



Summary of

1999 BUDGET ACTIONS

MARCH 8, 1999

Prepared jointly by the staffs of the:

**HOUSE APPROPRIATIONS COMMITTEE
and
SENATE FINANCE COMMITTEE**

INTRODUCTION

This document was prepared by the staff of the House Appropriations and Senate Finance Committees as a summary of the amended budget for the 1998-2000 biennium, prior to the 1999 Reconvened Session. Additional information will be made available after the April 7, 1999, Reconvened Session of the 1999 General Assembly.

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Legislative Department

Budget amendments adopted by the General Assembly result in a net increase of \$1.9 million GF for legislative agencies for the biennium when compared to the original appropriation. The amendments incorporate actions of the Joint Rules Committees regarding legislative agency budgets, support various 1999 session actions relating to these agencies, and provide support for a number of approved studies.

- **General Assembly**
 - ***Office Expenses and Interim Per Diem Payments.*** Reduces the budget for the House and Senate by \$2.0 million GF, by removing funds which were added during the 1998 session to increase office expense and interim per diem payments. The increased allowances are not being expended, based on the actions of the Rules Committees.
 - ***Higher Education Study.*** Provides \$300,000 GF the second year to continue the work of the Joint Subcommittee Studying Higher Education Funding Policies.
- **Division of Legislative Services**
 - ***Redistricting Support.*** Includes \$315,000 GF and one position the second year to prepare for and support the redistricting process in 2000.
- **Capitol Square Preservation Council**
 - ***Create Council.*** Provides \$100,000 GF and two positions the second year to establish a new Capitol Square Preservation Council and the position of curator for Capitol Square, pursuant to HB 1206.
- **Joint Legislative Audit and Review Commission**
 - ***Fiscal Impact Unit.*** Adds \$216,670 GF and three positions to support fiscal impact statement analysis, at the request of legislative committees.

- **Legislative Department Clearing Account**
 - ***Tax Structure Study.*** Includes \$250,000 GF the second year to underwrite the cost of a study of state and local tax structures, as provided for in HJR 578 and SJR 401.
 - ***Security at Seat of Government.*** Provides up to \$1.4 million GF and 30 positions the second year to be used, upon approval of the Joint Rules Committee, to expand security services of the Division of Capitol Police to additional buildings at the Seat of Government.

Judicial Department

Budget amendments adopted by the General Assembly result in a net increase of \$13.1 million GF for the biennium when compared to the original appropriation. The amendments include funding for the creation of eight new judgeships, funding to support additional district court and magistrate positions, adjustments to the Criminal Fund and Involuntary Mental Commitment Funds, and several other technical adjustments.

- **Supreme Court**

- **Law Library Position.** Adds \$17,431 GF the second year to convert one part-time wage position to full-time status to increase support for the library at the Supreme Court Building.
- **Study of Joint Custody Determination.** Includes \$100,000 GF the second year to support a research project designed to compile data regarding the factors influencing judicial decision-making in matters involving disputed child custody cases.
- **Social Security Cap.** Adds \$71,796 GF the second year for the employer share of increased Social Security taxes on salaries for judges. This change is a result of the increase in the maximum salary level which is subject to Social Security taxes.
- **Video Arraignment.** Provides \$106,000 GF the second year for a pilot project involving a new, high-speed telecommunications network linking the Red Onion and Wallens Ridge state prisons with the Wise County Circuit Court.
- **Criminal Fund.** Adds \$501,321 GF the first year and \$4.1 million the second year to support a projected increase in caseload and costs in the Criminal Fund.
- **Rent Increase.** Adds \$25,752 GF each year for rental payments for the use of additional basement space in the Supreme Court Building. These payments will be made to the Department of General Services for storage space vacated by the Virginia State Library and Archives. A corresponding reduction is included in the budget for the State Library.
- **Telecommunications Costs .** Provides an additional \$0.4 million GF the second year to support increased DIT charges resulting

from Year 2000 Computer Date Change improvements in hardware and software telecommunications systems.

- ***Personal Appearances Study.*** Adds a language amendment calling on the Supreme Court to study and report to the General Assembly on the need for any changes to the list of offenses which require a defendant's personal appearance in court.
- ***Indigent Defense.*** Includes a language amendment asking the Governor to provide sufficient funding in the 2000-2002 budget recommendations to ensure court-appointed counsel fees in criminal indigent defense cases keep up with the rate of inflation.
- **Court of Appeals**
 - ***Travel Expenses.*** Adds a language amendment to clarify accounting procedures regarding travel and lodging expenses for members of the Court of Appeals relating to official business of the Court.
- **Circuit Courts**
 - ***New Judgeship.*** Provides \$173,650 GF and one position the second year, to support a new circuit court judgeship in the 15th Circuit (Hanover / Fredericksburg / Northern Neck).
 - ***Transfer for Public Defender Positions.*** Reduces the appropriation for the Criminal Fund by \$1.1 million GF the second year to reflect the transfer of these funds to the Public Defender Commission to support twenty new positions at various offices.
- **District Courts**
 - ***New Judgeships.*** Provides \$1.1 GF and seven positions the second year, to support a new general district court judgeship in the 7th District (Newport News), and six new juvenile and domestic relations court judgeships in the 2nd, 15th, 16th, 24th, 25th, and 26th Districts (Virginia Beach / Fredericksburg / Charlottesville / Lynchburg / Staunton / Winchester).
 - ***District Court Positions.*** Includes \$609,821 GF to support 15.4 new positions for the general district court clerks offices, 16.0 positions for the juvenile and domestic relations court clerks'

offices, and 7.4 positions for the combined district court clerks' offices.

- ***Involuntary Mental Commitment Fund.*** Reduces the appropriation for this fund by \$500,000 GF the first year and \$600,000 GF the second year, based on a revised caseload forecast.
- ***District Courts Technical Adjustments.*** The budget, as adopted, includes three technical amendments to the base budget for personal services for the District Courts:
 - Central Account Transfer. Transfers from the Central Accounts \$1.5 million GF the first year and \$4.0 million GF the second year to support the increased salaries for clerks approved by the 1998 General Assembly.
 - Unbudgeted Costs for Salary Adjustments. Adds \$171,760 GF the second year to reflect the increased cost of November 1998 performance adjustments, resulting from the clerks' salary increase approved by the 1998 General Assembly.
 - Annualized Personal Services Costs. Adds \$42,875 GF the second year to annualize the cost of personal services for new District Court employees. The 1998 General Assembly increased the number of clerks. However, these new positions were funded for only 22 pay periods in the second year. This amendment adds funding for the 23rd and 24th pay periods.
- ***Mediation Services.*** Adds \$100,000 GF the second year for expanded use of private contracts for mediation in the Juvenile and Domestic Relations District Courts.
- **Magistrates**
 - ***Magistrate Positions.*** Adds \$336,400 GF the second year for the equivalent of ten full-time magistrates positions, to be distributed statewide based on workload. The General Assembly rejected proposed language in the adopted budget that directed that certain magistrate positions be assigned to Hanover and York Counties, relying instead on an allocation method approved by the Committee on District Courts.

- ***Magistrate Technical Adjustments.*** The budget, as adopted, includes two technical amendments to the base budget for personal services for Magistrates:
 - Central Account Transfer. Transfers from the Central Accounts \$718,057 million GF the second year to support the increased salaries for Magistrates approved by the 1998 General Assembly.
 - Costs for Salary Adjustments. Makes a technical adjustment by reducing the second year funds budgeted for a magistrates salary scale adjustment by \$261,605, to reflect the actual effective date of the salary regrade in November 1998.
- **Virginia State Bar**
 - ***Law Office Management Assistance.*** Adds \$94,981 NGF the second year and 2.0 FTE positions to provide technical assistance to attorneys in managing their law offices effectively.
 - ***Restriction on the Use of Funds.*** Includes a language amendment specifying that funds appropriated for use by the Virginia State Bar for indigent defense services, including those funds made available for such purpose through interest earnings on Lawyers Trust Accounts, may not be used to serve aliens who are in the United State illegally.
 - ***Legal Services Corporation.*** Adds \$250,000 GF the second year for indigent defense service in civil matters involving the Legal Services Corporation of Virginia.
- **State Board of Bar Examiners**
 - ***Certification of Out-of-State Attorneys.*** Includes a language amendment for a sum sufficient appropriation (not to exceed \$50,000) for character and background checks on out-of-state attorneys applying to practice law in Virginia. The sum sufficient would be funded through applicant fees deposited to the general fund. This amendment results from passage of Senate Bill 488 by the 1998 General Assembly, which authorized the Supreme Court to transfer to the State Board of Bar Examiners the responsibility for issuing certificates for out-of-state lawyers to practice law in Virginia, without taking an examination.

- **Public Defender Commission**

- ***Public Defender Positions.*** Adds \$880,889 GF the second year and 16.0 FTE positions for new public defenders to represent low-income persons charged with criminal offenses. These funds are transferred from the Criminal Fund.
- ***Charlottesville/Albemarle Positions.*** Adds \$230,000 GF the second year and four positions to complete the phase-in of the new office serving Albemarle County and the City of Charlottesville.
- ***Administrative Support Position.*** Adds \$34,976 GF and 1.0 FTE position for administrative and accounting support in the central office of the Public Defender Commission.
- ***Management Information.*** Includes \$100,000 GF and 1.0 FTE position to expand the central office's management information capability.

Executive Offices

Budget amendments adopted by the General Assembly result in a net increase of \$1.8 million GF for the biennium, when compared to the original appropriation. All of the amendments are included in the Office of the Attorney General.

- **Office of the Attorney General**
 - ***Operational Budget Shortfall.*** Adds \$269,347 GF and \$195,474 NGF the first year, and \$723,258 GF and \$318,121 NGF the second year, to address an operating budget shortfall, which has been offset for the past several years with special fund balances and carry-forward balances from previous years.
 - ***Compensation Plan Adjustment.*** Includes, in a central account, \$168,446 GF and \$42,112 NGF the second year for competitive salary adjustments for entry-level professional employees.
 - ***Workload Adjustment.*** Adds \$207,033 GF and 4.0 FTE positions address increased workload due to increased corrections and capital punishment litigation, fair housing investigations, and environmental issues.
 - ***Replace Federal Grant Funds.*** Adds \$404,364 GF the second year to replace a federal grant which expires on June 30, 1999. The federal grant has supported the Capital Litigation Unit, which manages the litigation of appeals related to capital punishment.
 - ***Computer Crimes Prosecution.*** Includes \$150,000 GF and three positions the second year to expand the office's capability for prosecuting specialized crimes involving computer systems.
 - ***Consumer Revolving Trust Account.*** Adds \$250,000 NGF to authorize the use of increased special funds recovered in the course of regulatory and consumer advocacy litigation. A language amendment clarifies legislative intent that any amounts contained in the fund, which exceed \$750,000 at the end of the fiscal year, shall be transferred to the general fund. The current ceiling of \$500,000 was established in 1995, and is not sufficient to meet projected expenses.

Administration

The General Assembly's actions result in a net increase of \$11.2 million GF for the biennium when compared to last year's appropriation for 1998-2000. However, this number includes the effect of creating a new Technology Secretariat, to which several Administration agencies are transferred. When those transfers are taken into account, the actual GF increase for the remaining Administration agencies totals \$14.1 million.

Approximately two-thirds of this increase -- \$10.0 million -- is for the Compensation Board, including: a net increase of \$1.8 million for changes in local jail per diems, contract beds, and two new jails coming on line; \$1.7 million to provide additional positions for sheriffs, treasurers and circuit court clerks; \$1.8 million to offset the cost of legislation involving bail reform and the illegal possession of a firearm.

For the Board of Elections, \$1.4 million is included to begin replacement of the Virginia Voter Registration System. Additional positions are included for the Council on Human Rights, the Department of Personnel and Training, and the Department of Employee Relations Counselors. Finally, \$1.9 million is provided to increase operating and capital support for public broadcasting.

Three agencies -- the Department of Information Technology, the Council on Information Management, and the Year 2000 Project Office -- are transferred to the newly created Secretariat of Technology.

- **Virginia Public Broadcasting Board**

- ***Transfer from DIT.*** Transfers \$8.7 million the first year and \$9.1 million the second year funding for public broadcasting from DIT.
- ***Increased Funding for Instructional Television.*** Provides an additional \$500,000 the second year to maintain funding for instructional television at FY 1999 levels.
- ***Community Service Grants for Television.*** Increases community service grants for public television stations by \$300,000 in the second year.

- ***Community Service Grants for Public Radio.*** Increases community service grants for public radio stations by \$75,000 in the second year.
- ***Capital Grants to Public Television.*** Provides \$225,000 each in the second year to WNVN, WVPT, WBRA and WHRO for facility improvements.
- **Council on Human Rights**
 - ***Compliance Investigation Position.*** Adds \$4,213 GF the first year, \$50,932 GF the second year, and one position to investigate complaints of work place discrimination, based on caseload growth.
- **Department of Personnel and Training**
 - ***Training and Management Development.*** Proposes increases in the second year totaling \$78,145 GF, \$48,778 NGF and two positions to expand employee training and management development services that were curtailed through the Workforce Transition Act.
 - ***Employee Health Benefits Program.*** Includes \$11,536 NGF the first year and \$66,983 NGF the second year, and one position to improve financial management of the state's health benefits programs.
- **Department of Employee Relations Counselors**
 - ***Training Positions.*** Provides \$43,097 GF and \$34,097 NGF and one position to support additional training to state agencies and institutions in alternative dispute resolution techniques and effective employee relations practices.
- **Department of General Services**
 - ***Experience-based Workers' Compensation Insurance.*** Includes \$1.2 million GF for workers' compensation premiums, to begin implementing experience-based premiums for each agency. The premiums will be set based on the claims history of each agency, with more claims translating to a higher premium. The program will be phased in through the 2000-2002 biennium.

