid	3,007,203	0	0.00
Expand Library Sharing	131,284	0	1.00
Total Increases	6,933,601	22,006,063	16.40
Agency Reduction	(10,670,249)	17,023,136	0.00
Reduce GF Support for Law School	(640,931)	640,931	0.00
Elim. Funding for Public Svc. & Res. Centers	(3,083,480)	0	0.00
Elim. Funding for Commonwealth Centers	(1,748,464)	0	0.00
Total Decreases	(16,143,124)	17,664,067	0.00
Governor's Recommended Budget	211,194,307	656,768,548	5,718.50
% Net Change	(4.18%)	6.43%	0.29%

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
University of Virginia Medical Center			
1994-96 Base Budget	43,660,678	648,737,008	3,582.30
Provide Medical Care to Poor People	5,014,961	0	0.00
Increase NGF Support for Operating Costs	0	24,933,713	0.00
Increase NGF for Salaries	0	5,049,500	0.00
Total Increases	5,014,961	29,983,213	0.00
Agency Reduction	0	0	0.00
Replace Indigent Care Funding with Medicaid	(16,000,000)	16,000,000	0.00
Recalculate Medicaid Repayment Level	(15,600,000)	15,600,000	0.00
Total Decreases	(31,600,000)	31,600,000	0.00
Governor's Recommended Budget	17,075,639	710,320,221	3,582.30
% Net Change	(60.89%)	9.49%	0.00%
Clinch Valley College			
1994-96 Base Budget	11,168,868	12,910,236	201.34
Repair Exhaust Fume Hoods	106,699	0	0.00
Appropriate Student Work Study Wages	0	284,738	0.00
Increase Faculty Salaries	154,298	91,361	0.00
Expand Library Sharing	245,495	0	0.00
Increase Student Financial Aid	83,782	0	0.00
Total Increases	590,274	376,099	0.00
Agency Reduction	(189,856)	705,018	0.00
Total Decreases	(189,856)	705,018	0.00
Governor's Recommended Budget	11,569,286	13,991,353	201.34
% Net Change	3.59%	8.37%	0.00%
Virginia Tech. - Instructional Division			
1994-96 Base Budget	216,822,082	400,068,198	4,162.59
Enhance Technology in Instruction	200,000	0	0.00
Comply with Americans with Disabilities Act	200,000	0	0.00
Comply with Environmental Regulations	378,000	0	4.00
Comply with Laboratory Safety Practices	80,000	0	0.00
Va. Consortium for Engineering & Science	240,000	267,200	2.00
New Facilities Coming On-Line	0	0	26.00
Applied Math Commonwealth Center	300,000	0	0.00
Increase Faculty Salaries	3,095,408	3,446,030	0.00
Increase Student Financial Aid	3,694,626	0	0.00
Expand Library Sharing	131,284	0	1.00
Total Increases	8,319,318	3,713,230	33.00
Agency Reduction	(8,842,375)	13,385,952	0.00
Reduce Funds for Equine Center	(850,000)	0	0.00
Total Decreases	(9,692,375)	13,385,952	0.00
Governor's Recommended Budget	215,449,025	417,167,380	4,195.59
% Net Change	(0.63%)	4.27%	0.79%
Virginia Tech. - Research Division			
1994-96 Base Budget	53,033,466	164,377,083	1,073.12
New Facilities Coming On-Line	0	0	5.00
Increase Faculty Salaries	780,950	300,548	0.00
Total Increases	780,950	300,548	5.00
Agency Reduction	(2,545,192)	485,338	0.00
Elim. Funding for Public Svc. & Res. Centers	(1,027,470)	0	0.00
Elim. Funding for Commonwealth Centers	(1,335,052)	0	0.00
Total Decreases	(4,907,714)	485,338	0.00
Governor's Recommended Budget	48,906,702	165,162,969	1,078.12

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
% Net Change	(7.78%)	0.48%	0.47%
Virginia Tech. - Extension Division			
1994-96 Base Budget	59,072,802	36,712,543	996.46
Continuing Ed Programs - Hotel Roanoke	0	3,872,145	12.00
Fund Rent at Seat of Government	49,620	0	0.00
Increase Faculty Salaries	1,099,021	438,501	0.00
Total Increases	1,148,641	4,310,646	12.00
Agency Reduction	(2,847,090)	186,318	0.00
Elim. Funding for Public Svc. & Res. Centers	(441,542)	0	0.00
Total Decreases	(3,288,632)	186,318	0.00
Governor's Recommended Budget	56,932,811	41,209,507	1,008.46
% Net Change	(3.62%)	12.25%	1.20%
Virginia Commonwealth University			
1994-96 Base Budget	221,356,930	427,176,734	4,453.29
Expand Technology to the Classroom	310,000	0	1.00
Operating Support for Family Practice	208,086	0	0.00
Crime Prevention and Campus Security	603,000	0	9.00
Tuition Differentials for Selected Programs	0	1,590,550	5.00
New Facilities Coming On-Line	0	0	6.90
Expand Cancer Center Services	500,000	0	3.58
Debt Service Approp. for Fine Arts Center	0	132,400	0.00
Approp. for Instructional Fees	0	400,000	0.00
Transfer Steam Plant Operation	0	6,330,000	16.00
Appropriation for Comprehensive Fees	0	3,150,000	0.00
Increase Family Practice Salaries	262,697	0	0.00
Brain Injury Commonwealth Center	200,000	0	0.00
Increase Faculty Salaries	3,433,590	2,765,344	0.00
Increase Student Financial Aid	6,622,538	0	0.00
Expand Library Sharing	131,284	0	0.00
Total Increases	12,271,195	14,368,294	41.48
Agency Reduction	(4,381,243)	6,694,593	0.00
Elim. Funding for Public Svc. & Res. Centers	(580,000)	0	0.00
Elim. Funding for Commonwealth Centers	(637,068)	0	0.00
Total Decreases	(5,598,311)	6,694,593	0.00
Governor's Recommended Budget	228,029,814	448,239,621	4,494.77
% Net Change	3.01%	4.93%	0.93%
MCV Health Sciences Division			
1994-96 Base Budget	18,763,116	771,553,820	4,333.87
Provide Medical Care to Poor People	1,805,444	0	0.00
Increase NGF Support for Operating Costs	0	18,540,861	0.00
Fund Rent at Seat of Government	18,530	0	0.00
Restore Funding for Va. Treatment Center	3,100,000	0	0.00
Increase NGF for Salaries	0	5,898,466	0.00
Total Increases	4,923,974	24,439,327	0.00
Agency Reduction	0	0	0.00
Transfer Steam Plant Operation	0	0	(13.00)
Recalculate Medicaid Repayment Level	(17,200,000)	19,200,000	0.00
Total Decreases	(17,200,000)	19,200,000	(13.00)
Governor's Recommended Budget	6,487,090	815,193,147	4,320.87
% Net Change	(65.43%)	5.66%	(0.30%)
Old Dominion University			