- ***Virginia War Memorial.*** Adds \$187,500 GF the second year to renovate the auditorium at the Virginia War Memorial.
 - ***Claims Bill for Beverly Q. Russell.*** Provides \$64,750 to pay Beverly Q. Russell -- a former psychiatric nurse at Catawba Hospital for an accidental injury claim pursuant to House Bill 1821.
 - ***General Liability Insurance.*** Decreases appropriations by \$227,477 GF the first year and \$669,901 GF the second year for premium payments to the state's general liability self-insurance program, based on an updated actuarial forecast.
- **State Board of Elections**
 - ***Local Registrar's Computer Equipment.*** Includes \$980,000 GF the first year and \$500,000 GF second year to replace obsolete computer equipment statewide in the 135 local voter registration offices -- to ensure Year 2000 compliance, reorganization of the agency and support future upgrades to the Virginia Voter Registration System (VVRS). A report commissioned by the Board of Elections but released after the Governor's budget recommendations were finalized estimated a need for approximately \$7.8 million to fully replace VVRS.
 - ***Cost of 1998 Constitutional Amendment Proposals.*** Adds \$155,130 GF the first year to defray printing and related costs associated with explanation of the Constitutional amendments that appeared on the 1998 ballot.

- **Compensation Board**

General Application

- ***Population-based Salary Increases.*** Adds \$61,297 GF the first year, and \$63,458 GF the second year to provide a salary increase to constitutional officers in Amelia and Powhatan Counties who qualify due to population growth in those counties.
- ***Local Fiscal Data Collection.*** Provides \$10,600 the second year for one-time programming costs associated with the gathering of fiscal data from the localities for certain statistical reports involving taxes, revenue collection, and related matters.
- ***Reversion from City to a Town.*** Requires the Compensation Board to continue funding for Cities that revert to town status.

This implements the provisions of §15.2-1302, Code of Virginia, which requires that any state funds that were distributed to a locality prior to a local consolidation will continue to be distributed after the consolidation.

- ***Use of Provisional Population Estimates.*** Allows the Compensation Board to use the most recent provisional population estimates when fixing the salaries of Constitutional Officers.
- ***Eliminate Management Savings.*** Eliminates management savings of \$4.0 million planned for locally elected constitutional officers in the second year. A companion amendment captures estimated year end balances of \$9.5 million.

Sheriffs

- ***Bail Reform and Virginia Project Exile.*** Adds \$1.8 million GF the second year to implement bail reform and Virginia Exile legislation. The legislation will establish a mandatory minimum sentence for certain firearm offenses and deny bail for individuals arrested for these and other offenses.
- ***Per Diem Payments for Local Jails.*** Increases by \$5.4 million GF the first year and \$2.2 million GF the second year funds for payments to localities to reflect a revised forecast of state inmates housed in local jails.
- ***Reduce Jail Contract Bed Program.*** Reduces by \$932,886 GF the first year and \$2.0 million GF the second year funds for the jail contract bed program, through which the state Department of Corrections contracts with the local jails for bedspace for state inmates. The majority of the beds are for inmates participating in a work release program. Funding is reduced assuming that the number of beds actually used will decrease from 300 to 100 beds at the beginning of 2000.
- ***Positions for New Jails.*** Provides funding for jail facilities scheduled to open during the 1998-2000 biennium, based on the latest revisions to construction schedules. For FY 1999, funding is decreased by \$3.2 million GF due to delayed opening dates. For FY 2000, funding is increased by \$0.2 million GF to cover operating costs for the Allegheny/Covington and Rappahannock Regional Jails. The additional funds will support 133 correctional officers, 14 medical staff, one cook, and four secretaries.

- ***Use of VCCS Codes for LIDS Data.*** Requires local and regional jails to use the Virginia Crime Codes in identifying the offenses for which offenders are incarcerated in jails in Virginia. This is intended to facilitate the analysis of cases in which there is a misdemeanor offense. This type of analysis is required in order for the Commonwealth to assess the correctional bed space impact of proposed legislation in which a misdemeanor offense is involved.
- ***Jail Audit Position.*** Adds \$75,000 and one FTE position the second year to audit and assist with local jail reimbursement request reports.
- ***Sheriff's Salary in Transition to a Regional Jail.*** Provides that the salary of any sheriff serving a county and city which operated a jail on July 1, 1998, which subsequently closed, shall not be reduced until the last day of the month in which a regional jail serving the county and city begins to house inmates.
- ***Study Inmate Medical Care.*** Requires the Compensation Board to report on the fiscal and programmatic impacts of expanding the categories of jail inmates whose unbudgeted medical expenses may be reimbursed by the Compensation Board to include those of any inmates who are confined on state or local warrants.
- ***Jail Audit Savings.*** Reduces the appropriation for per diem payments to local jails by \$500,000 the second year, based on the estimated impact of increased auditing of reimbursement request reports.
- ***Report to Director of Corrections.*** Requires any local and regional jail that houses contract inmates to report on the level of security provided.
- ***Out-of-State Contract Inmates.*** Standardizes the cost-recovery methodology applied to local jails, in the case of inmates confined in Virginia jails for the federal government and for inmates held for other states.
- ***Law Enforcement Deputies at 1:1,500.*** Adds \$680,762 the second year for 24 additional law enforcement deputies to meet the 1:1,500 staffing ratio: one each in the counties of Amherst, Augusta, Bedford, Botetourt, Campbell, Frederick, Greene,

Hanover, Louisa, Orange, Pittsylvania, Rockbridge, Stafford and York; four in Spotsylvania County; and six in Loudoun County.

- ***Bi-annual Adjustment of Sheriffs' Positions.*** This amendment clarifies that funding adjustments related to deputy sheriff positions which are due certain localities pursuant to § 15.2-1609.1 of the Code shall be made on a biennial basis. Compensation Board allocation decisions will be based on annual adjustments.
- ***Master Deputy Program.*** Provides \$71,758 the second year for four sheriff's offices (Augusta, Louisa, Westmoreland, and Colonial Heights) and the Piedmont Regional Jail to implement the Master Deputy plan in their offices in accordance with the provisions of Item 72, paragraph H, of Chapter 464, Acts of Assembly of 1998.

Commonwealth's Attorneys

- ***Part-time Commonwealth's Attorneys to Full-time.*** Adds \$261,894 GF the second year to convert three Commonwealth's Attorneys' offices from part-time to full-time status. The funding will go to offices in Wythe County, Lancaster County, and Buena Vista City.
- ***Convert Assistant Commonwealth's Attorneys' Positions from Part-time to Full-time status.*** Provides \$502,279 the second year to convert eighteen part-time assistant Commonwealth's Attorney positions to full-time status.
- ***Career Prosecutor Program.*** Adds \$375,000 the second year to implement the Career Prosecutor Plan on December 1, 1999.

Treasurers

- ***Treasurers' Positions.*** Provides \$287,750 the second year for 29 additional positions for city and county treasurers' offices statewide, to meet Compensation Board staffing standards.
- ***Career Development Plan for Treasurers.*** Requires the Compensation Board to develop a career development program for treasurers and deputy treasurers.

Circuit Court Clerks

- ***Circuit Court Clerks' Positions*** Provides \$737,252 the second year for 38 additional deputy Circuit Court Clerk positions statewide, to meet Compensation Board workload standards and recognize the growing caseloads in these offices.
 - ***Automation of Marriage Licenses.*** Permits the Compensation Board to allocate funds from the Circuit Court Technology Trust Fund to pilot projects designed to automate the marriage license application process.
 - ***Task Force on Land Records Management.*** Continues the Task Force on Land Records Management.
- **Department of Veterans' Affairs**
 - ***Added Position for Database Management.*** Provides \$49,728 GF the second year and one position to maintain the VETREX computer database system. The VETREX system allows the department to track veterans claims information and maintain a computer connection with the U.S. Veterans Administration.
- **Charitable Gaming Commission**
 - ***Computer System.*** Adds \$275,000 NGF the second year to develop an integrated computer software system to handle all the agency's licensing, auditing, enforcement, and administrative functions.
 - ***Funds for Special Purposes.*** Establishes two funds that the Commission may use to earmark a portion of its unexpended balances or revenues for special purposes. The Technology Fund would be used to create and maintain an integrated computer system and for other technology purchases and upgrades. The Investigation Fund would be used to pay for investigations and enforcement actions, to purchase equipment for enforcement purposes, and to receive any assets seized and forfeited due to enforcement actions.

Commerce and Trade

The budget amendments adopted by the General Assembly result in a net decrease of \$1.4 million GF for the biennium, when compared to Chapter 1 of the 1998 Special Session. The decrease is based on the transfer of the Innovative Technology Authority (CIT) from the Commerce and Trade Secretariat to the Technology Secretariat. The agency transfer reduced the 1998-2000 general fund appropriations in Commerce and Trade by \$23.2 million. In addition to the CIT transfer, budget amendments set out the newly established Virginia Tourism Authority (HB 2702) and the transfer of \$16.6 million from the Virginia Economic Development Partnership to fund the Authority.

If the transfers are discounted, then general fund spending in Commerce and Trade increases by \$5.2 million. Included in this total is an additional \$1.0 million for the Cooperative Tourism Fund; \$4.5 million for the Regional Competitiveness Fund; \$5.5 million in the second year for the industrial site development fund; \$1.0 million to expand the Virginia Biotechnology Research Park; \$2.0 million for additional first year commitments for worker training programs; and, \$750,000 to provide statewide coverage for the homeless intervention program.

In addition to these amounts, the budget's Central Accounts include \$9.8 million in second year funding for the Shipbuilding Investment Grant Program. The General Assembly also approved \$600,000 for the Suffolk Downtown Initiative and \$3.0 million for the Volvo Truck expansion in Pulaski County.

The General Assembly also approved two amendments authorizing spending from the Governor's Development Opportunity Fund for projects to retain a major employer in Danville and to attract a major employer in Norfolk.

- **Department of Housing and Community Development**
 - ***Planning District Commissions.*** Provides \$500,000 GF the second year to support the operations of the planning district commissions. In the 1998 Session, the General Assembly approved \$420,000 GF the second year for these regional planning agencies.
 - ***Regional Competitiveness Act Program.*** Approves an additional \$4.5 million GF the second year to retain funding at

the first year level and to ensure that no regional partnership receives less funding in FY 2000 than it received in FY 1999.

- ***Industrial Site Development Fund.*** Adopts \$5.5 million GF in the second year to continue assisting communities with the cost of developing industrial properties in distressed areas of the Commonwealth. Companion budget language directs that the Fund be used to develop three new Enterprise Zones designated under SB 1187 and HB 1953.
- ***Virginia Enterprise Initiative.*** Includes an additional \$500,000 GF the second year to help serve those regions of the Commonwealth that do not currently have access to an entrepreneurial development program.
- ***Homeless Intervention Program.*** Provides \$750,000 GF the second year, increasing the total general fund commitment for the program to \$4.3 million.
- ***Removal or Rehabilitation of Derelict Structures Fund.*** Approves \$500,000 GF the second year to carry out the provisions of legislation (HB 2577) passed by the General Assembly to establish a statewide program dealing with abandoned buildings.
- ***Housing Partnership Fund.*** Includes budget language directing the agency and the Virginia Housing Study Commission to study the effectiveness of the Fund in meeting housing needs. A report to the General Assembly is due by December 31, 1999.
- **Virginia Economic Development Partnership**
 - ***Virginia Tourism Authority.*** Authorizes the transfer of \$16.6 million GF the second year from the Partnership to establish an independent Virginia Tourism Authority.
 - ***Shell Building Program.*** Provides an increase of \$350,000 GF the second year to expand the program from three buildings per year to six buildings per year. The funds would be used for debt service and fees associated with building engineering and design. Companion budget language directs the Partnership to fund three shell buildings on industrial parks designated as enterprise zones under SB 1187 and HB 1953.

- ***Virginia Biotechnology Research Park.*** Includes \$1.0 million GF the second year for the Park to acquire land and options to purchase land within the Park's 34-acre boundaries.
- **Virginia Tourism Authority**
 - ***Establish the Virginia Tourism Authority.*** Approves the transfer of \$16.6 million GF the second year for tourism promotion activities from the Virginia Economic Development Partnership for the creation of the Authority.
 - ***Cooperative Tourism Fund.*** Provides \$1.0 million GF the second year, increasing the Fund's total appropriation to \$5.75 million. The Fund matches private funds to promote, market, and advertise the Commonwealth's tourist attractions and locations. Companion budget language permits the Authority to grant waivers to localities, under certain circumstances, to the minimum deposit requirement.
- **Department of Business Assistance**
 - ***Workforce Services Projects.*** Includes an additional \$2.0 million GF the first year for commitments made to new and expanding Virginia companies for worker training programs.
 - ***Virginia Business Information Center.*** Authorizes \$25,000 GF the second year to study the need for a business information center to serve as a centralized clearinghouse for information for business, industry, and new entrepreneurs. The study will examine service alternatives, and will include recommendations. The report is due to the General Assembly by November 3, 1999.
 - ***Small Business Incubator Program.*** Approves \$600,000 GF the second year for the statewide small business incubator program, increasing the second year appropriation for the program to \$1.1 million.
- **Department of Minority Business Enterprise**
 - ***Disadvantaged Small Business Loan Fund.*** Includes \$300,000 GF the second year to establish the Capital Access Fund for Disadvantaged Businesses. This Fund (HB 2506) will provide risk protection to private lenders through loan loss reserve funds and loan guarantees. The Fund can also be used for

interest rate write-downs. In addition, the General Assembly approved \$116,995 and 3 positions to market the Fund's services to disadvantaged small businesses.

- **Innovative Technology Authority**
 - ***Transfer of CIT.*** Approves the appropriation transfer of the Center for Innovative Technology from the Secretary of Commerce and Trade to the Secretary of Technology.

Public Education

The adopted budget for Direct Aid to Public Education provides a net increase of \$242.3 million GF for the biennium. An additional \$6.5 million GF has been provided for the Department of Education to allow students to take the SOL tests later in the year, to create 8 regional Best Practice Centers, to contract for an evaluation of the SOL Teacher Training program and state-funded remedial programs, to provide technical assistance and materials for the GED program, and to study non-traditional teaching opportunities in public schools.