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
1994-96 Base Budget	100,089,208	162,411,048	2,118.49
TELETECHNET Instructional Network	4,635,361	2,880,000	34.00
Lease Costs for Va. Beach Higher Ed. Center	293,506	270,494	0.00
Compliance and Regulation Support	392,400	0	1.00
Va. Consortium for Engineering & Science	200,280	217,320	2.00
New Facilities Coming On-Line	0	0	20.00
Increase Faculty Salaries	1,539,667	1,418,956	0.00
Increase Student Financial Aid	2,439,211	0	0.00
Expand Library Sharing	131,284	0	0.00
Total Increases	9,631,709	4,786,770	57.00
Agency Reduction	(5,125,531)	6,028,779	0.00
Elim. Funding for Commonwealth Centers	(791,330)	0	0.00
Total Decreases	(5,916,861)	6,028,779	0.00
Governor's Recommended Budget	103,804,056	173,226,597	2,175.49
% Net Change	3.71%	6.66%	2.69%
George Mason University			
1994-96 Base Budget	113,686,736	282,115,134	2,368.02
Enhance Technology in Instruction	475,000	0	3.00
Restructure Schools of Law and Bus. Admin.	0	480,000	2.00
Comply with Americans with Disabilities Act	100,000	0	1.00
Increase Faculty Salaries	2,028,513	1,911,112	0.00
New Facilities Coming On-Line	0	0	21.00
Increase Student Financial Aid	676,202	0	0.00
Expand Library Sharing	131,284	0	0.00
Total Increases	3,410,999	2,391,112	27.00
Agency Reduction	(7,596,790)	10,901,105	0.00
Reduced Support for Law School	(482,650)	482,650	0.00
Total Decreases	(8,079,440)	11,383,755	0.00
Governor's Recommended Budget	109,018,295	295,890,001	2,395.02
% Net Change	(4.11%)	4.88%	1.14%
College of William & Mary			
1994-96 Base Budget	59,901,870	173,568,814	1,318.45
Va. Consortium for Engineering & Science	154,320	173,680	2.00
Graduate Students Teaching at VCCS	89,600	0	0.00
Tuition for Special Uses	0	3,560,000	0.00
New Facilities Coming On-Line	0	0	3.00
Increase Faculty Salaries	1,007,289	1,133,602	0.00
Increase Student Financial Aid	1,535,163	0	0.00
Expand Library Sharing	131,284	0	0.00
Total Increases	2,917,656	4,867,282	5.00
Agency Reduction	(2,558,744)	4,488,688	0.00
Elim. Funding for Public Svc. & Res. Centers	(421,082)	0	0.00
Elim. Funding for Commonwealth Centers	(695,650)	0	0.00
Reduced Support for Law School	(898,221)	898,221	0.00
Total Decreases	(4,573,697)	5,386,909	0.00
Governor's Recommended Budget	58,245,829	183,823,005	1,323.45
% Net Change	(2.76%)	5.91%	0.38%
Richard Bland College			
1994-96 Base Budget	5,398,372	5,310,076	98.19
Increase Faculty Salaries	83,467	58,002	0.00
Expand Library Sharing	284,495	0	0.00
Total Increases	367,962	58,002	0.00
Agency Reduction	25,633	262,675	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Total Decreases	25,633	262,675	0.00
Governor's Recommended Budget	5,791,967	5,630,753	98.19
% Net Change	7.29%	6.04%	0.00%
Virginia Institute of Marine Science			
1994-96 Base Budget	23,179,422	23,662,462	316.27
Increase Faculty Salaries	279,650	13,823	0.00
New Facilities Coming On-Line	0	0	6.00
Comply with Americans with Disabilities Act	75,000	0	0.00
Total Increases	354,650	13,823	6.00
Agency Reduction	(1,095,960)	251,897	0.00
Total Decreases	(1,095,960)	251,897	0.00
Governor's Recommended Budget	22,438,112	23,928,182	322.27
% Net Change	(3.20%)	1.12%	1.90%
James Madison University			
1994-96 Base Budget	65,618,940	189,989,971	1,826.40
Support for College of Int. Science & Tech.	2,931,067	4,779,304	63.00
Funding for Faculty Productivity Initiatives	464,600	0	2.00
Computer Literacy Program	0	1,300,000	1.50
New Facilities Coming On-Line	0	0	33.40
Additional NGF for Off-Campus Instruction	0	120,000	1.00
Increase Faculty Salaries	1,156,125	1,028,127	0.00
Increase Student Financial Aid	1,887,688	0	0.00
Expand Library Sharing	84,495	0	0.00
Total Increases	6,523,975	7,227,431	100.90
Agency Reduction	(1,477,281)	5,889,939	0.00
Elim. Funding for Commonwealth Centers	(255,690)	0	0.00
Total Decreases	(1,732,971)	5,889,939	0.00
Governor's Recommended Budget	70,409,944	203,107,341	1,927.30
% Net Change	7.30%	6.90%	5.52%
Christopher Newport University			
1994-96 Base Budget	20,196,480	39,148,690	491.85
Expand Computerized Teaching	389,400	0	6.25
Tuition for Special Uses	0	272,000	0.00
Appropriate Special Program Funds	0	200,000	5.00
New Facilities Coming On-Line	0	0	2.00
Increase Faculty Salaries	363,579	357,237	0.00
Increase Student Financial Aid	73,424	0	0.00
Expand Library Sharing	84,495	0	0.00
Total Increases	910,898	829,237	13.25
Agency Reduction	(888,760)	4,164,265	0.00
Total Decreases	(888,760)	4,164,265	0.00
Governor's Recommended Budget	20,218,618	44,142,192	505.10
% Net Change	0.11%	12.76%	2.69%
Longwood College			
1994-96 Base Budget	24,670,796	49,089,492	542.44
Increase Faculty Salaries	381,540	278,792	0.00
New Facilities Coming On-Line	0	0	3.00
Increase Student Financial Aid	625,949	0	0.00
Expand Library Sharing	84,495	0	0.00
Total Increases	1,091,984	278,792	3.00
Agency Reduction	(635,199)	1,132,686	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Elim. Funding for Res. & Public Svc. Ctrs.	(242,010)	0	0.00
Total Decreases	(877,209)	1,132,686	0.00
Governor's Recommended Budget	24,885,571	50,500,970	545.44
% Net Change	0.87%	2.88%	0.55%
Mary Washington College			
1994-96 Base Budget	20,431,920	55,519,338	560.16
Increase Faculty Salaries	338,204	365,801	0.00
Curriculum Development Program	300,000	300,000	6.00
Increase Student Financial Aid	378,167	0	0.00
Expand Library Sharing	84,495	0	0.00
Total Increases	1,100,866	665,801	6.00
Agency Reduction	(1,178,206)	2,218,020	0.00
Total Decreases	(1,178,206)	2,218,020	0.00
Governor's Recommended Budget	20,354,580	58,403,159	566.16
% Net Change	(0.38%)	5.19%	1.07%
Melchers-Monroe Memorials			
1994-96 Base Budget	390,608	125,000	5.00
Adjust Nongeneral Fund Appropriation	0	45,000	0.00
Total Increases	0	45,000	0.00
Agency Reduction	(17,924)	0	0.00
Total Decreases	(17,924)	0	0.00
Governor's Recommended Budget	372,684	170,000	5.00
% Net Change	(4.59%)	36.00%	0.00%
Norfolk State University			
1994-96 Base Budget	45,289,526	118,384,634	989.60
Increase Faculty Salaries	624,836	712,856	0.00
Development of Doctoral Programs	1,146,480	0	3.00
New Facilities Coming On-Line	0	0	6.00
Increase Student Financial Aid	41,843	0	0.00
Expand Library Sharing	84,495	0	0.00
Total Increases	1,897,654	712,856	9.00
Agency Reduction	(744,039)	3,029,917	0.00
Total Decreases	(744,039)	3,029,917	0.00
Governor's Recommended Budget	46,443,141	122,127,407	998.60
% Net Change	2.55%	3.16%	0.91%
Radford University			
1994-96 Base Budget	54,666,590	97,694,976	1,189.04
Increase Faculty Salaries	937,452	732,989	0.00
Comply with Americans with Disabilities Act	159,981	0	0.00
Continue Computer Network Enhancements	0	1,500,000	2.00
New Facilities Coming On-Line	0	0	11.00
Support for New College of Global Studies	3,096,200	0	27.50
Increase Student Financial Aid	2,113,112	0	0.00
Expand Library Sharing	84,495	0	0.00
Total Increases	6,391,240	2,232,989	40.50
Agency Reduction	(1,237,560)	2,195,169	0.00
Total Decreases	(1,237,560)	2,195,169	0.00
Governor's Recommended Budget	59,820,270	102,123,134	1,229.54
% Net Change	9.43%	4.53%	3.41%

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Virginia Military Institute			
1994-96 Base Budget	18,388,200	35,186,334	433.35
Increase Faculty Salaries	225,744	230,396	0.00
Increased Funding for Instructional Equip. Center for Interdisciplinary Studies	247,450	252,550	0.00
Increase NGF Funds in Unique Military	100,000	0	0.00
Increase Student Financial Aid	0	400,000	0.00
Expand Library Sharing	198,020	0	0.00
Expand Library Sharing	84,495	0	0.00
Total Increases	855,709	882,946	0.00
Agency Reduction	(25,282)	475,821	0.00
Total Decreases	(25,282)	475,821	0.00
Governor's Recommended Budget	19,218,627	36,545,101	433.35
% Net Change	4.52%	3.86%	0.00%
Virginia State University			
1994-96 Base Budget	30,768,110	74,213,166	786.26
Increase Faculty Salaries	428,725	476,522	0.00
Increase Funding for Cooperative Extension	256,972	0	0.00
New Facilities Coming On-Line	0	0	7.80
Upgrade University Technology	252,080	157,920	0.00
Increase Student Financial Aid	1,051,632	0	0.00
Expand Library Sharing	84,495	0	0.00
Total Increases	2,073,904	634,442	7.80
Agency Reduction	(511,985)	2,237,099	0.00
Total Decreases	(511,985)	2,237,099	0.00
Governor's Recommended Budget	32,330,029	77,084,707	794.06
% Net Change	5.08%	3.87%	0.99%
Virginia State Library and Archives			
1994-96 Base Budget	32,712,644	8,765,524	154.00
Additional NGF for Circuit Court Records	0	600,000	0.00
Fund Rent at Seat of Government	1,552,366	0	0.00
Total Increases	1,552,366	600,000	0.00
Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	34,265,010	9,365,524	154.00
% Net Change	4.75%	6.84%	0.00%
Virginia Museum of Fine Arts			
1994-96 Base Budget	14,246,974	6,777,866	189.00
Total Increases	0	0	0.00
Agency Reduction	(1,314,200)	594,000	0.00
Total Decreases	(1,314,200)	594,000	0.00
Governor's Recommended Budget	12,932,774	7,371,866	189
% Net Change	(9.22%)	8.76%	0.00%
Science Museum of Virginia			
1994-96 Base Budget	4,295,992	5,962,332	77.00
Increase Funds for Current Operations	526,660	0	1.00
Reduce Nongeneral Fund Appropriation	0	(1,877,332)	0.00
Total Increases	526,660	(1,877,332)	1.00
Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	4,822,652	4,085,000	78.00
% Net Change	12.26%	(31.49%)	1.30%

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Jamestown-Yorktown Foundation			
1994-96 Base Budget	6,426,166	4,179,720	97.00
Additional NGF for Operations	0	311,110	0.00
Jamestown Slave Museum	100,000	0	0.00
Total Increases	100,000	311,110	0.00
Agency Reduction	(505,982)	0	(1.00)
Total Decreases	(505,982)	0	(1.00)
Governor's Recommended Budget	6,020,184	4,490,830	96.00
% Net Change	(6.32%)	7.44%	(1.03%)
Frontier Culture Museum			
1994-96 Base Budget	2,454,854	870,150	41.00
Operating Funds for New Facility	278,474	0	2.00
Total Increases	278,474	0	2.00
Agency Reduction	(92,000)	92,000	0.00
Total Decreases	(92,000)	92,000	0.00
Governor's Recommended Budget	2,641,328	962,150	43.00
% Net Change	7.60%	10.57%	4.88%
Gunston Hall			
1994-96 Base Budget	1,130,140	261,168	11.00
Total Increases	0	0	0.00
Agency Reduction	(124,227)	0	0.00
Total Decreases	(124,227)	0	0.00
Governor's Recommended Budget	1,005,913	261,168	11.00
% Net Change	(10.99%)	0.00%	0.00%
Virginia Commission for the Arts			
1994-96 Base Budget	3,271,494	1,272,802	6.00
Fund Rent at Seat of Government	55,357	0	0.00
Total Increases	55,357	0	0.00
Agency Reduction	(22,000)	0	0.00
Total Decreases	(22,000)	0	0.00
Governor's Recommended Budget	3,304,851	1,272,802	6.00
% Net Change	1.02%	0.00%	0.00%
Medical College of Hampton Roads			
1994-96 Base Budget	17,861,228	0	0.00
Medical Care to the Poor	5,000,000	0	0.00
Total Increases	5,000,000	0	0.00
Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	22,861,228	0	0.00
% Net Change	27.99%	NA	NA
Innovative Technology Authority			
1994-96 Base Budget	17,316,588	0	0.00
Total Increases	0	0	0.00
Agency Reduction	(843,076)	0	0.00
Total Decreases	(843,076)	0	0.00
Governor's Recommended Budget	16,473,512	0	0.00
% Net Change	(4.87%)	NA	NA
Southeastern Univ. Research Assoc.			

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
1994-96 Base Budget	1,642,550	0	0.00
Matching Funds for Free Electron Laser	3,000,000	0	0.00
Total Increases	3,000,000	0	0.00
Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	4,642,550	0	0.00
% Net Change	182.64%	NA	NA
Southwest Va. Higher Education Center			
1994-96 Base Budget	556,500	0	9.50
Total Increases	0	0	0.00
Agency Reduction	(27,825)	0	(6.00)
Total Decreases	(27,825)	0	(6.00)
Governor's Recommended Budget	528,675	0	3.50
% Net Change	(5.00%)	NA	(63.16%)
Office of Education			
1994-96 Base Budget	6,765,567,446	5,534,636,411	46,012.42
Increases	613,606,090	130,403,317	464.93
Decreases	(159,297,983)	151,412,730	(80.00)
Grand Total: Governor's Recommended Budget	7,219,875,553	5,816,452,458	46,397.35
% Net Change	6.72%	5.09%	0.84%

FINANCE

Secretary of Finance			
1994-96 Base Budget	663,928	0	4.00
DGS Rental Charges	17,854	0	0.00
Total Increases	17,854	0	0.00
Agency Reduction (CA)	(20,038)	0	0.00
Total Decreases	(20,038)	0	0.00
Governor's Recommended Budget	661,744	0	4.00
% Net Change	(0.33%)	NA	0.00%
Department of Planning & Budget			
1994-96 Base Budget	10,082,684	0	88.00
DGS Rental Charges	767,479	0	0.00
Total Increases	767,479	0	0.00
Agency Reduction (CA)	(403,308)	0	(5.00)
Unfunded MEL Adjustment	0	0	(3.00)
Total Decreases	(403,308)	0	(8.00)
Governor's Recommended Budget	10,446,855	0	80.00
% Net Change	3.61%	NA	(9.09%)
Department of Accounts			
1994-96 Base Budget	162,819,176	0	162.00
DGS Rental Charges	882,479	0	0.00
Wine Tax Distribution	600,000	0	0.00
Rolling Stock Tax Distribution	2,200,000	0	0.00
TVA Payments	18,000	0	0.00
Line of Duty Payments	500,000	0	0.00
Total Increases	4,200,479	0	0.00
Agency Reduction (CA)	(1,451,000)	352,000	(4.00)
ABC Profit Distribution	(8,373,734)	0	0.00
Total Decreases	(9,824,734)	352,000	(4.00)
Governor's Recommended Budget	157,194,921	352,000	158.00
% Net Change	(3.45%)	NA	(2.47%)