Authorization is included to increase employment in the Department by 20 general fund positions and 13 nongeneral fund positions by the end of the biennium. An additional 6 nongeneral fund positions are included to support the School-to-Work program in the second year in Direct Aid. In addition, an increase of \$1.0 million GF has been included for the Comprehensive Services Act.

Increases totaling \$329.9 million GF have been provided for Direct Aid. The increases were primarily directed toward 4 areas:

- 1) \$245.8 million as a distribution of lottery profits to school divisions and \$29.8 million GF to ensure that localities which might have been disadvantaged by the changed distribution of lottery proceeds from the adopted budget are “held harmless;”
- 2) \$40.0 million GF for the state share of a 6 percent salary increase for teachers, effective January 4, 2000;
- 3) \$5.1 million GF in the second year to restore the early reading intervention program for first-grade students with reading deficiencies; and
- 4) \$2.2 million to allow students access to general educational development (GED) tests and preparatory programs.

These increases are partially offset by reductions of \$87.7 million GF primarily for several technical changes -- a decrease in projected enrollment growth; reductions of the sales tax forecast; a reduction in the VRS rates charged to school divisions in the second year; an update of the inflation rates used in calculating the SOQ; adjustments to the K-3 Class Size and remedial summer school programs to reflect reduced enrollment growth; and non-participation in statewide programs and account balances.

Finally, additional nongeneral fund support is provided in Direct Aid to increase the School-to-Work program by \$11.9 NGF and 6 FTE the second year.

- **Department of Education**

- ***Move SOL Testing Dates Back.*** Provides \$1.5 million GF the first year and \$1.8 million GF the second year to allow the Department of Education to contract with Harcourt-Brace to process SOL test results more quickly, which will allow school divisions to move the administration of the tests closer to the end of the academic year.
- ***Best Practice Centers.*** Provides \$2.4 million GF and \$0.7 million NGF to establish 8 regional “Best Practice Centers.” Each center will have four staff positions – a director, a technology position, a curriculum/assessment position, and a health/safety position.

The Centers will be located in each of the 8 superintendents’ regions. Three additional positions would be located in the central office to provide support for the Centers. Three of the Centers were established administratively in the first year, in part by using federal funds and general funds which were appropriated by the 1998 General Assembly for a 5-person evaluation unit in the Department. Therefore, a total of 26 additional positions are provided to fully staff the eight centers and the related central office positions.

- ***Evaluation of the SOL Teacher Training Program and State-Funded Remedial Programs.*** Includes \$350,000 GF the second year to assist the Department with two evaluations -- one for the SOL Teacher Training program passed by the 1998 General Assembly and the other for seven state-funded remedial education programs.
- ***General Educational Development (GED) Testing Program.*** Includes \$309,000 GF and 2.0 FTE the second year to provide training, technical assistance, materials and staff support for the GED test and preparatory programs, and to purchase additional tests.
- ***Funding for a Study of the Hiring of Nontraditional Teachers.*** Recommends \$50,000 GF the second year to allow the Department, in conjunction with the Secretary of Education, to

develop a plan to provide flexibility in hiring classroom teachers with non-traditional educational backgrounds.

- ***Licensure Specialist.*** Provides 1.0 FTE and \$35,887 NGF in the second year for a licensure specialist in the teacher education division, to address a backlog of licensure requests.

- **Direct Aid to Public Education**

- ***Distribution of Lottery Proceeds.*** Applies \$314.4 million the first year and \$310.3 million the second year of Lottery proceeds as a specific appropriation for public education.

A total of \$190.9 million the first year and \$188.0 million the second year is appropriated as part of the state share of Basic Aid Payments. The remaining \$123.5 million the first year and \$122.3 million the second year from the Lottery is distributed to school divisions as additional state aid for public schools. An additional \$14.9 million GF the first year and \$14.8 million GF the second year is provided to ensure that localities which might be disadvantaged from the changed distribution of Lottery proceeds from HB 1450, as adopted, are “held harmless.”

The additional state aid of \$123.5 million the first year and \$122.3 million the second year from the Lottery will be disbursed based on the traditional application of student enrollment and the composite index of local ability-to-pay. The additional funding is calculated based on the state share of \$198.80 per pupil the first year and \$195.00 per pupil the second year in adjusted average daily membership.

To receive the funding, local governments will be required to match the state funding, based on the composite index of the locality. In addition, localities are required to maintain local operating appropriations for educational purposes which are not below the amount expended by the locality for educational purposes in the year upon which the biennial Standards of Quality expenditure data were based (1996), the “base year.” No locality is required to maintain a per pupil expenditure which is above their base year per pupil expenditure.

Localities may use 50 percent of the \$245.8 million Lottery distribution for any local education priorities – teacher salaries, smaller class sizes, materials, textbooks, teacher training, or other costs. The remaining 50 percent of the funds must be used for

non-recurring costs, which are defined as school construction and renovation, infrastructure, technology, expenditures related to modernizing classroom equipment, and debt service on projects completed within 10 years. Language has been included to allow localities to carry first year funds forward to the second year.

- **6% Teacher Salary Increase.** Provides \$39.8 million GF the second year for the state share of a 6 percent salary increase for teachers, effective January 4, 2000. To receive this incentive funding, school divisions will have to certify that equivalent increases have been granted in the second year, or that the school divisions will begin paying the employee's share of contributions to the Virginia Retirement System in the second year as a new benefit that had not been available to teachers in prior years.
- **Reading Instruction and Remediation.** Includes \$5.1 million GF in the second year to restore statewide funding for special reading instruction and remediation for first-grade students with reading deficiencies.

This intervention program was initiated in 1997-98, to provide services to primary grade students who were deficient on kindergarten or first grade diagnostic tests. In 1997-98, 117 school divisions participated in this voluntary program. In 1998-99, 125 divisions participated.

- **General Educational Development Program.** Includes \$2.2 million GF in the second year to allow student access to general education development (GED) tests and preparatory programs statewide.
- **Hospitals, Clinics, Detention Homes.** Includes \$245,000 GF in each year for the education of students in a new 50-bed detention facility in Culpeper that is scheduled to open in March or April, 1999. The state is required by law to provide appropriate education to all children residing in state institutions and local detention homes. Local school divisions provide this service through a contract with the state.
- **Replacement of Student Information System.** Includes \$14.0 million NGF to 100 school divisions to replace the statewide student data system for school divisions that are unable to meet the data-intensive reporting required by the Standards of Accreditation. Funding is provided through equipment

financing under the VPSEA, and will be repaid with Literary Fund revenues.

- **Technical Adjustments.** Includes a series of technical adjustments which result in a net decrease of \$36.4 million GF the first year and \$51.3 million GF the second year in Standards of Quality Payments:

<u>Technical Changes</u>	<u>FY 1999*</u>	<u>FY 2000*</u>
Reduce Projected Enrollment Increases	(\$12.0)	(\$13.5)
Update Inflation	(11.8)	(12.0)
Reduce VRS Rate	0	(13.8)
Lower Sales Tax Forecast	(2.2)	(4.4)
Central Account Distribution	(2.8)	(2.8)
Other Technical Adj.	(7.6)	(4.8)
Total	(\$36.4)	(\$51.3)
* Dollars in millions		

- Average Daily Membership (ADM) Estimates. Reduces funding by \$12.0 million GF the first year and \$13.5 million GF the second year, due to lower than expected enrollment growth based on the September 30, 1998, Fall Membership child count. This adjustment ripples through 19 different funding streams and programs.

About 1,889 fewer students are enrolled in Virginia's public schools in the 1998-99 school year than had been projected, and current estimates indicate that 2,333 fewer students will be enrolled in 1999-2000.

There is also a reduction in enrollment funding for the Appomattox Governor's School because of a delay in the school's opening.

- Inflation Update. Includes a reduction of \$11.8 million GF the first year and \$12.0 million GF the second year due to an up-date of the inflation rate used in calculating the costs of the Standards of Quality. The SOQ budget for the

1998-00 biennium was calculated using actual costs from 1996, with a projection of inflation through the end of the biennium. The actual rate of inflation has been significantly lower, resulting in the state budgeting more than is required.

- VRS Rate Reduction. Reduces second year funding by \$13.8 million due to lower VRS rates for school divisions, which reflect the elimination of the 3 percent benefit adjustment provided during the Harper II Special Session. Language in Part 4 of the budget authorizes the Trustees of the Virginia Retirement System to revise the VRS rate.
- Revised Sales Tax Estimates. Includes a decrease of \$2.2 million GF the first year and \$4.4 million GF the second year to reflect a revised estimate of sales tax collections. When sales tax estimates are revised downward, the state and localities make up the lost funds, based on the local composite index. The Basic Aid and Enrollment Loss offset for the state share is included in technical adjustments.
- Technical Adjustments. Reduces funding by \$7.6 million the first year and \$4.8 million the second year due to nonparticipation in some incentive programs, projected balances in statewide accounts, and a revision of the basic aid off-set to Sales Tax.
- Distribution of Central Account Savings. Includes a decrease of \$2.8 million GF each year to distribute from a central holding account SOQ-related reductions that were adopted by the 1998 General Assembly based on a revised estimate of inflation.
- ***Reduced Literary Fund Debt Service Costs.*** Includes a reduction of \$281,585 NGF to reflect lower debt service costs than anticipated for the School Equipment Financing Notes Educational Technology Issue V (the 1998 Notes).
- **Comprehensive Services Act**
 - ***Move Second Year Funding to First Year.*** Moves \$3.6 million GF from the second year supplemental pool to the first year. The action was taken to cover a shortfall in the current year budget for the program, due to the delay in obtaining Medicaid funding for therapeutic foster care services.

- ***Revise Allocations to Localities in the Second Year.*** Adds language requiring the Office of Comprehensive Services to revise second-year allocations to localities, with the assumption that Medicaid coverage of therapeutic foster care and residential services would not begin until January 1, 2000.

In the event coverage begins earlier, the Office is also granted authority to transfer general fund allocations between the Medicaid and non-Medicaid pools. Language in Part 4 of the adopted budget allows the Department of Planning and Budget to use unallocated balances from the first year in related programs to augment second-year funding for the program. The language limits this authority to only the extent necessary to cover any shortfall from the delay in obtaining Medicaid funding for therapeutic foster care services.

- ***Increased Moneys for Local Administration.*** Approves \$827,849 GF the second year to increase state funding for local administration of the program. Language encourages localities to hire full-time or part-time coordinators to help manage the program.
- ***Grant for Planning District 16.*** Adds \$204,988 GF the second year in the form of a grant to maintain the current-year funding level for Planning District 16.
- ***Authority to Withhold State Funds.*** Adds language clarifying existing authority for the State Executive Council to deny state pool funding to localities not in compliance with federal and state requirements pertaining to the provision of special education and foster care services. The language provides for a dispute resolution procedure between localities and the State Executive Council when there is a formal finding of noncompliance, pursuant to HB 2075 (1999).

- **Virginia Schools for the Deaf and the Blind (Staunton & Hampton)**

- Includes an additional \$196,978 GF (\$98,489 for each School) in the second year to enable each School to purchase two new school buses. In addition, positions and funding in each year are provided for two dorm positions at Staunton, to address a waiting list for placement at the School.

Listings, by locality, of funding provided for Direct Aid to Public Education are provided in Appendix A and Appendix B.

Higher Education

Budget amendments adopted by the General Assembly result in a net increase of \$139.2 million GF for the biennium. General fund increases were provided in the following cross-cutting areas:

	<u>(\$ in mil.)</u>
20 Percent Tuition Reduction	\$ 75.4
Year 2000 Compliance	6.4
Tuition and Fee Shortfall	5.2
Facilities Maintenance	5.0
General Operating Support	4.1
Financial Aid	3.2
Enrollment Changes	<u>2.0</u>
Total	\$101.3

Additional funding of \$3.9 million GF was provided to increase Tuition Assistance Grants from \$2,600 to \$2,700 per student and to reflect additional Virginia students anticipated at the Commonwealth's private colleges and universities.

Institution-specific initiatives include \$10.8 million GF at George Mason University for instructional technology and to improve academic programs; \$3.4 million GF at Old Dominion University to increase the number of students in technology programs and improve other instructional programs; \$2.6 million GF at Norfolk State University for upgrades to the telecommunications network and for academic program improvements; and \$2.2 million GF at Virginia State University for academic program improvements and cooperative extension programs. Funding of \$2.8 million GF is also included to support the new library at the Medical College of Hampton Roads and to provide additional support per student.

Tuition Reduction

The adopted budget provides \$75.4 million GF in the second year, and a corresponding decrease in nongeneral funds, for a 20 percent reduction in tuition and instructional fees at Virginia's public colleges and universities. The reduction will apply to the 166,250 in-state undergraduates as projected

for FY 2000. The reductions per student range from \$387 at Norfolk State University to \$786 at the University of Virginia.

Language in the General Provisions requires the institutions to make the tuition and fee reductions. The following table details the reductions for each institution.

Tuition and Instructional Fee Reduction				
	<u>1999 Tuition & Fees</u>	<u>Tuition Reduction FY 2000</u>	<u>FY 2000 Tuition & Fees</u>	<u>FY 2000 GF Offset *</u> <u>(\$ in mil)</u>
<u>Doctoral Institutions</u>				
Virginia Tech	\$3,536	\$707	\$2,829	\$ 11.3
Virginia Commonwealth	3,166	633	2,533	7.9
University of Virginia	3,930	786	3,144	6.7
George Mason University	3,018	604	2,414	6.7
Old Dominion University	2,750	550	2,200	5.0
William and Mary	2,940	588	2,352	2.3
<u>Comprehensive Institutions</u>				
James Madison University	\$1,982	\$396	\$1,586	\$ 3.9
Radford University	2,036	407	1,629	2.5
Christopher Newport Univ.	2,440	488	1,952	1.9
Longwood College	2,726	545	2,181	1.6
Norfolk State University	1,935	387	1,548	1.7
Mary Washington College	2,682	536	2,146	1.5
Virginia State University	1,983	397	1,586	0.8
Virginia Military Institute	3,705	741	2,964	0.7
Clinch Valley College	2,413	483	1,930	0.7
<u>Two-Year Institutions</u>				
VCCS	\$1,423	\$285	\$1,138	\$ 19.8
Richard Bland College	1,940	388	1,552	0.4
Total				\$ 75.4
* <i>There is a nongeneral fund decrease that corresponds to the GF increases shown above.</i>				

Year 2000 Compliance

Funding of \$6.4 million GF is provided to address Year 2000 compliance issues, based on recommendations of the Office of the Year 2000 Project. At Norfolk State University, the funding would provide a new Year 2000 compliant student information system. For the remaining institutions, funding would be used for upgrades to existing computer and voice mail systems.