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Department of Taxation			
1994-96 Base Budget	101,870,416	1,437,584	1,011.00
Maintain enhanced tax collection system	336,800	0	0.00
Provide for credit card payment of taxes	189,151	0	
Fund rent at seat of government	276,237	0	0.00
Total Increases	802,188	0	0.00
Agency Reduction (CA)	(1,367,754)	0	(16.00)
Remove excess postage from base budget	(120,600)	0	0.00
Total Decreases	(1,488,354)	0	(16.00)
Governor's Recommended Budget	101,184,250	1,437,584	995.00
% Net Change	(0.67%)	0.00%	(1.58%)
Department of Treasury			
1994-96 Base Budget	10,457,770	5,302,152	93.00
Fund banking service costs	1,224,260	0	0.00
fund revenue stabilization fund	79,896,927	0	0.00
Fund central mail personal service costs	289,151	0	0.00
Fund rent at seat of government	357,163	0	0.00
Total Increases	81,767,501	0	0.00
Agency Reduction (CA)	(516,030)	280,000	(1.00)
Remove excess postage from base budget	(159,480)	0	0.00
Total Decreases	(675,510)	280,000	(1.00)
Governor's Recommended Budget	91,549,761	5,582,152	92.00
% Net Change	775.42%	5.28%	(1.08%)
Treasury Board			
1994-96 Base Budget	154,512,280	10,971,060	0.00
GO Bond Debt Service	46,823,799	0	0.00
VPBA Debt Service	15,230,446	527,366	0.00
Regional Jail Construction	7,696,613	0	0.00
Total Increases	69,750,858	527,366	0.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	224,263,138	11,498,426	0.00
% Net Change	45.14%	4.81%	NA
Department of the State Internal Auditor			
1994-96 Base Budget	2,119,600	0	16.00
DGS Rental Charges	73,189	0	0.00
Total Increases	73,189	0	0.00
Agency Reduction (CA)	(142,078)	0	(1.00)
Total Decreases	(142,078)	0	(1.00)
Governor's Recommended Budget	2,050,711	0	15.00
% Net Change	(3.25%)	NA	(6.25%)
Office of Finance			
1994-96 Base Budget	442,525,854	17,710,796	1,374.00
Increases	157,379,548	527,366	0.00
Decreases	(12,554,022)	632,000	(30.00)
Grand Total: Governor's Recommended Budget	587,351,380	18,870,162	1,344.00
% Net Change	32.73%	6.55%	(2.18%)

HEALTH & HUMAN RESOURCES

Secretary of Health & Human Resources			
1994-96 Base Budget	1,014,136	0	7.00
DGS Rental Charges	41,589	0	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Total Increases	41,589	0	0.00
Agency Reduction	(23,230)	0	0.00
Total Decreases	(23,230)	0	0.00
Governor's Recommended Budget	1,032,495	0	7.00
% Net Change	1.81%	NA	0.00%
Department for the Aging			
1994-96 Base Budget	16,507,368	35,773,440	30.00
DGS Rental Charges	80,000	0	0.00
Total Increases	80,000	0	0.00
Agency Reduction	(52,500)	0	(1.00)
Total Decreases	(52,500)	0	(1.00)
Governor's Recommended Budget	16,534,868	35,773,440	29.00
% Net Change	0.17%	0.00%	(3.33%)
Board for People with Disabilities			
1994-96 Base Budget	173,642	457,258	4.00
Merge Dev. Disabilities Grants	115,430	2,514,000	0.00
DGS Rental Charges	7,369	0	3.00
Total Increases	122,799	2,514,000	3.00
Agency Reduction	(4,000)	0	0.00
Total Decreases	(4,000)	0	0.00
Governor's Recommended Budget	292,441	2,971,258	7.00
% Net Change	68.42%	549.80%	75.00%
Dept. for Rights of Disabled			
1994-96 Base Budget	469,852	2,175,876	22.00
DGS Rental Charges	8,280	0	0.00
Total Increases	8,280	0	0.00
Agency Reduction	(22,000)	0	0.00
Total Decreases	(22,000)	0	0.00
Governor's Recommended Budget	456,132	2,175,876	22.00
% Net Change	(2.92%)	0.00%	0.00%
Dept. for Deaf & Hard-of-Hearing			
1994-96 Base Budget	2,504,410	13,200	19.00
DGS Rental Charges	112,291	0	0.00
Total Increases	112,291	0	0.00
Agency Reduction	(125,000)	16,000	0.00
Total Decreases	(125,000)	16,000	0.00
Governor's Recommended Budget	2,491,701	29,200	19.00
% Net Change	(0.51%)	121.21%	0.00%
Department of Health Professions			
1994-96 Base Budget	0	19,013,360	122.00
Upgrade Automation	0	880,690	0.00
Positions for Expanded Workload	0	58,391	5.00
Professional Board Workload	0	500,000	0.00
Admin. Workload & NGF Pay Increase	0	193,135	5.00
Total Increases	0	1,710,235	10.00
No Decreases	0	0	0.00
Governor's Recommended Budget	0	20,723,595	132.00
% Net Change	NA	8.99%	8.20%
Department of Health			
1994-96 Base Budget	218,197,424	395,136,082	4,435.00
Local Office Rent & Renovations	1,197,269	798,179	0.00
Sanitarian & Physician Regrades	2,086,810	1,422,914	0.00
Federal Mandates-Lab Quality	1,104,724	1,061,484	4.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Roanoke Medical Examiner Office	198,650	0	1.00
Tuberculosis Victim Outreach	418,060	337,744	22.00
AIDS, Nutrition, Primary Care	0	15,720,154	65.00
Remove Excess Postage	(1,704)	(1,896)	0.00
Positions to Administer Grants	0	0	43.00
DGS Rental Charges	2,214,747	0	0.00
Total Increases	7,218,556	19,338,579	135.00
Agency Reduction	(8,800,000)	4,250,973	(31.50)
Total Decreases	(8,800,000)	4,250,973	(31.50)
Governor's Recommended Budget	216,615,980	418,725,634	4,538.50
% Net Change	(0.72%)	5.97%	2.33%
Dept. of Medical Assistance Services			
1994-96 Base Budget	1,900,270,094	1,987,689,368	402.00
Organ Transplants for Children	7,572,315	7,572,315	0.00
OSHA Regs in Nursing Homes	1,121,435	1,121,435	0.00
Automated Management System	1,500,000	16,500,000	0.00
Homes for Adults Payments	7,305,406	5,557,894	3.00
Medicaid Use & Inflation	257,612,134	254,972,357	0.00
Managed Care Positions	184,265	184,265	10.00
Local School Health Services	10,000	922,000	0.00
Transfer MHMR Matching Funds	63,448,157	(1,561,829)	0.00
Medicaid for Indigent Care	8,000,000	8,000,000	0.00
Revised Payments for MCV, UVA	17,400,000	17,400,000	0.00
Total Increases	364,153,712	310,668,437	13.00
Agency Reduction	(22,500,000)	(12,000,000)	0.00
Total Decreases	(22,500,000)	(12,000,000)	0.00
Governor's Recommended Budget	2,241,923,806	2,286,357,805	415.00
% Net Change	17.98%	15.03%	3.23%
Health Services Cost Review Council			
1994-96 Base Budget	0	3,160,782	26.00
Patient Level Data Base	400,000	0	0.00
Total Increases	400,000	0	0.00
Reduce Position Level	0	0	(3.00)
Total Decreases	0	0	(3.00)
Governor's Recommended Budget	400,000	3,160,782	23.00
% Net Change	NA	0.00%	(11.54%)
Mental Health, Retardation, Sub. Abuse			
1994-96 Base Budget	661,770,572	524,310,588	10,858.00
CSH Forensic Unit	1,918,006	57,686	77.00
GF Replacement for NGF Loss	5,852,180	0	0.00
NVMHI Deficiencies & Addition	3,403,152	735,929	115.00
SWVMHI Psychiatrists	729,874	224,958	0.00
NVTC Deficiencies	1,680,000	0	0.00
Drug Costs in State Facilities	1,444,690	739,234	0.00
Aftercare Pharmacy Costs	1,633,223	1,088,816	0.00
Staffing at DeJarnette	403,324	403,324	0.00
SEVTC Contract Costs	375,450	326,458	0.00
SVMHI Nonpersonal Services	197,666	52,988	0.00
Transfer Medicaid Match to DMAS	(63,448,157)	8,720,527	0.00
Foundation Grants for Inner City Youth	0	1,500,000	0.00
Fed. Grants for Mentally Ill Homeless	0	4,000,000	0.00
FTE Transfer to Disabilities Board	0	0	(3.00)
DGS Rental Charges	1,980,385	0	0.00
Total Increases	(43,830,207)	17,849,920	189.00
Agency Reduction	(11,475,000)	(3,600,000)	(227.00)
Total Decreases	(11,475,000)	(3,600,000)	(227.00)