Year 2000 Compliance	
Norfolk State	\$2,531,562
Old Dominion	800,904
George Mason	800,000
Virginia Military Institute	710,628
Mary Washington	460,000
Virginia State	378,748
William and Mary	371,250
James Madison	<u>305,000</u>
Total	\$6,358,092

GF Offset for Tuition and Fee Shortfalls

Funding of \$5.2 million GF is provided to offset uncollectible nongeneral fund revenues. The 1998 Appropriation Act included nongeneral fund revenues to partially support initiatives such as faculty salaries, Year 2000 compliance, and operating technology. The revenues were to come from increases in out-of-state and graduate tuition, and from additional students.

Review of the tuition revenue assumptions indicated that 10 institutions would be unable to collect all of the estimated revenues, in part due to the large number of tuition waivers granted to certain students, and due to other assumptions on enrollment trends. ***(The table on the next page details the changes, which are net of changes made in Central Appropriations.)***

GF Increases for Tuition Shortfalls *

Virginia Tech	\$1,463,949
University of Virginia	1,171,429
Virginia Commonwealth	1,119,000
VCCS	534,379
George Mason	454,959
William and Mary	363,953
Mary Washington	105,319
Clinch Valley	<u>13,954</u>
Total	\$5,226,942

* *There is a nongeneral fund decrease that corresponds to the GF increases above.*

Operation and Maintenance of Facilities

Funding of \$5.0 million GF is provided to increase appropriations for the operation and maintenance of campus facilities.

Operation and Maintenance

University of Virginia	\$1,232,813
Virginia State	600,000
Virginia Tech	526,230
Virginia Commonwealth	466,000
VCCS	559,786
George Mason	480,058
James Madison	260,000
Old Dominion	176,108
Mary Washington	123,592
William and Mary	115,824
Radford	104,688
Norfolk State	100,000
Christopher Newport	88,445
Richard Bland	50,000
Clinch Valley	50,000
Va. Inst. of Marine Science	50,000
Virginia Military Institute	<u>50,000</u>
Total	\$5,033,544

General Support

Funding of \$4.1 million GF is provided for general support of the instructional program, including materials and supplies and technology applications.

General Support	
Virginia Tech	\$1,004,055
University of Virginia	667,883
VCCS	588,040
William and Mary	455,000
Radford	344,565
Longwood	325,000
Old Dominion	300,000
VMI	175,000
Richard Bland	100,000
Clinch Valley	100,000
Christopher Newport	<u>75,000</u>
Total	\$4,134,543

Financial Aid

Funding of \$3.2 million GF is provided for additional financial aid in the second year. In combination with the 20 percent tuition reduction, the additional funding will enable the Commonwealth to increase from 33 percent to 43 percent the amount of aid required to meet the remaining financial need of Virginia undergraduate students, as determined by the State Council of Higher Education. *(The amounts on the next page also reflect the redistribution from Central Appropriations of \$2.6 million GF approved by the 1998 General Assembly.)*

Financial Aid	
Old Dominion	\$1,351,047
Virginia Commonwealth	1,166,421
George Mason	990,897
Virginia Tech	759,288
James Madison	556,776
Christopher Newport	458,818
Radford	206,354
William and Mary	196,619
VMI	46,862
Norfolk State	<u>33,497</u>
Total	\$5,776,579

Enrollment Changes

The adopted budget provides net additional funding of \$2.0 million GF for enrollment growth. The 1998 Appropriation Act provided funding for enrollment growth to those institutions where enrollment had grown more than 6 percent during the 1996-99 period or 8 percent during the 1996-2000 period. The State Council of Higher Education reviewed enrollment trends at the institutions in the fall of 1998.

Using the same assumptions on growth, additional funding is recommended for JMU and VMI. A reduction in enrollment funding is included for CNU, based on a downward revision of FY 2000 enrollments.

Enrollment Adjustments in FY 2000	
James Madison	\$1,991,586
Virginia Military Institute	94,608
Christopher Newport	<u>(90,432)</u>
Total	\$1,995,762

Indigent Care

For uncompensated indigent care, the adopted budget provides \$1.4 million (all funds) to the University of Virginia Hospital and \$7.6 million (all funds) to the Medical College of Virginia Hospitals Authority (MCVHA). About half of the indigent care funding is general funds and the other half is nongeneral funds (Medicaid Disproportionate Share payments).

In addition, a provision in Central Appropriations authorizes the Governor to provide up to \$7.4 million to MCVHA from balances in selected health care-related programs. Should these balances be insufficient, the provision also directs the Governor to include in his FY 2000 budget proposal for the 2000 session of the General Assembly an amount sufficient to cover the difference between \$7.4 million and available balances.

Following are additional details for each higher education agency or institution.

- **Secretary of Education**
 - ***Distance Learning.*** Creates a steering committee to advise the Governor and General Assembly on issues concerning distance learning. The committee is directed to make recommendations by September 1, 2000 for the expansion and delivery of distance education programs and courses. Pending such recommendations, a proposal to provide \$1.5 million for two distance learning pilot projects was deferred by the General Assembly.
- **State Council of Higher Education**
 - ***Tuition Assistance Grants.*** Provides \$3.9 million GF to increase the TAG award from \$2,600 to \$2,700, and to provide grants for a projected 920 additional Virginia students at the Commonwealth's independent institutions in FY 2000.
 - ***Eminent Scholars.*** Provides \$650,000 GF in the second year to increase state funding for the Eminent Scholars program. The program matches earnings on endowed professorships at Virginia's public colleges and universities as supplements to faculty salaries.
 - ***Virtual Library (VIVA).*** Provides \$200,000 GF in the second year to increase support for the Virtual Library project, a collaborative effort among Virginia's public and private institutions of higher education to share electronic databases, and provide cooperative

purchasing for materials.

- ***Clinch Valley College Study.*** Directs the State Council to study and make recommendations to the Governor and Chairmen of the House Appropriations and Senate Finance Committee on the feasibility of creating a School of Computer Engineering and Science at Clinch Valley College.
- ***Virginia Women's Institute for Leadership.*** Provides \$52,248 GF in the first year and \$82,104 GF in the second year to support 7 additional in-state students in FY 1999 and 11 in FY 2000. General fund appropriations support the educational and financial aid costs of in-state cadets.
- **Virginia Community College System**
 - ***Training Coordinators.*** Provides \$375,000 GF for 8 additional workforce training coordinators at the various community colleges.
 - ***Extension of Leases.*** Extends from 5 years to 20 years the terms of leases on three facilities: the Botetourt County Education and Training Center for use by Dabney S. Lancaster and Virginia Western Community Colleges; the Virginia Peninsula Work Force Development Center at Thomas Nelson Community College; and Phase II of the downtown Norfolk campus of Tidewater Community College.
 - ***Support for Danville Center.*** Provides \$100,000 GF in additional support for the Regional Center for Applied Technology and Training at Danville Community College.
 - ***Equipment for Botetourt Center.*** Provides \$200,000 GF in debt service for \$1,240,000 in equipment at the Botetourt County Education and Training Center.
 - ***New Centers.*** Provides \$210,000 in debt financing for a \$2.5 million Workforce Training and Community Center in Augusta County for use by Blue Ridge Community College, and \$100,000 GF to plan a Center of Excellence Training Program at New River Community College.
 - ***Noncredit Instruction.*** Provides an additional \$250,000 GF to subsidize non-credit workforce training provided at the community colleges.

- ***Funding for New Fauquier Campus.*** Provides \$837,800 GF and \$623,430 NGF and 21.3 positions for the new Fauquier Campus of Lord Fairfax Community College expected to open in the spring of 1999.
 - ***Funding for New Midlothian Campus.*** Provides \$906,680 GF and \$623,430 NGF and 44.1 positions for the new Midlothian Campus of John Tyler Community College expected to open in the spring of 2000.
 - ***Philpott Manufacturing Extension Partnership.*** Provides \$100,000 GF in the second year for additional support for the partnership.
 - ***Equipment Replacement.*** Provides \$3.5 million in debt financing under the Equipment Trust Fund to replace obsolete equipment used in occupational and technical program.
 - ***Delayed Facilities Opening.*** Reduces the budget by \$815,989 GF to reflect facilities coming on-line later than the budget anticipated.
 - ***Exemption for Fee Limitation.*** Adds language in the General Provisions exempting Virginia's community colleges from the limit on auxiliary enterprise fee increases. Fee increases of up to \$15 a year would be approved or rejected on a case by case basis by the State Board for Community Colleges and the Secretary of Education.
- **University of Virginia**
 - ***Support for Health Care Plan.*** Provides \$1.1 million GF in the second year to support costs associated with the administration of the health insurance surcharge in FY 1999, and for the increased cost of the employer's share of health care premiums provided to all other state agencies for employees participating in HMO programs in FY 2000. UVA operates a stand-alone health insurance program called QualChoice, which is not automatically included in rate adjustments.
 - ***Fishery Resource Grant Program.*** Provides \$300,000 GF to begin a fishery resource grant program authorized in House Bill 1634. The Chairman of the Graduate Marine Science Consortium at the University of Virginia is the fiscal agent for the program, the purpose of which is to make grants for fisheries equipment or

gear, seafood technology, environmental pilot studies and aquaculture.

- **Support for Center.** Provides \$70,000 GF in the first year and \$280,000 GF in the second year to support the Virginia Center for Governmental Studies. The Center was established in 1998 to chronicle the work of current and former elected officials in Virginia.
- **University of Virginia-Hospital**
 - **Technical Adjustment.** Provides \$41.2 million NGF in the first year and \$34.7 million NGF in the second year and 207 positions to align appropriations with actual operations.
- **Clinch Valley College**
 - **Retention Program.** Provides \$200,000 GF and three instructional positions to improve the freshman retention rate at Clinch Valley College
- **Virginia Tech**
 - **Support for High Demand Fields.** Provides \$977,528 GF and 10 positions to meet growing enrollments in high demand fields such as computer science and electrical engineering.
 - **Additional Positions.** Provides 49.5 positions for three areas: 20 positions for the Extended Campus Graduate Programs, to be used for off-campus workforce training programs; 11.25 positions for the Virginia-Maryland Regional College of Veterinary Medicine to accommodate the phase-in of 40 additional students in the program; and 18.25 graduate teaching assistant positions to assist faculty and students with instructional technology applications. The positions will be funded from existing sources.
 - **Tobacco Research.** Provides \$100,000 GF in support of current research efforts in alternative uses for tobacco.
 - **Arboretum and Horticultural Gardens.** Provides \$85,000 GF to plan and staff the Arboretum and Horticultural Gardens.
 - **Minority Scholarships.** Provides \$100,000 GF for scholarships, internships and graduate assistantships for students from low-income or underrepresented groups in several programs at the university.

- ***Auxiliary Enterprise Adjustment.*** Provides \$9.5 million NGF and 21.1 positions in the second year for auxiliary enterprise programs to reflect current services levels due to growth in telecommunications, electric services, athletics, and dining services.
- **Virginia Tech Extension and Research**
 - ***Support for “Virginia Plan.”*** Provides \$100,000 GF and two positions in additional support for “The Plan to Service Virginia Agriculture, Human, and Natural Resources.”
 - ***Soil Testing Fee.*** Provides \$150,000 GF to eliminate a fee charged commercial farmers for soil testing.
- **Virginia Commonwealth University**
 - ***Support for Council.*** Provides \$150,000 GF in the second year for the Council on Economic Education. The funds will be used for teacher training on how to teach economics creatively in the school curriculum.
 - ***Family Practice Programs.*** Provides \$271,000 GF for the Winchester Family Practice Program at Warren County Memorial Hospital and Winchester Medical Center, and \$55,000 GF for the Fairfax Family Practice Residency Program.
 - ***New Institute.*** Provides \$150,000 GF in the second year to create the Education Policy Institute by combining the School of Education and the Center for Public Policy. The institute is intended to assist in education policy analysis and development.
 - ***Family Practice Support.*** Provides \$89,475 GF in the first year and \$186,882 GF in the second year to adjust salaries for the Family Medicine Program, consistent with increases provided for faculty and classified staff.
 - ***Sponsored Programs.*** Provides \$23.0 million NGF in the first year and \$32.0 million NGF in the second year to reflect increases in sponsored research.

- **Old Dominion University**
 - ***Workforce Development.*** Provides \$2.0 million in additional support for the ODU Workforce Development initiative. The funds would be used to create 10 new positions in engineering and computer science, and provide scholarships to students who work for at least three years at a Virginia engineering or computer sciences firm after graduation and loans for those students who choose to work outside of Virginia. The initiative would allow ODU to graduate an additional 120 engineering or computer science students each year.
 - ***Applied Research Center.*** Provides \$175,000 GF to support operations of the Applied Research Center (ARC) at the Thomas Jefferson National Accelerator Facility in Newport News. Other participants in the ARC are Christopher Newport University, Norfolk State University, the College of William and Mary, the City of Newport News, the Newport News Economic Development Authority and the U.S. Department of Energy.
 - ***Delayed Facilities Opening.*** Reduces the budget by \$119,112 GF to reflect facilities coming on-line later than the budget anticipated.
- **George Mason University**
 - ***Technology in Instruction.*** Provides \$6.5 million GF and 26 positions in the second year to expand the Technology Across the Curriculum (TAC) program at GMU. The funds would be used to hire, train and support additional faculty in order to add four more technology-related minors, and to improve central technology support infrastructure. The expansion of the program would enable more students to enroll in the TAC courses.
 - ***Academic Quality.*** Provides \$2.1 million GF and 20 positions in the second year to reduce class sizes and dependence on part-time teachers, and to attract and retain high quality students through merit-based scholarships.
 - ***Law School Programs.*** Provides \$1.0 million GF and 11 positions in the second year to create a National Center for Technology and the Law, to support instructional programs in the proposed Juris Master in Law and Economics program, and to expand Law School activities.

- ***Correct Error in Performance Funding Calculation.*** Provides \$353,300 GF in the second year to restore funds inadvertently cut in the 1998 Session.
- ***Delayed Facilities Opening.*** Reduces the budget by \$37,252 GF to reflect facilities coming on-line later than the budget anticipated.
- ***Lease Space.*** Provides \$250,000 GF for leased space in Arlington to meet the demand for classroom, class laboratory, and faculty office spaces for courses provided in the region.
- **The College of William and Mary**
 - ***Peninsula Center.*** Provides \$250,000 GF to support instructional and economic development programs at the Peninsula Center operated by The College of William and Mary.
 - ***Administrative Systems.*** Provides \$175,000 GF for the second phase of the replacement of administrative computing systems. In addition, \$400,000 for the replacement project is authorized through the Equipment Trust Fund.
- **Virginia Institute of Marine Science**
 - ***Upgrade Telecommunications.*** Provides \$150,000 GF in the first year and \$50,000 GF in the second year to upgrade the computing network on the campus.
 - ***Scallop Fishery.*** Provides \$100,000 GF for an evaluation of the scallop fishery off the coast of the Mid-Atlantic States.
 - ***Aquaculture.*** Provides \$200,000 GF to support the development of the Aquaculture Genetics and Breeding Technology Center.
 - ***Library Materials.*** Provides \$150,000 GF for books and scientific journals.
- **James Madison University**
 - ***Enrollment Growth.*** Provides \$2.0 million GF and \$1.7 million NGF and 61.7 positions in the second year to reflect enrollment growth in FY 2000 of 662 full-time equivalent students beyond the 14,573 FTE projected last year.

- **Technology Fee Adjustment.** Provides \$431,512 NGF in the second year to account for increased revenues from the technology fee.
- **Christopher Newport University**
 - **Reduce Enrollment Funding.** Reduces the budget by \$90,432 GF and \$81,685 NGF and 8.35 positions in the second year to reflect a reduction in enrollment in FY 2000.
 - **Electronic Commerce Center.** Provides \$200,000 GF to establish the Virginia Electronic Commerce Technology Center that helps local governments and business use communications technologies in such areas as the purchase and sale of goods and services.
- **Longwood College**
 - **Information Technology.** Provides \$750,000 GF in the second year to provide additional support for Longwood to incorporate instructional technology into the curriculum. The amendment would provide funds for computers, software, and curriculum development.
 - **Postage Increases.** Provides \$25,000 GF in the second year for postage rate increases effective January 1999.
 - **Institute for Teaching.** Provides \$269,163 GF for the Longwood Institute for Teaching through Technology and Innovative Practices in Halifax County.
 - **Share of Cost Policy.** Provides \$311,748 GF to begin the phase-in of a policy that would limit in-state undergraduate tuition and instructional fees to no more than 25 percent of the cost of education at the senior institutions. The first step of the phased-in policy is to bring tuition and fees to no more than 28 percent of the cost of education in FY 2000. (The additional general funds offset a reduction of a like amount of tuition and fee revenue.)
- **Mary Washington College**
 - **Staffing.** Provides \$725,000 GF to improve the student-faculty ratio on the Fredericksburg Campus, staff the James Monroe

Center for Graduate and Professional Studies on the Stafford Campus, and convert adjunct faculty positions to full-time.

- **Science Center Equipment.** Provides \$200,000 GF to replace equipment for use at the Jepson Science Center.

- **Norfolk State University**

- **Technology Infrastructure Network.** Provides \$1.8 million GF to support technology-based instruction and to finance the cost of network connections and the wiring of academic buildings to improve the university's telecommunications network.
- **Applied Research Center.** Provides \$360,000 GF in the second year for NSU's participation in the Applied Research Center at Jefferson Labs in Newport News.
- **Program Enhancement.** Provides \$698,689 GF in the second year in support of the Virginia Plan for Equal Opportunity in State-Supported Institutions of Higher Education. The funds would finance the development of computer-based and Internet instruction, including the training of faculty.

- **Radford University**

- **Environmental Remediation.** Provides \$275,000 GF in the second year to clean up contaminated soil at a former wood treatment facility located on the grounds of the university.
- **Business Assistance Center.** Provides \$265,000 GF and four positions to expand the local support services of the Business Assistance Center.
- **Technical Adjustments.** Appropriates \$124,500 NGF in additional revenues from the technology fee, and authorizes ten additional positions for auxiliary enterprises.

- **Virginia Military Institute**

- **Enrollment Growth.** Provides \$94,608 million GF and \$25,982 NGF and 2.6 positions in the second year to reflect enrollment growth in FY 2000 of 25 students beyond the 1,500 projected last year.

- ***George C. Marshall Foundation.*** Provides \$100,000 GF for a state contribution to an endowment for the Foundation. The endowment has been established to support an outreach program on leadership for Virginia public schools.
- ***Virginia Women's Institute for Leadership (VWIL).*** Provides a reduction of \$13,300 GF in the first year and a reduction of \$15,200 GF in the second year to reflect a reduction of 7 out-of-state students in FY 1999 and a reduction of 8 out-of-state students in FY 2000 in the VWIL program at Mary Baldwin College. General funds support a uniform cost of \$1,900 for each in-state and out-of-state cadet.
- ***Support for Virginia Tech Cadets.*** Provides \$200,000 GF to provide a \$1,900 uniform allowance for an additional 105 members of the Corps of Cadets at Virginia Tech.
- ***Appropriate Tuition Revenues.*** Provides \$747,000 NGF in the first year and \$568,000 NGF in the second year to finance utility costs, building maintenance and repair and other administrative and educational purposes. The funds were generated by enrollment growth and increases in out-of-state tuition.
- ***Appropriate Auxiliary Enterprise Revenues.*** Provides \$2.1 million NGF each year to improve food, residential and uniform services and for athletic programs. The funds were generated by enrollment growth and increases in auxiliary fees.
- **Virginia State University**
 - ***Program Enhancement.*** Provides \$844,120 GF in the second year in support of the Virginia Plan for Equal Opportunity in State-Supported Institutions of Higher Education. The funds would finance 4 instructional computer labs for use by the School of Business, the Engineering Technology program and the Human Ecology program.
 - ***New Extension Division.*** Provides the creation of the Virginia State University "Cooperative Extension and Agricultural Research Services Division." Similar to Virginia Tech's organization, the division exists now as part of the academic program. Provides \$583,000 GF and 7 positions for the new division to begin a phased approach to achieving a 100 percent match of state funds to federal funds by FY 2002. Currently, general funds comprise about 30 percent of the division's budget.

- **Roanoke Higher Education Authority**
 - ***Renovations for New Center.*** Provides \$3.6 million GF under “State Grants to Nonstate Entities,” bringing to \$9.0 million the state share of the cost of renovating a downtown Roanoke building for use as a Higher Education Center.
 - ***Operating Support.*** Provides \$100,000 GF the second year to increase operating support for the Center from \$62,000 to \$162,000.
- **Southwest Virginia Higher Education Center**
 - ***Student Support Service.*** Provides \$80,000 GF each year to support a full-time librarian and a library assistant. The Center would contract with Virginia Highlands Community College to provide the service.
- **Medical College of Hampton Roads**
 - ***Technology for New Medical Library.*** Provides \$2.5 million GF in the second year to support enhanced connectivity, on-line databases, remote access and information communication resources for the medical college’s new library in Norfolk.
 - ***Enrollment Support.*** Provides \$317,560 GF in the second year to support additional Virginia students at Eastern Virginia Medical School.

Other Education

Budget amendments adopted by the General Assembly result in a net general fund increase of \$5.2 million for the biennium.

State aid to local public libraries is increased by \$2.8 million GF in the second year. This amount is sufficient to fund phase two of a three-year plan to fully fund the formula for state aid by FY 2001. The Library of Virginia is provided \$1.3 million GF and 18 positions to address a 54-year backlog in the processing of archival materials and to purchase computers and software to enable patrons of local libraries to have access to the Internet.

Further, the Library of Virginia receives about \$800,000 GF and six positions for the operation and maintenance of the new State Records Center. However, the library's budget is reduced by a like amount to reflect a reduction in funding for the leasing of space where state records currently are stored in the Richmond area. All state records will be consolidated in the center.

- **Library of Virginia**
 - ***Aid to Local Libraries.*** Provides \$2.8 million GF in the second year to cover a second-year shortfall of \$1.4 million in state aid to local libraries, and to continue progress toward full funding of the state aid formula.
 - ***Staff to Reduce Archives Backlog.*** Provides \$787,943 GF and 17 positions in the second year for the Library of Virginia to begin to address a 54-year backlog in the archiving of Virginia's historical documents and materials.
 - ***Infotechnology for Local Libraries.*** Provides \$500,000 GF and one position in the second year to support efforts to link local libraries to the Internet.
 - ***New Records Center.*** Provides \$153,567 GF in the first year and \$640,891 GF the second year and six positions to operate and maintain the new State Records Center that opens in the spring of 1999.
 - ***Reduce Funding for Rent.*** Provides a decrease of \$805,409 GF in the second year to reflect a reduction in leased space. All state records, many of which currently are stored in leased space in the Richmond area, will be consolidated in the new records center.

- **Jamestown-Yorktown Foundation**
 - ***Educational Programs.*** Provides \$375,000 and 8 positions to support the on-site and outreach educational programs of Jamestown-Yorktown. The positions will be used to develop and provide educational programs both on site, and across the Commonwealth.
 - ***Use of Special Revenues.*** Authorizes the agency to transfer to its foundation revenues from the sale of license plates commemorating the 400th anniversary of the founding of Jamestown.
- **Virginia Museum of Fine Arts**
 - ***Increased Security.*** Provides \$67,700 GF in the second year for three additional private security guards.
 - ***Additional Non-general Funds.*** Provides \$1.8 million NGF to reflect revenues anticipated from a substantial increase in visitors in the second year. The anticipated increase is attributed to the “Splendors of Ancient Egypt” exhibit which opens in June of 1999 for six months.
- **Science Museum of Virginia**
 - ***Aviation Museum.*** Provides \$50,000 GF the second year to increase support for the Virginia Aviation Museum, which is operated by the Science Museum of Virginia.
 - ***Offset Loss of Admission Revenue.*** Authorizes the transfer of \$305,000 GF in the second year to cover losses in admission revenues caused by a construction project.
 - ***Transfer Funding.*** Provides the transfer of \$25,000 GF in the first year and \$25,000 GF in the second year from “State Grants to Nonstate Entities” to the Science Museum to consolidate funding for the Danville Science Museum.
- **Frontier Culture Museum**
 - ***Increase in Staffing.*** Provides \$50,000 GF and two positions in the second year to accommodate visitors at the museum’s farm

sites. The museum currently uses part-time and seasonal staff for this purpose.

- **Gunston Hall**
 - ***Marketing Position.*** Provides \$75,000 GF for a marketing and public relations position to increase public awareness of Gunston Hall.
- **Virginia Commission for the Arts**
 - ***State Aid to Local Organizations.*** Increases state aid to local arts organizations by \$500,000 in the second year. The additional funds will increase funding from 51 cents per capita to about 58 cents.

Finance

Budget amendments adopted by the General Assembly increase the general fund appropriation for the Finance agencies by a net of \$66.5 million for the biennium. The largest increase of \$79.1 million adjusts the fiscal year 2000 payment to the Rainy Day Fund to reflect actual 1998 collections.

In addition to the Rainy Day Fund adjustment, total general fund increases include \$2.6 million to maintain the current operations of the Department of Taxation and \$1.2 million to add 20 FTE positions in the Finance Secretariat.

These increases are partially offset by reductions of \$17.2 million GF. Of this amount, \$15.4 million is due to savings from debt service requirements on Virginia Public Building Authority and Virginia College Building Authority bonds. This reduction is attributable to lower interest rates and revised construction schedules. Another \$1.3 million in savings reflects reduced debt service costs on General Obligation bonds due to lower interest rates, a smaller August 1998 issue and revised construction schedules. A reduction of \$0.5 million adjusts projections for local aid, primarily from reduced Tennessee Valley Authority payments.

In addition to the net general fund increase, there is also a net increase of \$22.7 million in nongeneral funds. Of this amount, \$19.3 million represents the amount of increased tax collections anticipated from the public private partnership in the Department of Taxation. An additional \$3.5 million NGF is set aside for two reserve accounts, one for the Virginia Education Loan Authority and the other for the Edvantage Loan Guarantee Program.

- **Secretary of Finance**
 - ***New Assistant Secretary Position.*** Provides \$62,019 GF and 1.0 FTE position in the second year for an assistant secretary of finance. The position was administratively established in September 1998, with the first-year costs paid from the office's current FY 1999 appropriation.
 - ***Authority to Negotiate Regarding Federal Review.*** Includes language giving the Secretary of Finance and the State Comptroller authority to negotiate a settlement with the U. S. Department of Health and Human Service's Office of Inspector General. The federal agency has raised potential concerns about charges to federal funds for centrally provided services and the

degree of pass-through to the federal government of savings from internal service fund reductions.

- ***Study of the Department of Corrections Lease.*** Requires the Secretaries of Finance and Public Safety to examine the financial implications of the existing capital lease agreement between the Department of Corrections and Secured Properties Investors IV, L. P., for the Department's administrative headquarters. A report providing the Secretaries' findings and conclusions about cost-savings alternatives is required no later than November 1, 1999.

- **Department of Planning and Budget**

- ***New Positions.*** Adds 3.0 FTE positions each year, along with \$290,849 GF in the second year, to increase the Department's staffing level by 6.0 FTEs. In the first year, one of the positions will be a management information systems expert, and two positions will be budget analysts, with the \$41,646 cost to be covered from available balances. In the second year, the three positions added will be budget analysts.
- ***Positions for Multi-Agency Team.*** Adds 6.0 new FTE positions in the Secretariat for a multi-agency team that could respond if an Executive Branch agency was suspected of having management or fiscal difficulties. The team would report to the Secretary of Finance regarding the nature of the difficulties and possible remedies. Of the six positions for the team, three would be housed in the Department of Planning and Budget. The budget for this Department includes \$14,936 GF the first year and \$180,684 GF the second year for the three positions. The other positions and associated funding are recommended in the Department of Accounts and the Department of the State Internal Auditor.