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
<i>Governor's Recommended Budget</i>	<i>606,465,365</i>	<i>538,560,508</i>	<i>10,820.00</i>
<i>% Net Change</i>	<i>(8.36%)</i>	<i>2.72%</i>	<i>(0.35%)</i>
Dept. of Rehabilitative Services			
1994-96 Base Budget	33,811,528	123,038,116	839.00
Add Indirect Cost Recoveries	0	953,760	0.00
Total Increases	0	953,760	0.00
Agency Reduction	(371,240)	325,000	(16.00)
Total Decreases	(371,240)	325,000	(16.00)
<i>Governor's Recommended Budget</i>	<i>33,440,288</i>	<i>124,316,876</i>	<i>823.00</i>
<i>% Net Change</i>	<i>(1.10%)</i>	<i>1.04%</i>	<i>(1.91%)</i>
Woodrow Wilson Rehab. Center			
1994-96 Base Budget	11,097,468	33,704,944	418.00
Position Transfer from DRS	0	0	16.00
NGF for Workload Growth	0	1,800,000	0.00
Total Increases	0	1,800,000	16.00
Agency Reduction	(425,000)	0	0.00
Total Decreases	(425,000)	0	0.00
<i>Governor's Recommended Budget</i>	<i>10,672,468</i>	<i>35,504,944</i>	<i>434.00</i>
<i>% Net Change</i>	<i>(3.83%)</i>	<i>5.34%</i>	<i>3.83%</i>
Department of Social Services			
1994-96 Base Budget	475,457,976	1,150,283,676	1,587.00
AFDC Caseload Growth	3,677,695	3,677,695	0.00
Eligibility Automation	985,860	1,403,379	0.00
DIT Charges for Automation	3,556,757	3,249,131	0.00
DIT Charges for Support Enforcement	0	5,568,453	0.00
Child Support Automation	0	1,711,466	0.00
Rent-Child Support Offices	0	573,516	0.00
Postage-Child Support Billings	0	2,923,220	0.00
CSE Legal Staff	0	2,067,988	20.00
CSE Communications Costs	0	470,986	0.00
Additional CSE Staff	0	8,663,530	117.00
Admin. Staff-Homes for Adults	345,046	0	4.00
Federal CSE Requirements	161,722	0	0.00
CSE Hearing Officer	0	90,046	1.00
Rate Increase-Homes for Adults	4,480,646	0	0.00
Transfer Child Funds to DOE	(900,000)	0	0.00
Remove Excess Postage	(40,750)	0	0.00
Total Increases	12,266,976	30,399,410	142.00
Agency Reduction	(2,316,127)	0	0.00
Total Decreases	(2,316,127)	0	0.00
<i>Governor's Recommended Budget</i>	<i>485,408,825</i>	<i>1,180,683,086</i>	<i>1,729.00</i>
<i>% Net Change</i>	<i>2.09%</i>	<i>2.64%</i>	<i>8.95%</i>
Dept. for the Visually Handicapped			
1994-96 Base Budget	13,483,216	20,917,630	207.00
Industries for the Blind	0	2,200,000	0.00
Total Increases	0	2,200,000	0.00
Agency Reduction	(403,551)	0	0.00
Total Decreases	(403,551)	0	0.00
<i>Governor's Recommended Budget</i>	<i>13,079,665</i>	<i>23,117,630</i>	<i>207.00</i>
<i>% Net Change</i>	<i>(2.99%)</i>	<i>10.52%</i>	<i>0.00%</i>
Va. Rehab. Center for the Blind			
1994-96 Base Budget	512,798	2,672,036	35.00
No Increases	0	0	0.00
Agency Reduction	(16,218)	0	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Total Decreases	(16,218)	0	0.00
Governor's Recommended Budget	496,580	2,672,036	35.00
% Net Change	(3.16%)	0.00%	0.00%
Gov. Employment & Training Dept.			
1994-96 Base Budget	1,338,400	102,909,060	35.00
NGF-FTE for Older Worker Programs	0	0	2.00
Total Increases	0	0	2.00
Agency Reduction	(60,000)	0	0.00
Total Decreases	(60,000)	0	0.00
Governor's Recommended Budget	1,278,400	102,909,060	37.00
% Net Change	(4.48%)	0.00%	5.71%
Coun. on Day Care & Early Childhood			
1994-96 Base Budget	1,334,430	29,866,608	13.00
Federal Block Grants	0	3,193,552	0.00
DGS Rental Charges	40,746	0	0.00
Total Increases	40,746	3,193,552	0.00
Agency Reduction	(100,000)	0	0.00
Total Decreases	(100,000)	0	0.00
Governor's Recommended Budget	1,275,176	33,060,160	13.00
% Net Change	(4.44%)	10.69%	0.00%
Office of Health & Human Resources			
1994-96 Base Budget	3,337,943,314	4,431,122,024	19,059.00
Increases	340,614,742	390,627,893	510.00
Decreases	(46,693,866)	(11,008,027)	(278.50)
Grand Total: Governor's Recommended Budget	3,631,864,190	4,810,741,890	19,290.50
% Net Change	8.81%	8.57%	1.21%