- **Department of Accounts**

- ***Adjust Projections for the Aid to Localities Program.*** Reduces by \$307,000 GF the first year and \$189,667 GF the second year the projections for local aid primarily due to an adjustment in Tennessee Valley Authority (TVA) payments. One major customer is no longer purchasing from the authority, thereby reducing TVA rebates back to affected localities. The second year decrease is somewhat offset by an increase of \$100,000 GF in projected wine tax revenues.

- ***Provide Appropriation for the Edvantage Loan Guarantee Reserve Fund.*** Adds \$1.5 million NGF in each year for the Edvantage Loan Guarantee Reserve Fund, which the 1998 General Assembly transferred from the former State Education Assistance Authority to the Treasury Board.
- ***VELA Reserve Fund Extended to Second Year.*** Adds a \$544,778 NGF appropriation in the second year to the Virginia Education Loan Authority (VELA) Loan Service Reserve Fund. This action is taken to cover any claims from the residual reserve accounts and security pledges that remain a state responsibility from the privatization of VELA and the State Education Assistance Authority.
- ***Position for Multi-Agency Team.*** Provides \$4,577 GF the first year and \$55,365 GF the second year for 1.0 FTE position for a multi-agency team that could respond if an Executive Branch agency was suspected of having management or fiscal difficulties. Of the six positions for the team, one would be housed in the Department of Accounts.
- ***State Sales Tax Revenue to Suffolk.*** Entitles the City of Suffolk to state sales tax revenues generated from transactions at a new conference center and hotel owned by the city, consistent with the intent of HB 1785 and SB 790 passed by the 1999 General Assembly. The tax revenues would be used to repay the bonds issued by the City of Suffolk for the project. While no actual sales tax revenues would be lost from the general fund this biennium, the language will allow the appropriate amounts to be included in the adopted budget for the 2000-2002 biennium.
- **Department of Taxation**
 - ***Additional Operating Costs.*** Adds \$829,693 GF each year for postage, printing, computer services and wage employee costs that the agency had been absorbing in its budget.
 - ***Technology Partnership Payments.*** Adds \$1.9 million NGF the first year and \$17.4 million NGF the second year to reflect increased collection revenues anticipated from the public private partnership contracts. The public private partnership allows the Tax Department to contract with private vendors for technology to increase revenues. The enabling legislation then allows the Tax Department to pay the private vendors from the increased tax revenues attributable to the partnership, which are deposited in a special Technology Partnership Fund.

The approved budget overrides Code provisions related to use of the Fund by specifying that 90 percent of the enhanced revenues would pay the contractor for goods and services and up to 10 percent would be used to reimburse the Tax Department's expenses attributable to the partnership.

- ***DPB Oversight of Public-Private Partnership.*** Requires the Department of Planning and Budget to approve spending plans submitted by the Department of Taxation for use of its share of the Technology Partnership Fund for project related expenses. The Department of Planning and Budget will also monitor compliance with the approved spending plans.
- ***Fund Administrative Expenses for Legislation.*** Provides \$391,116 GF in the second year for administering the reduction in the sales tax on food and the exemption of Virginia individual income tax up to \$15,000 of military basic pay for periods of active duty in excess of 90 days. Anticipated administrative costs include customer education, printing of forms, and data system modifications.
- ***Replace Forecasting Model.*** Provides \$300,000 GF in the second year to replace the simulation model used to determine the impact of legislation on state revenues.
- ***Taxpayer Information Safeguards.*** Adds \$228,514 GF the second year for security training, software improvements, and physical inspections to detect the unauthorized use of confidential taxpayer information.
- ***Release of Taxpayer Information.*** Gives authority, through a language change, for the Tax Commissioner to release taxpayer information needed by the Department of Social Services to determine eligibility for the Virginia Work Incentive Payment Program.
- ***Administrative Appeals of Local Taxes.*** Provides \$441,747 and 6.00 FTE positions in the second year to administer an appeals process for local assessments of merchants' capital, business tangible personal property, and machinery and tools tax, pursuant to House Bill 2085 and Senate Bill 780, passed by the 1999 General Assembly. The Department has been administering a similar program for appeals of the local business license tax since 1997.

- ***Survey of Non-profit Organizations.*** Provides \$79,740 and 1.0 FTE position in the second year to implement the provisions of House Bill 1948 and Senate Bill 829 which require all nonprofit organizations with a sales and use tax exemption, except churches, to submit a questionnaire concerning relevant financial and administrative policies.
- **Department of the Treasury**
 - ***Increase Payment to Rainy Day Fund.*** Adds \$79.1 million GF to the fiscal year 2000 payment into the Revenue Stabilization or “Rainy Day” Fund. The 1998 General Assembly had appropriated \$115.0 million GF for the fiscal year 2000 payment, based on projected revenues for fiscal year 1998. The payment is adjusted upward by \$79.1 million GF to reflect the higher than anticipated actual collections.
 - ***Replace Check Printing and Mailing Equipment.*** Adds \$142,823 GF the first year and \$333,574 GF the second year for the first two payments of a five-year lease purchase agreement to replace the Department of Accounts check printing equipment. The new equipment, purchased under the Master Equipment Leasing Program, would handle increased checks for car tax refunds and would provide a unified check printing and mailing operation between the Department of Accounts and the Department of the Treasury.
 - ***Unclaimed Property National Database.*** Provides a NGF appropriation estimated at \$150,000 and 1.00 FTE position for the Department of Treasury to develop and maintain a Virginia-operated website on a national database for Virginia unclaimed property.
- **Treasury Board**
 - ***Reduced Debt Service Requirements.*** Reduces by \$5.2 million GF the first year and \$10.6 million GF the second year debt service payments for General Obligation bonds, Virginia Public Building Authority bonds, and the Virginia College Building Authority 21st Century bonds in the 1998-00 biennium. The decrease in each year is due to (i) actual interest rates being less than anticipated on bonds issued in 1998; (ii) a smaller-than-projected August 1998 General Obligation Bond issuance; and (iii) a re-evaluation of the issuance schedule based on updated construction funding needs.

- ***Technical Adjustment to VCU Steam Plant Debt Service Requirements.*** Includes an increase of \$212,145 GF and a corresponding decrease of \$212,145 NGF in the second year to adjust the fund split for debt service on the steam plant project at Virginia Commonwealth University to reflect the actual use of space served by the steam plant.
- ***VPBA Debt Service.*** Reduces debt service payments for Virginia Public Building Authority bonds issued in the 1998-00 biennium by \$900,000 in the second year, based on savings anticipated from lower interest rates than were assumed in the adopted budget.
- ***Fairfax Regional Jail Project Split.*** Allows the Fairfax Regional Jail project to be split into two distinct projects for the purpose of reimbursement from funds provided by the Virginia Public Building Authority.
- **Department of the State Internal Auditor**
 - ***Positions for Multi-Agency Team.*** Recommends \$9,154 GF the first year and \$110,730 GF the second year for 2.0 FTE positions for the multi-agency management team. Of the 6.0 positions for the team, 2.0 would be in the Department of the State Internal Auditor.
 - ***Continue Training Program for Internal Auditors.*** Proposes \$50,000 GF in the second year to continue the training program for internal auditors funded by the 1998 General Assembly in the first year.
 - ***Training Program for Internal Auditors - Balance.*** Removes \$10,000 of the \$60,000 in anticipated balances from a new training initiative for Internal Auditors in the first year. The remaining \$50,000 and an additional \$50,000 in the approved budget will double the size of the training program in the second year.

Health and Human Resources

Budget amendments adopted by the General Assembly result in a net increase of \$119.3 million GF for the biennium when compared to the original appropriation. This total reflects new spending of \$139.6 million, offset by \$20.3 million in savings. Also, additional appropriations of \$117.3 million in federal funds are proposed, mostly for Medicaid, welfare reform, and other social services.

Most of the increase in Health and Human Resources was targeted at two initiatives -- \$90.2 million in total funds to strengthen the system of care for mentally disabled persons and \$38.4 million in total funds to improve the quality of long-term care in Virginia.

Building on actions in the 1998 Session, the 1999 General Assembly approved an increase of \$76.3 million GF to continue efforts to improve the care for mentally disabled persons. Part of this increase, about \$8.4 million, will support the gradual reduction in census within state facilities. A total of \$46 million GF is provided to expand community-based services for mentally disabled persons. This includes: \$21.3 million for additional services for mentally retarded persons; \$9.2 million for additional services for mentally ill persons; \$6.2 million for medications for seriously mentally ill persons; \$5.8 million for community initiatives that would reduce hospitalization in state facilities; and \$3.5 million for community-based substance abuse services. In addition, \$21.9 million GF is provided to improve care in state institutions.

The General Assembly approved \$21.3 million GF (plus \$17.2 million NGF) to improve the quality of long-term care services for elderly and disabled persons. The general fund spending includes: \$14.9 million to increase nurse aides salaries and payments for nursing home and in-home care; \$3.7 million to increase payments for adult care residences and assisted living; and \$174,400 to increase payments for adult day care. These increases are made with the expectation that long-term care would be improved in these settings. In addition, almost \$1.6 million was provided to expand home and community-based services for the frail elderly. Finally, \$895,000 was added to strengthen adult protective services, and licensing and inspections of long-term care facilities to ensure elderly Virginians receive quality services.

Other funding increases include: \$15.4 million GF (plus \$16.5 million NGF) in revised Medicaid reimbursement for hospitals; \$4.3 million for indigent care at state teaching hospitals (plus \$4.6 million NGF); \$4.2 million for services to physically disabled (plus \$1.4 million NGF); \$3.8 million for expanded health care and social services for indigent and at-risk persons; and

\$3.1 million for additional data processing costs in the Department of Social Services (DSS).

General fund savings of \$20.3 million result primarily from revised estimates of Medicaid spending (\$14.2 million) and spending for involuntary civil commitments (\$2.6 million), and reduced workers' compensation premium costs for the Department of Mental Health, Mental Retardation and Substance Abuse Services (\$1.0 million).

- **Department for the Aging**

- ***In-Home Services.*** Adds \$500,000 GF the second year for personal care, chore services, companion services, and adult day care, to assist disabled elderly persons in remaining at home rather than in institutions. Funding will provide approximately 128,535 additional hours of care.
- ***Long-Term Care Coordination.*** Provides an additional \$125,000 GF to expand long-term care coordination into unserved areas of Virginia. Currently the program serves 13 of 25 area agency on aging regions. This will enable the program to serve about 352 additional elderly individuals each month.
- ***Home-Delivered Meals.*** Increases funding for home-delivered meals by \$250,000 GF the second year. This program has substantial waiting lists. The increase will fund approximately 81,168 additional meals for the elderly.
- ***Transportation.*** Adds \$100,000 GF the second year to expand transportation services for the elderly. The additional funding will enable local area agencies on aging to provide 18,939 more trips for frail elderly persons.
- ***Long-Term Care Ombudsman Program.*** Adds \$90,000 the second year for the ombudsman program, which responds to complaints and provides assistance for elderly persons seeking or receiving long-term care.
- ***Statewide Long-Term Care Database.*** Provides \$130,000 GF the second year to purchase additional computers for local area agencies on aging. The computers will be used to supply client-level data as part of a statewide long-term care database.

- ***Matching Grant for Services to Aging Mentally Retarded Persons.*** Restores budget language from the 1996-98 Appropriation Act to authorize \$1.0 million GF from the unappropriated balance for long-term care, in-home support and housing services for aging mentally retarded persons who face losing their aging caregivers. This funding was proposed to match a private donation of \$1.0 million in the previous biennium; however, the estate of the private donor was not settled by June 30, 1998, so the donation was not available and the budget language was deleted. The private funds will be available in the current biennium.
- **Department of Health Professions**
 - ***Nongeneral Fund Projects.*** Adds \$1.5 million in FY 1999 and \$245,260 in FY 2000, from licensing revenues, along with 5.0 FTE positions, for two data systems projects. One project will complete efforts to move the agency's licensing database from a mainframe to an in-house computer system. The other will establish a database to provide information on physicians to consumers.
 - ***Impaired Practitioner Intervention Program.*** Provides an additional \$415,669 in FY 1999 and \$1.1 million in FY 2000 from licensing revenue for an intervention program for impaired physicians, as an alternative to disciplinary action.
- **Department for the Rights of Virginians with Disabilities**
 - ***Transfer of Agency Funding and Responsibilities to New Agency.*** Transfers \$209,050 GF and \$1.6 million NGF, and 19.0 FTEs in the second year to the newly created Virginia Office for Protection and Advocacy, an independent agency. The new agency was established pursuant to House Bill 2414 / Senate Bill 1224 passed by the 1999 General Assembly.
- **Department for the Deaf and Hard of Hearing**
 - ***Outreach Services.*** Add \$150,000 GF the second year for outreach services for deaf and hard of hearing persons. Services would include community education, health and safety awareness, and employment training.

- **Department of Health**

Service Expansion

- ***AIDS/HIV Medications.*** Adds \$1.0 million GF and \$2.0 million NGF in the second year for medications for low-income persons infected with HIV or AIDS. State general funds will be used to match federal Ryan White C.A.R.E. Act Title II funds allocated to Virginia for this purpose.
- ***Medications and Pharmacy Supplies.*** Provides \$725,000 GF in the second year for the purchase of medications, and pharmacy supplies and services for low-income, uninsured patients of Virginia's Free Clinics, and Community and Migrant Health Centers. Language is included to assure that the funds are targeted at persons who have family incomes no greater than 200 percent of the federal poverty level.
- ***Sexual Assault Services.*** Provides \$150,000 GF in the second year to support the sexual assault hotline and public awareness campaign, as well as counseling and support services provided by sexual assault centers located throughout the Commonwealth.
- ***Injectable Contraceptives.*** Adds \$150,000 GF to expand coverage of Injectable contraceptives administered through local health departments for low-income women.
- ***Comprehensive Health Investment Project (CHIP).*** Appropriates \$100,000 NGF for expansion of the CHIP program in Southwest Virginia. The source of the nongeneral funds is foster care prevention funding available through the Department of Social Services. Language is added in the Department of Social Services to implement the pilot project.

Maintenance of Services/Replacement of Funding

- ***Safe Drinking Water Act Funds.*** Transfers \$4.0 million GF in FY 1999 to FY 2000 as state match for federal Safe Drinking Water Act funds, due to delays in implementing local projects. In addition, language is added to revert almost \$2.3 million GF in Safe Drinking Water Act fund balances to the general fund in FY 1999 due to project delays. The state match for the federal grant would total \$11.7 million GF for the biennium. Total federal funding is \$28.9 million NGF for the biennium.

- ***Partners in Prevention.*** Provides \$1.0 million NGF from the federal Temporary Assistance for Needy Families (TANF) block grant on welfare reform to local Partners in Prevention programs. The programs provide workshops, media campaigns, and brochures designed to prevent out-of-wedlock births.
- ***Area Health Education Centers (AHEC).*** Provides \$400,000 GF the second year for AHECs located throughout the state, as an offset for time-limited federal grants that are expiring.
- ***Water-borne Hazards Research Unit.*** Provides a net increase of \$153,343 GF over the biennium to continue a research unit to study the effects of Pfiesteria and other water-borne hazards on citizens in the Commonwealth. The 1998 General Assembly appropriated \$433,580 GF in FY 1999 for this activity. This additional state funding will be supplemented with a five-year federal grant that will cover a portion of the unit's expenses. Total state funding for the unit would be \$586,923 over the biennium.
- ***Abstinence Education Grants.*** Adds \$121,000 NGF in the second year from the federal welfare reform (TANF) block grant to supplement other state and federal grants targeted to the reduction of teenage pregnancy through abstinence education. The 1998-2000 budget currently provides \$375,000 GF and \$828,619 NGF each year for these grants.
- ***Virginia Fatherhood Campaign.*** Adds \$100,000 NGF in FY 2000 from the federal welfare reform (TANF) block grant for a program that promotes fathers' involvement in child rearing. The current budget provides \$100,000 NGF in each year for this program.
- ***Local Shellfish Sanitation Staff.*** Provides \$100,000 GF and 4.0 FTEs for the Three Rivers Health District to address shellfish sanitation deficiencies caused by an increase in waterfront development and on-site sewage disposal systems in Northumberland County.
- ***Dental Scholarships.*** Adds language reducing the number of dental scholarships awarded by the Board of Health from ten to five. The reduction in the number of scholarships will increase the amount of each scholarship from \$2,500 per student to \$5,000 per student, making the scholarship more attractive to dental students. In FY 1997 and FY 1998, only one scholarship was awarded each year.

Administrative Improvements

- ***Certificate of Public Need (COPN) Reviews.*** Provides \$200,000 GF and 3.0 FTE positions in the second year so the Department can complete more timely reviews of applications for a Certificate of Public Need. Language is also restored from the 1996-98 Appropriation Act that directed excess nongeneral fund revenue from COPN fees to be used to administer the COPN program at the state and regional level, and support other health planning functions of the regional health planning agencies.
- ***Nursing Home Licensing Staff.*** Adds \$80,000 GF and \$120,000 NGF, and 5.0 FTEs to conduct nursing home surveys and inspections within the Department of Health. This will enable the Department to conduct follow-up survey visits in a timely manner and provide appropriate compliance assistance to nursing facilities. The nongeneral funds provided are contingent upon approval of the additional positions by the U.S. Health Care Financing Administration, on whose behalf the Department surveys nursing facilities that participate in Medicaid or Medicare.
- ***Local Home Health Care Agency Audit Penalties.*** Provides \$1.0 million GF in FY 1999 as one-time funding to pay federal audit penalties imposed on 15 local health departments. The home health care programs had charged the Medicare program for costs that were not allowed or were insufficiently documented.
- ***Year 2000 Computer Compliance and Information Systems Expenses.*** Provides \$5.9 million GF in FY 1999 and \$848,171 GF in FY 2000 through Central Appropriations to resolve Year 2000 computer issues within the agency. An additional \$578,732 GF in FY 2000 is provided for increased information systems expenses for the agency.
- ***Family Violence Surveillance System.*** Appropriates \$48,000 GF for the Office of the Chief Medical Examiner to establish a family violence surveillance system. Funding will enable the Office to provide technical assistance to localities and develop a model protocol for fatality reviews pursuant to House Bill 2185/Senate Bill 1035 passed by the 1999 General Assembly.

Increased Nongeneral Fund Revenues

- ***Emergency Medical Services (EMS).*** Adds \$2.9 million in NGF revenue for EMS, provided by an increase in drivers' vehicle

registration fees adopted by the 1999 General Assembly. The “\$2 for Life” surcharge would be increased to \$3.

Studies and Dissemination of Health Data

- ***Telemedicine Study.*** Adds \$75,000 and language directing the Department of Health to conduct an evaluation of the cost effectiveness and medical efficacy of its three telemedicine sites funded in 1998. The Department is directed to report the results of this study prior to December 1, 2000.
- ***Pediatric Research Dissemination.*** Provides \$75,000 GF for the Center for Pediatric Research to develop a standardized reporting mechanism that measures the ongoing quality and cost of pediatric health in Virginia. Information on a study of variations in pediatric hospital discharge rates would be made available to consumers, providers, and purchases of pediatric care.
- ***Fetal Development Information.*** Adds \$40,000 GF for the Department of Health to develop and disseminate information on fetal development.
- ***Health Conferences.*** Adds \$30,000 GF for conferences on African-American and women’s health issues. Each conference would receive \$15,000 GF towards its costs. Funding is expected to be supplemented with other public and private sources.
- ***Promotion and Coordination of Organ Donation Activities.*** Adds language directing the Virginia Transplant Council to develop and submit a grant proposal to the U.S. Department of Health and Human Services to support promotion and coordination of organ donation activities, with technical assistance from the Department of Health.

- **Department of Medical Assistance Services**

Service Expansion

- ***Medicaid Services for Residents of Adult Homes.*** Provides \$1.2 million GF and \$1.1 million NGF for additional individuals who will be eligible for Medicaid-reimbursed services, and assisted living and intensive assisted living supplements in adult care residences, as a result of raising the Auxiliary Grant rate from \$747 to \$775 per month. Language also is added directing the Department to review the current assisted living

waiver to determine if additional nursing facility patients can be safely and appropriately served.

- ***Family Planning Services.*** Adds \$57,000 GF and \$511,500 NGF to expand coverage of family planning services for women receiving Medicaid pre-natal care and delivery services, from 2 to 24 months after the birth of a child. Funding is contingent upon federal approval of a Section 1115 waiver to provide the services. The appropriation assumes the continuation of the current federal financial participation rate of 90 percent.
- ***Bone Marrow Transplants.*** Adds \$241,000 GF and \$256,500 NGF, and language to expand Medicaid coverage to provide high-dose chemotherapy and bone marrow transplants to individuals over the age of 21 who have been diagnosed with leukemia. Current law requires Medicaid to pay for this treatment for Medicaid recipients who have lymphoma and breast cancer.
- ***Indigent Care at State Teaching Hospitals.*** Adds \$4.3 million GF and \$4.6 million NGF to fund a portion of uncompensated indigent care and to support medical education at the Medical College of Virginia Hospital and the University of Virginia Health Sciences Center. Funding is provided through Medicaid disproportionate share payments due to the large number of indigent patients served by the hospitals.
- ***HIV Premium Assistance.*** Adds \$75,000 GF to provide insurance payment assistance to HIV-infected individuals in accordance with §32.1-330.1, *Code of Virginia*. The premium assistance enables HIV-infected individuals to continue their medical insurance coverage, thereby reducing the need for Medicaid to pay for their health services.
- ***Waiver Services for Developmentally Disabled Persons.*** Includes language directing the Director of the Department of Medical Assistance Services to develop a Medicaid waiver for services to developmentally disabled persons, including those with autism. The waiver proposal is to be presented to the Disability Commission by October 15, 1999, and submitted to the U.S. Health Care Financing Administration on or before January 1, 2000.
- ***Expansion of Elderly and Disabled Waiver Services.*** Adds language directing the Department to amend the home and community-based waiver for the elderly and disabled to permit the sharing of personal care hours when these individuals reside

in the same house. The cost of care must continue to be a cost effective alternative to institutional services.

Payment Changes

- ***Inpatient Hospital Reimbursement for DRGs.*** Provides \$15.4 million GF and \$16.5 million NGF in the second year for increased reimbursement to hospitals under a new Diagnosis Related Groups (DRGs) reimbursement system. Originally, the change from the previous per diem system was expected to be “budget neutral.” However, estimated increases in severity of illnesses and intensity of services are expected to drive up costs. According to proposed budget language, disbursements would not be made until the department recalculates cost settlements with actual updated cost information and consults with the Office of the Attorney General on any legal matters related to settlements with hospitals.
- ***Nursing Home Payment Increase.*** Increases nursing home rates by \$10.5 million GF and \$11.2 million NGF, approximately \$3 per day. Language is added directing the Department to increase the direct care operating ceiling to provide for this increased funding, including a salary increase for certified nurse aides effective July 1, 1999. The increase in certified nurse aide (CNA) salaries would average \$1.00 per hour. It is expected that the Department will work with affected provider groups to determine how to best monitor nursing facilities to ensure that a portion of the payment increase is used to supplement CNA salaries.

Language is also added to require the Department to report to the Joint Commission on Health Care’s Long-Term Care Subcommittee on the status of a revised nursing facility payment system, prior to implementation. The Department is required to continue to provide reimbursement for the Specialized Care Program currently in effect until new regulations are appropriately promulgated through the Administrative Process Act.

- ***Personal Care Rate Increase.*** Adds \$4.4 million GF and \$4.7 million NGF to increase reimbursement for personal care services to elderly and disabled persons. The rate would increase from \$11.50 to \$12.50 per hour in Northern Virginia and from \$9.50 to \$10.50 per hour in the rest of the state, and would allow for an increase in certified nurse aide salaries of up to \$1.00 per hour.

- **Anesthesiology Rate Increase.** Provides \$235,706 GF and \$251,794 NGF to increase reimbursement for anesthesiology services. Funding would increase the rates from the current base unit rate of \$11.70 to \$12.23.
- **Adult Day Health Care Rate Increase.** Adds \$174,400 GF and \$186,300 NGF to increase Medicaid reimbursement for adult day health care. The rates would increase from \$39.50 to \$45 per day in Northern Virginia and from \$34.50 to \$41 per day in the rest of the state.
- **Reimbursement for Dental Care Services.** Directs the Department of Medical Assistance Services to develop a reimbursement plan to raise rates for dental services to the 85th percentile of usual, customary and reasonable charges by September 1, 1999. Language is added for the Department to examine the impact on access to care of keeping a fee-for-service reimbursement system in the managed care system. It also prohibits the Department from requiring dentists who participate in Medicaid managed care to deliver services to subscribers enrolled in the commercial plan of the managed care vendor. Additional language requires the Department to submit a report on access to dental care in December of each year.
- **Increase Burial Expenses.** Increases funding for the Medicaid program by \$300,000 GF and \$320,476 NGF to allow individuals applying for Medicaid to increase the amount they set aside for burial expenses from \$2,500 to \$3,500. With the additional amount allowed to be set aside for burial assistance, individuals would contribute less toward the cost of their health care, thereby increasing state and federal expenditures for Medicaid.
- **Offset Local Agency Transportation Costs.** Adds \$104,000 GF and \$104,000 NGF to offset the cost of providing ambulance services by the Mountain Empire Older Citizens, Inc. A recent lawsuit resulted in unanticipated cost increases that were not considered when the organization's transportation contract was negotiated with the Department of Medical Assistance Services.
- **Reimburse MHMR Facilities Reasonable Costs.** Adds language directing the Department of Medical Assistance Services to increase reimbursement to state-operated mental health and mental retardation facilities in recognition of the additional costs for meeting U.S. Justice Department requirements for patient care improvements and for meeting other reasonable costs.

Utilization Changes

- ***Updated Medicaid Forecast.*** Reduces the Medicaid appropriation by \$10.2 million GF and \$15.7 million NGF in the first year and \$4.0 million GF and \$4.3 million in the second year based on updated information on utilization and inflation through February 1999.
- ***Updated Involuntary Civil Commitment Fund Payments.*** Includes savings of \$2.6 million GF in the adopted budget based on reductions in estimated expenditures from the Involuntary Mental Commitment Fund.

Administrative Improvements and Other Actions

- ***Year 2000 Computer Compliance.*** Provides \$700,000 NGF in the first year to meet the Health Care Financing Administration's recommendation that states contract for independent verification and validation services as an element of Year 2000 testing. In Central Appropriations, \$500,000 GF is provided for this activity.
- ***Technical Adjustment for MHMR Facilities.*** Transfers \$9.0 million GF from the Department of Mental Health, Mental Retardation, and Substance Abuse Services (MHMRSAS) to DMAS and appropriates \$9.6 million in federal Medicaid match for MHMRSAS services.
- ***Review of Organ Transplant Policies.*** Adds language directing the Department of Medical Assistance Services to assist the Joint Commission on Health Care in its review of Medicaid coverage and reimbursement policies for organ transplants.

Σ Department of Mental Health, Mental Retardation & Substance Abuse Services

Services to Improve Care in Communities

- ***Community Services for Mentally Retarded Persons.*** Provides an additional \$23.2 million GF in the second year for residential and community-based services for mentally retarded persons. Funding includes \$9.2 million GF for crisis and emergency services; \$6.5 million GF for vocational and day support services; \$5.0 million GF for mental retardation waiver services; and \$2.5

million to discharge 100 mentally retarded persons from state training centers and serve them in the community.