NATURAL RESOURCES

Secretary of Natural Resources			
1994-96 Base Budget	713,012	0	5.00
DGS Rental Charges	38,475	0	0.00
Total Increases	38,475	0	0.00
Agency Reduction (CA)	(19,782)	0	0.00
Total Decreases	(19,782)	0	0.00
Governor's Recommended Budget	731,705	0	5.00
% Net Change	2.62%	NA	0.00%
Department of Environmental Quality			
1994-96 Base Budget	62,706,546	84,379,292	908.00
Transfer of Laboratory Testing Costs	2,563,028	0	0.00
Increased Office Rent	1,186,742	0	0.00
Environmental Emergency Response	0	860,540	7.00
Clean Air Act Compliance	0	16,073,230	154.00
Indirect Cost Recoveries	0	423,956	0.00
Oil Discharge Monitoring	0	646,303	9.00
Compliance of Tank Vessels	0	98,526	1.00
Underground Storage Tank Testing	0	102,600	0.00
Total Increases	3,749,770	18,205,155	171.00
Agency Reduction (CA)	(2,654,000)	1,010,000	0.00
Eliminate New WW Treatment Loan Funds	(2,000,000)	0	0.00
Transfer Coastal Zone Mgmt. to CBLAD	0	(1,386,818)	(2.00)
Unfunded MEL Adjustment	0	0	(18.00)
Total Decreases	(4,654,000)	(376,818)	(20.00)
Governor's Recommended Budget	61,802,316	102,207,629	1,059.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
% Net Change	(1.44%)	21.13%	16.63%
Chippokes Plantation Farm Foundation			
1994-96 Base Budget	0	158,000	0.00
Total Increases	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	158,000	0.00
% Net Change	NA	0.00%	NA
Department of Historic Resources			
1994-96 Base Budget	4,208,580	1,269,046	43.00
DGS Rental Charges	301,102	0	0.00
Funding for Historical Societies	1,400,000	0	0.00
Total Increases	1,701,102	0	0.00
Agency Reduction (CA)	(397,200)	0	0.00
Unfunded MEL Adjustment	0	0	(1.00)
Total Decreases	(397,200)	0	(1.00)
Governor's Recommended Budget	5,512,482	1,269,046	42.00
% Net Change	30.98%	0.00%	(2.33%)
Department of Conservation and Recreation			
1994-96 Base Budget	42,355,992	12,110,894	344.00
DGS Rental Charges	931,713	0	0.00
Increased Operating Costs in Parks & Nat. Areas	1,446,802	894,606	19.00
Buena Vista Floodwall	1,800,000	0	0.00
Federal Funds: NonPoint Source Pollution	0	1,245,350	0.00
Natural Areas Inventory	0	543,116	0.00
Federal Funds: Land & Water Grants	0	307,566	0.00
Total Increases	4,178,515	2,990,638	19.00
Agency Reduction (CA)	(4,832,484)	0	(8.00)
Total Decreases	(4,832,484)	0	(8.00)
Governor's Recommended Budget	41,702,023	15,101,532	355.00
% Net Change	(1.54%)	24.69%	3.20%
Department of Game & Inland Fisheries			
1994-96 Base Budget	0	52,242,864	444.00
Total Increases	0	0	0.00
Unfunded MEL Adjustment	0	0	(33.00)
Total Decreases	0	0	(33.00)
Governor's Recommended Budget	0	52,242,864	411.00
% Net Change	NA	0.00%	(7.43%)
Marine Resources Commission			
1994-96 Base Budget	15,819,584	8,670,326	162.00
Total Increases	0	0	0.00
Agency Reduction (CA)	(1,271,240)	140,000	0.00
Total Decreases	(1,271,240)	140,000	0.00
Governor's Recommended Budget	14,548,344	8,810,326	162.00
% Net Change	(8.04%)	1.61%	0.00%
Chesapeake Bay Local Assistance Department			
1994-96 Base Budget	4,647,502	2,000	20.00
DGS Rental Charges	100,605	0	0.00
Transfer Coastal Zone Mgmt. Program	0	1,386,818	2.00
Total Increases	100,605	1,386,818	2.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	4,748,107	1,388,818	22.00
% Net Change	2.16%	69,340.90%	10.00%

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Virginia Museum of Natural History			
1994-96 Base Budget	4,035,428	275,892	35.00
Total Increases	0	0	0.00
Agency Reduction (CA)	(374,078)	0	0.00
Total Decreases	(374,078)	0	0.00
Governor's Recommended Budget	3,661,350	275,892	35.00
% Net Change	(9.27%)	0.00%	0.00%
Office of Natural Resources			
1994-96 Base Budget	134,486,644	159,108,314	1,961.00
Increases	9,768,467	22,582,611	192.00
Decreases	(11,548,784)	(236,818)	(62.00)
Grand Total: Governor's Recommended Budget	132,706,327	181,454,107	2,091.00
% Net Change	(1.32%)	14.04%	6.63%
PUBLIC SAFETY			
Secretary of Public Safety			
1994-96 Base Budget	874,596	0	5.00
DGS Rental Charges	38,738	0	0.00
Total Increases	38,738	0	0.00
Agency Reduction	(24,090)	0	0.00
Total Decreases	(24,090)	0	0.00
Governor's Recommended Budget	889,244	0	5.00
% Net Change	1.67%	NA	0.00%
Department of Criminal Justice Services			
1994-96 Base Budget	158,234,092	43,316,456	106.00
DGS Rental Charges	159,242	0	0.00
Agency Rental Charges	586,309	0	0.00
Continue & Expand Anti-Crime Partnership	522,000	0	0.00
Pre-trial Release Programs	1,235,000	0	0.00
Court Appointed Special Advocates	180,000	0	0.00
Private Security Information Systems	0	29,743	0.00
Match for Federal Juvenile Justice Funds	43,500	73,670	0.00
Establish New Mentoring Program	110,000	0	0.00
Total Increases	2,836,051	103,413	0.00
Reduce 599 Program by 9.8%	(13,158,400)	0	0.00
Reduce Other Local Assistance Programs	(1,933,874)	0	0.00
Reduce Crime Prevention Training	(52,900)	0	0.00
Eliminate Grant for Child Sex Abuse Training	(136,000)	0	0.00
Eliminate Law Enforcement Task Analysis	(98,000)	0	(1.00)
Reduce Oversight of Reg. Training Academies	(90,772)	0	0.00
Eliminate 8 FTE	(630,992)	0	(8.00)
Total Decreases	(16,100,938)	0	(9.00)
Governor's Recommended Budget	144,969,205	43,419,869	97.00
% Net Change	(8.38%)	0.24%	(8.49%)
Commonwealth's Attorneys' Services Council			
1994-96 Base Budget	534,160	0	3.00
Regional Drug Prosecutors	402,432	0	0.00
Prosecutorial Training	150,000	0	0.00
Total Increases	552,432	0	0.00
Eliminate Per Diems for Spring Institute	(50,000)	0	0.00
Total Decreases	(50,000)	0	0.00
Governor's Recommended Budget	1,036,592	0	3.00
% Net Change	94.06%	NA	0.00%

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Department of Fire Programs			
1994-96 Base Budget	0	17,863,318	24.00
Total Increases	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	17,863,318	24.00
% Net Change	NA	0.00%	0.00%
Department of State Police			
1994-96 Base Budget	237,079,045	31,671,040	2,323.00
Assume Cost of Federally-Funded Positions	1,761,950	0	0.00
Renew Unisys Software Charges	661,050	0	0.00
Sergeants and Dispatchers	731,496	0	12.00
Witness Protection Program	50,000	0	0.00
Communications System	394,000	0	0.00
Total Increases	3,598,496	0	12.00
Reduce Data Processing Expenditures	(777,400)	0	0.00
Reduce Training, Convention, Education	(200,000)	0	0.00
Reduce Equipment Replacement	(154,600)	0	0.00
Consolidate Leased Office Space	(68,000)	0	0.00
Total Decreases	(1,200,000)	0	0.00
Governor's Recommended Budget	239,477,541	31,671,040	2,335.00
% Net Change	1.01%	0.00%	0.52%
Department of Corrections			
1994-96 Base Budget	853,646,794	61,711,316	9,675.60
Open New Culpeper Prison	21,705,105	0	324.00
Open New Deerfield Prison	14,716,454	0	203.00
Open New Lunenburg Prison	638,171	0	9.00
Open New Work Release Center (Botetourt)	467,775	33,600	8.00
Contract for New Minimum Security Unit	2,050,000	0	0.00
Purchase Options on Land for New Prisons	100,000	0	0.00
Medical Services Enhancements	1,923,396	0	25.00
Automation of Classification & Records	710,586	0	11.00
Automation of Prison Commissaries	0	183,620	2.00
Clothing Industries (Haynesville, Culpeper)	0	3,452,262	8.00
Metal Fabrication Industry (Dillwyn)	0	3,328,942	5.00
Office Furniture Industry (Indian Creek)	0	2,117,224	4.00
Eyeglass Industry (Southampton)	0	350,816	2.00
Working Capital for Industries (Language)	0	0	0.00
Corrections Construction Corps	0	1,100,000	0.00
Security Staffing Formula Adjustment	441,834	0	15.00
Increase Security-Pocahontas Work Release	372,866	0	7.00
Increase Power Plant Staffing	555,580	0	14.00
Increase Reception Center Staffing	148,503	0	3.00
Substance Abuse Treatment (Replace Fed \$)	477,714	0	0.00
Drug Dog Handlers (Replace Federal \$)	233,696	0	0.00
Payroll Positions for New Prisons	117,630	0	3.00
Continue Probation & Parole Automation	3,970,695	0	0.00
Intensive Supervision (Replace Federal \$)	4,191,330	0	46.00
Substance Abuse Treatment-Probation & Parole	1,000,000	0	0.00
Rental Charges (Probation & Parole Offices)	602,011	0	0.00
Abingdon Day Reporting Center (NGF FTE)	0	0	5.00
Expand Residential Pre-Release Contracts	467,200	0	0.00
Expand Home Electronic Monitoring	241,263	0	1.00
Expand Post-Release Services	71,747	0	1.00
Expand Supervision of Sex Offenders	137,324	0	1.00
General District Court Services (Language)	0	0	0.00
Local Jail Support Positions	157,844	0	2.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Lump Sum Payment for Northern Neck Jail	2,182,679	0	0.00
Total Increases	57,681,403	10,566,464	699.00
Close Mecklenburg Correctional Center	(15,145,188)	0	(301.50)
Delay Filling Central Office Positions	(1,000,000)	0	0.00
Transfer Meat Processing to Agribusiness	0	(5,841,496)	0.00
Adjust NGF Appropriation	0	(1,419,280)	0.00
Adjust Federally-Funded FTE	0	0	(67.00)
Total Decreases	(16,145,188)	(7,260,776)	(368.50)
Governor's Recommended Budget	895,183,009	65,017,004	10,006.10
% Net Change	4.87%	5.36%	3.42%
Department of Correctional Education			
1994-96 Base Budget	38,689,848	3,109,754	458.00
Open Schools at New Prisons	2,334,121	0	17.00
Vocational Education (Youth)	687,686	0	13.00
Occupational Therapy (Youth)	82,998	0	1.00
Speech & Language Services (Youth)	70,480	0	1.00
Vocational Assessment (Adult)	108,696	0	1.00
DGS Rental Charges	187,065	0	0.00
Total Increases	3,471,046	0	33.00
Eliminate 3 FTE (2 Central Office, 1 Field)	(390,362)	0	(3.00)
Close Mecklenburg Corr. Center School	(603,192)	0	(10.00)
Total Decreases	(993,554)	0	(13.00)
Governor's Recommended Budget	41,167,340	3,109,754	478.00
% Net Change	6.40%	0.00%	4.37%
Virginia Parole Board			
1994-96 Base Budget	5,185,454	0	55.50
Total Increases	0	0	0.00
Reduce Data Processing Expenses	(20,000)	0	0.00
Reduce Convention, Education, Lodging	(20,000)	0	0.00
Reduce Equipment Replacement, Repair	(10,000)	0	0.00
Total Decreases	(50,000)	0	0.00
Governor's Recommended Budget	5,135,454	0	55.50
% Net Change	(0.96%)	NA	0.00%
Department of Youth & Family Services			
1994-96 Base Budget	203,622,522	2,152,046	1,743.00
Open New Beaumont Facility	277,317	0	5.00
Increase Security Staffing	619,100	0	20.00
Replace Federal Drug Treatment Grants	1,050,088	0	0.00
Serious Offender Pilot Program	1,737,100	0	0.00
Full Funding: Norfolk AMI Program	500,000	0	0.00
Federal Funds for School Food Program	0	977,600	0.00
Central Office Staffing	230,354	0	2.00
Total Increases	4,413,959	977,600	27.00
Eliminate Funding for Offices on Youth	(3,973,604)	0	0.00
Reduce Block Grant for Local Facilities	(2,378,254)	0	0.00
Reduce Local-Operated Court Service Units	(800,000)	0	0.00
Eliminate Block Grant for Local FOG Homes	(1,471,026)	0	0.00
Close Camp New Hope at Natural Bridge	(522,524)	0	(7.00)
Freeze Central Office Vacancies	0	0	0.00
Freeze Court Service Unit Vacancies	0	0	0.00
Transfer Interagency Consortium to DOE	(300,000)	0	0.00
Total Decreases	(10,905,408)	0	(7.00)
Governor's Recommended Budget	197,131,073	3,129,646	1,763.00
% Net Change	(3.19%)	45.43%	1.15%
Department of Alcoholic Beverage Control			

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
1994-96 Base Budget	0	461,476,960	1,083.00
Inventory & Accounting Systems Review	0	0	0.00
Total Increases	0	100,000	0.00
Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	461,576,960	1,083.00
% Net Change	NA	0.02%	0.00%
Department of Emergency Services			
1994-96 Base Budget	7,123,162	7,264,772	84.00
Additional Hazardous Materials Training	40,800	215,000	0.00
Maintain Flood Warning System	40,550	0	0.00
Emergency Response Team State Grant	60,000	0	0.00
Total Increases	141,350	215,000	0.00
Reduce Chemical Emergency Planning	(170,000)	0	0.00
Reduce Local Aid for HazMat Teams	(30,000)	0	0.00
Reduce Plans Management	(30,000)	0	0.00
Total Decreases	(230,000)	0	0.00
Governor's Recommended Budget	7,034,512	7,479,772	84.00
% Net Change	(1.24%)	2.96%	0.00%
Department of Military Affairs			
1994-96 Base Budget	10,884,526	10,784,164	128.00
DGS Rental Charges	62,203	0	0.00
Total Increases	62,203	0	0.00
Eliminate Tuition Assistance	(200,000)	0	0.00
Close Farmvl, Hopewl, Chesapeake Armories	(176,000)	0	0.00
Reduce Armory Maintenance & Repair	(130,000)	0	0.00
Reduce Custodial Services	(160,000)	0	0.00
Reduce Clerical & Temporary Assistance	(160,000)	0	0.00
Reduce Other Administrative Functions	(104,000)	0	(2.50)
Total Decreases	(930,000)	0	(2.50)
Governor's Recommended Budget	10,016,729	10,784,164	125.50
% Net Change	(7.97%)	0.00%	(1.95%)
Office of Public Safety			
1994-96 Base Budget	1,515,874,199	639,349,826	15,688.10
Increases	72,795,678	11,962,477	771.00
Decreases	(46,629,178)	(7,260,776)	(400.00)
Grand Total: Governor's Recommended Budget	1,542,040,699	644,051,527	16,059.10
% Net Change	1.73%	0.74%	2.36%

TRANSPORTATION

Secretary of Transportation			
1994-96 Base Budget	0	686,234	4.00
No Increase	0	0	0.00
Total Increases	0	0	0.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	686,234	4.00
% Net Change	NA	0.00%	0.00%

Department of Aviation			
1994-96 Base Budget	100,198	29,936,818	38.00
No Increase	0	0	0.00
Total Increases	0	0	0.00
No Agency Reduction	0	0	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Total Decreases	0	0	0.00
Governor's Recommended Budget	100,198	29,936,818	38.00
% Net Change	0.00%	0.00%	0.00%
Department of Transportation			
1994-96 Base Budget	80,000,000	3,553,536,700	11,570.00
Maintenance of physical plant	0	2,301,000	0.00
Increase highway construction funds	0	54,174,420	0.00
Total Increases	0	56,475,420	0.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	80,000,000	3,610,012,120	11,570.00
% Net Change	0.00%	1.59%	0.00%
Department of Rail and Public Transp.			
1994-96 Base Budget	0	169,890,822	30
Add Grant Management Position	0	95,280	1
Increase Funds for Mass Transit	0	10,034,578	0.00
Total Increases	0	10,129,858	1.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	180,020,680	31.00
% Net Change	NA	5.96%	3.33%
Department of Motor Vehicles			
1994-96 Base Budget	0	240,513,264	1,939.00
Increase funds to run new computers	0	6,205,780	0.00
Add positions for expanded branch office	0	481,120	7.00
Add positions to counsel offenders	0	769,664	8.00
Provide drivers license road tests	0	338,895	0.00
Expand community traffic safety programs	0	1,748,060	5.00
Automate agency operations	0	16,832,256	0.00
Total Increases	0	26,375,775	20.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	266,889,039	1,959.00
% Net Change	NA	10.97%	1.03%
Office of Transportation			
1994-96 Base Budget	80,100,198	3,994,563,838	13,581.00
Increases	0	92,981,053	21.00
Decreases	0	0	0.00
Grand Total: Governor's Recommended Budget	80,100,198	4,087,544,891	13,602.00
% Net Change	0.00%	2.33%	0.15%

CENTRAL APPROPRIATIONS

Compensation Supplements			
1994-96 Base Budget	0	0	0.00
12/1/94 Classified Salary Increase	61,389,456	0	0.00
12/1/95 Classified Salary Increase	22,386,252	0	0.00
12/1/94 Bonus Program	27,616,526	0	0.00
Job Class Regrades	1,153,626	0	0.00
Technical Adjustment for Health Insurance	173,490	0	0.00
Technical Adjustment for Premium Conversion	203,400	0	0.00
Increase in FICA Cap	1,074,900	0	0.00

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Total Increases	113,997,650	0	0.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	113,997,650	0	0.00
% Net Change	NA	NA	NA
Higher Education Equipment			
1994-96 Base Budget	23,578,930	12,902,190	0.00
Equipment Leases	6,637,901	0	0.00
Total Increases	6,637,901	0	0.00
Equipment Leases	0	(4,319,081)	0.00
Total Decreases	0	(4,319,081)	0.00
Governor's Recommended Budget	30,216,831	8,583,109	0.00
% Net Change	28.15%	(33.48%)	NA
Economic Contingency			
1994-96 Base Budget	7,500,000	0	0.00
Solar Voltaic Incentive Grants	4,500,000	0	0.00
Motor Voter Registration Act	465,000	0	0.00
Defaulted Student Loans	2,500,000	0	0.00
Defense Conversion Fund	2,000,000	0	0.00
Total Increases	9,465,000	0	0.00
No Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	16,965,000	0	0.00
% Net Change	126.20%	NA	NA
Reversion Clearing Account			
1994-96 Base Budget	(75,847,166)	0	0.00
Technical Adjustment for Turnover & Vacancy	4,925,662	0	0.00
Technical Adjustment for VRS Rates	11,418,923	0	0.00
Technical Adjustment for Group Life Rates	5,338,598	0	0.00
Technical Adjustment to Restore Compensation	2,949,449	0	0.00
Total Increases	24,632,632	0	0.00
Agency Reductions (NOTE: See each agency)			
Eliminate Public Relations Positions	(2,892,000)	0	0.00
Total Decreases	(2,892,000)	0	0.00
Governor's Recommended Budget	(54,106,534)	0	0.00
% Net Change	NA	NA	NA
Oil Overcharge			
1994-96 Base Budget	0	0	0.00
Interest Earnings	0	1,000,000	0.00
Total Increases	0	1,000,000	0.00
No Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	1,000,000	0.00
% Net Change	NA	NA	NA
Virginia Plan for Equal Opportunity			
1994-96 Base Budget	7,437,430	0	0.00
No Increase	0	0	0.00
Total Increases	0	0	0.00
No Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	7,437,430	0	0.00
% Net Change	0.00%	NA	NA
Legal Defense			

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
1994-96 Base Budget	100,000	0	0.00
No Increase	0	0	0.00
Total Increases	0	0	0.00
No Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	100,000	0	0.00
% Net Change	0.00%	NA	NA
Employee Health Insurance Program			
1994-96 Base Budget	0	0	0.00
Local Government Health Insurance	0	112,997,786	0.00
Total Increases	0	112,997,786	0.00
No Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	112,997,786	0.00
% Net Change	NA	NA	NA
Central Appropriations			
1994-96 Base Budget	(37,230,806)	12,902,190	0.00
Increases	154,733,183	113,997,786	0.00
Decreases	(2,892,000)	(4,319,081)	0.00
Grand Total: Governor's Recommended Budget	114,610,377	122,580,895	0.00
% Net Change	(407.84%)	850.08%	NA

INDEPENDENT

State Corporation Commission			
1994-96 Base Budget	0	106,596,498	612.00
Public Utility Regulation Workload	0	539,419	5.00
Communications Industry Regulation Workload	0	353,013	3.00
Building Maintenance and Operation	0	0	2.00
General Counsels Workload Increase	0	0	1.00
Insurance Industry Regulation Workload	0	1,931,998	22.00
Enhanced Information Technology	0	0	6.00
Total Increases	0	2,824,430	39.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	109,420,928	651.00
% Net Change	NA	2.65%	6.37%
Virginia Workers' Compensation Commission			
1994-96 Base Budget	0	20,203,580	145.00
Uninsured Employers Fund	0	400,000	0.00
Total Increases	0	400,000	0.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	20,603,580	145.00
% Net Change	NA	1.98%	0.00%
State Lottery Department			
1994-96 Base Budget	0	136,613,090	330.00
Expanded Revenue Programs	0	1,058,198	0.00
Computer Terminals	0	3,888,000	0.00
Total Increases	0	4,946,198	0.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	0	141,559,288	330.00
% Net Change	NA	3.62%	0.00%

Summary of Detailed Actions in SB 30

	1994-1996 BIENNIAL TOTAL		
	Gen. Fund	Non-gen. Fund	Total FTE
Independent Agencies			
1994-96 Base Budget	0	263,413,168	1,087.00
Increases	0	8,170,628	39.00
Decreases	0	0	0.00
Grand Total: Governor's Recommended Budget	0	271,583,796	1,126.00
% Net Change	NA	3.10%	3.59%
NON-STATE AGENCIES			
Non-State Agencies			
1994-96 Base Budget	0	0	0.00
Black History Museum & Cultural Center	100,000	0	0.00
Arts Museum of Western Virginia	130,000	0	0.00
Council for America's First Freedom	706,000	0	0.00
Peninsula Fine Arts Center	60,000	0	0.00
Science Museum of Western Virginia	357,956	0	0.00
Western Va. Foundation for the Arts & Sciences	323,830	0	0.00
William King Regional Arts Center	150,000	0	0.00
Total Increases	1,827,786	0	0.00
No Agency Reduction	0	0	0.00
Total Decreases	0	0	0.00
Governor's Recommended Budget	1,827,786	0	0.00
% Net Change	NA	NA	NA
Grand Total: Operating Expenses			
1994-96 Base Budget	13,707,202,971	15,985,799,393	106,876.08
Increases	1,403,424,073	808,203,621	2,113.73
Decreases	(344,385,361)	134,853,598	(994.30)
Grand Total: Governor's Recommended Budget	14,766,241,683	16,928,856,612	107,995.51
% Net Change	7.73%	5.90%	1.05%