- ***Community Services for Mentally Ill Persons.*** Adds \$13.4 million GF for residential and community-based services for mentally ill persons. Funding includes \$6.5 million GF for residential services; \$5.9 million to discharge 150 mentally ill persons from state mental hospitals and serve them in the community; and \$1.0 million for children's services.
- ***Substance Abuse Treatment.*** Provides an additional \$3.5 million GF and \$8.2 million NGF for community-based treatment of persons with substance abuse problems. Funding includes \$1.25 million GF and \$7.7 million NGF for community treatment services; \$1.0 million GF for perinatal substance abuse treatment for women and children; \$750,000 GF for substance abuse wrap-around services; \$500,000 GF for treatment to divert substance abusers from state facilities; and \$500,000 NGF for a special local women's treatment program in Richmond. Nongeneral funds are provided from the federal Substance Abuse and Prevention block grant.
- ***New Medications for Mentally Ill Persons.*** Adds \$6.2 million GF for new medications used to treat persons with schizophrenia, bipolar disorder, and depression. These medications help stabilize persons at-risk of institutionalization, and facilitate the treatment of mentally ill persons in community settings.
- ***Treatment for Persons in Adult Care Residences.*** Adds \$750,000 GF to expand from two sites to four sites a pilot project of treatment for mentally ill persons in adult care residences. The project tests treatment both in adult homes and in off-site locations.
- ***Assertive Community Treatment Projects.*** Provides \$3.2 million GF in FY 2000 to phase in six additional Programs of Assertive Community Treatment (PACT). These regional programs provide intensive services in the community to adults with serious mental illnesses, thereby reducing hospitalizations. The additional funding would increase the number of regional programs to twelve, at a total cost of \$10.4 million GF over the biennium.
- ***Pilot Project for Acute Care Services.*** Provides \$2.6 million GF in FY 2000 to develop a pilot project for using private community hospitals for short-term inpatient psychiatric

treatment. Contracts with private community-based hospitals would be awarded on a competitive basis with the goal of serving individuals closer to their homes. Language is also added to direct Community Services Boards (CSBs) participating in the pilot project to reduce their use of short-term hospitalization at state facilities. Also, CSBs would be allowed to retain savings from reductions in the use of state facility beds to use for additional community inpatient psychiatric treatment.

- ***Juvenile Competency Restoration Services.*** Provides \$1.0 million GF to implement juvenile competency restoration services in accordance with the provisions of House Bill 2043/Senate Bill 1039 for juveniles found incompetent to stand trial.
- ***Family Support Services.*** Adds \$500,000 GF in the second year to assist families in caring for severely mentally retarded children at home. Services include respite care, personal care supplies and equipment, adaptive equipment, service coordination, day care, and attendant care.
- ***Local Employment Program for Disabled Persons.*** Adds \$114,000 GF and language to sustain two employment programs at the Cumberland Mountain Community Services Board for mentally and physically disabled persons. The Department of Mental Health, Mental Retardation and Substance Abuse Services and the Department of Rehabilitative Services are directed to assist the local agency in developing a plan for continued operation of these programs.

Services to Improve Care in Facilities

- ***Compliance with U.S. Department of Justice Agreements and Facility Improvement Plans.*** Increases funding by \$16.4 million GF and \$0.7 million NGF over the biennium to continue meeting U.S. Department of Justice settlement agreements at Eastern State Hospital and continue facility improvement plans at Central State Hospital and Western State Hospital.

The table on the next page lists the proposed additional funding to comply with U.S. Department of Justice agreements and to implement the improvement plans by each institution.

**U.S. Department of Justice Agreements
and Facility Improvement Plans
1998-2000 Biennium
(\$ in millions)**

<u>Institution</u>	<u>GF</u>	<u>NGF</u>
Eastern State Hospital		
Convert 70 positions to direct care staff	\$2.8	
Central State Hospital		
79 FTE positions	5.7	\$0.7
Western State Hospital		
41 FTEs in FY 1999, 3 FTEs in FY 2000	7.0	
Abatement of patient hazards	0.9	
Total	\$16.4	\$0.7

- ***Improvements at Southwestern Virginia Mental Health Institute (SWVMHI).*** Provides \$1.0 million GF over the biennium for additional direct care staffing at Southwestern Virginia Mental Health Institute. The funding will provide 23 human services care workers and nine registered nurses to improve patient care and address safety concerns. Language is also added clarifying the intent of the General Assembly that SWVMHI continue operating its adolescent unit.
- ***Improvements at Northern Virginia Mental Health Institute.*** Adds \$500,000 in the second year to provide full-time medical services to improve patient care, and off-site psychosocial rehabilitation services to aid in transitioning patients into the community.
- ***New Medications for Mentally Ill Persons.*** Adds \$1.2 million GF in the second year for new medications used to treat persons with schizophrenia, bipolar disorder, and depression in state mental hospitals. These medications would facilitate their treatment and transfer to community settings.
- ***Increased Pharmacy Costs.*** Provides \$1.6 million GF over the biennium to meet anticipated increases in the use of prescription and over-the-counter drugs at state mental health facilities.

- **Facility Staff Training.** Provides \$880,000 GF in FY 2000 for intensive psychosocial rehabilitation and behavioral management training for mental health facility staff. A consultant for the Department cited deficiencies in patient rehabilitation at state mental health hospitals, due to insufficient staff training and continuing education.
- **Human Rights System Improvements.** Adds \$150,000 GF in the second year to improve the internal human rights system operating in state facilities. A separate amendment under Independent Agencies establishes the Virginia Office of Protection and Advocacy, a new independent agency, to strengthen the oversight, monitoring, and protection of human rights for mentally and physically disabled persons.

Administrative Improvements and Other Actions

- **Workers' Compensation Premium Reduction.** Saves \$1.0 million GF due to a planned reduction in workers' compensation premium charges for the agency.
- **Facility Master Plan Savings.** Saves \$200,000 GF to reflect reduced costs for the completion of a facility and community master plan.
- **Psychiatrist Recruitment and Training Program.** Adds \$500,000 GF in the second year for a program to recruit graduate medical students in psychiatry and encourage them to practice in underserved areas. Language is added to direct the medical schools to develop a plan for the program, subject to approval by the Secretary of Health and Human Resources. The plan is to be completed by July 31, 1999.
- **Oversight of CSB Performance Contracts.** Adds \$234,202 GF and 2.0 positions in the second year for increased oversight of CSB performance contracts. Language is added to contract with an independent organization to enforce compliance with the requirements of each Board's performance contract.
- **Oversight of State Mental Health and Mental Retardation Facilities.** Adds \$137,986 GF in the second year to establish 2.0 positions to provide oversight of state facilities. Language is added to enable the two positions to enforce compliance with the provisions and requirements of each facility director's performance contract. The positions will also be responsible for

monitoring the implementation of all settlement agreements with the U.S. Department of Justice.

- ***Managed Care Techniques.*** Adds \$250,000 GF in FY 2000 for the implementation of appropriate managed care techniques in delivering community and facility mental health, mental retardation and substance abuse services. These techniques would build on current efforts by the Department to better manage patient care through pre-authorization of care plans and utilization review of certain mental health and mental retardation services.
- ***Prevention Data Collection System.*** Provides \$125,000 GF for the development of a standardized prevention data collection system in the Department and in each Community Services Board.
- ***Year 2000 Computer Compliance.*** Provides \$6.2 million GF in FY 1999 and \$30,000 GF in FY 2000 through Central Appropriations to resolve the Year 2000 computer issues within the agency.
- ***Plan for New Center Assessing Sexually Deviant Disorders.*** Adds \$50,000 GF and 1.5 FTEs to develop a plan for a new center to assess and treat sexually deviant disorders pursuant to Senate Joint Resolution 334.
- ***Study of Geriatric Psychiatric Care.*** Adds \$5,000 GF for a feasibility study of contracting with a private provider for specialized, non-acute psychiatric care for geriatric patients in a nursing facility.
- ***Transfer to Medicaid for Mental Health and Mental Retardation Services.*** Transfers \$9.0 million GF in FY 2000 to the Department of Medical Assistance Services (DMAS) as the state match for Medicaid-covered mental health and mental retardation services. An appropriation of \$9.0 million NGF is made to adjust for the receipt of federal Medicaid revenue for these services.
- ***Use of MHMR Property.*** Adds language prohibiting the closure of any state facility without the approval of the General Assembly. In addition, language is modified to require General Assembly approval of any sales, transfers, or conveyances of real property to other agencies as well as private parties. However,

General Assembly approval is not required to grant easements for local governmental purposes.

- ***Technical Adjustment for Nongeneral Funds.*** Adds \$4.0 million NGF to account for the receipt of nongeneral fund Medicaid revenues which had been received but not appropriated.

- **Department of Rehabilitative Services**

- ***Supported Employment.*** Adds \$1.8 million GF and \$1.4 million NGF to expand long-term supported employment services to assist disabled persons in accessing and maintaining employment.
- ***Personal Assistance Services.*** Adds \$700,000 GF in the second year to provide personal assistance services for severely disabled persons, to help them live and work in community settings.
- ***Disability Services Boards.*** Includes \$450,000 GF in the second year for Disability Services Boards to hire staff. These Boards coordinate and oversee local delivery of services to persons with physical and sensory disabilities.
- ***Centers for Independent Living.*** Adds \$300,000 to expand services in Centers for Independent Living (CILs) and \$450,000 to enable three satellite CILs to provide a full range of services to disabled persons. The three satellites CILs are located in Southside Virginia, Eastern Shore, and Northern Virginia.
- ***Assistive Technology.*** Includes \$200,000 GF in the second year for the Virginia Assistive Technology System to help disabled persons in gaining access to adaptive equipment. Federal funds for this program are expected to decline.
- ***Services for Brain-Injured Persons.*** Adds \$125,000 to expand services for persons with traumatic brain injuries. An additional \$25,000 GF is provided to Woodrow Wilson Rehabilitation Center for brain injury services.
- ***Consumer Services Fund.*** Provides \$75,000 GF for the Consumer Services Fund, which assists disabled persons who could not qualify for other assistance programs, in purchasing vehicle or home modifications, assistive devices, prosthetics, and other special equipment.

- ***Long-Term Rehabilitative Case Management.*** Includes \$50,000 GF and 1.0 case manager position to assist physically disabled persons in locating and obtaining services.

Σ **Department of Social Services**

Actions Related to the Federal Welfare Reform (TANF) Block Grant

- ***TANF Balances.*** Projects unspent balances in the TANF block grant at \$55.2 million in FY 1998, \$73.7 million in FY 1999, and \$66.1 million in FY 2000. As a result of amendments in the adopted budget, the ending balance in FY 2000 is \$28.5 million more than the \$37.6 million estimated balance adopted by the 1998 General Assembly. The following table lists TANF spending in the adopted budget, along with matching state and local funds (“maintenance of effort”). The descriptions that follow highlight some of the major changes adopted by the 1999 General Assembly.

**Proposed Spending for Federal Welfare Block Grant
1998-2000 Biennium
(\$ in millions)**

	MOE* <u>State</u>	MOE* <u>Local</u>	TANF <u>Federal</u>
Projected 1998 Year-End Balance			\$ 55.2
<u>1999 & 2000 Expenditures</u>			
TANF Benefit Payments	\$ 109.6		118.5
State Administration	2.8		3.8
Information Systems	2.2		15.4
Local Administration	15.4	\$16.2	31.8
Employment Support Services	42.4		54.6
\$50 Child Support Pass-Through	9.1		
Child Care Maintenance of Effort	34.1	8.6	
Transfer to Federal SSBG			15.4
Transfer to Child Care Fund			34.6
Replace EITC – Work Incentive Payment Program	15.0		
Employment for Disabled			1.7
Individual Development Accounts	0.5		
<u>Proposed New Items</u>			
Assistance with Energy Costs			7.0
Transportation Grants			5.4
Regional Employment Groups			5.0
Foster Care & Adoption Staff			4.3
Set Aside for TANF Plan Changes			3.0
Replace Federal Funds – Education for Independence Program			2.0
Partners in Prevention Seed Funds			1.0
Child & Adult Facility Licensing			0.8
Year 2000 Computer Changes	0.5		0.5
People Inc. - Individual Dev. Accounts			0.2
Abstinence Education			0.1
Fatherhood			0.1
Total	<u>\$231.2</u>	<u>\$24.8</u>	<u>\$306.8</u>
Projected 2000 Year-End Balance			\$66.1

*Maintenance of Effort

- ***Work Incentive Payment as Substitute for EITC.*** Provides \$15.0 million GF to implement a Work Incentive Payment program, as a contingent substitute for the Earned Income Tax Credit (EITC) passed by the 1998 General Assembly. The federal Department of Health and Human Services (HHS) has not yet approved Virginia's EITC program as an allowable state expenditure for matching the federal block grant on welfare reform. The general fund appropriation replaces Temporary Assistance for Needy Families (TANF) funds for the EITC. An offsetting adjustment is made to increase federal TANF funds for welfare payments and to decrease the GF appropriation, so there is no net change in the cost to the TANF block grant or GF for these two programs. Virginia would have additional flexibility in administering the Work Incentive program, when supported by the general fund rather than by TANF funds. In addition, the reconstituted program is expected to count toward the state match requirement, "maintenance of effort," for the federal TANF grant.

The substituted Work Incentive program will pay working families with incomes below the poverty level an amount equal to their Virginia income tax payment for tax year 1998. If HHS eventually approves the EITC, the tax credit approach would begin in tax year 1999. The total administrative costs for implementing this program are budgeted at \$520,386, which includes the addition of four new staff in DSS.

- ***Change Fund Source for Individual Development Accounts.*** Adds \$500,000 GF in the first year for the Individual Development Accounts (IDA) demonstration project, previously funded by the TANF block grant funds. An offsetting adjustment is made for welfare payments to decrease general funds and increase federal TANF payments so there is no net additional cost to the TANF block grant or general fund. Virginia would have additional flexibility in administering IDAs when supported by the general fund rather than by TANF funds.

Language is added to broaden the eligibility for the program to include persons who have income levels that are low enough to receive welfare payments, as well as those who actually receive welfare payments. With this definition of eligibility, the program is expected to count toward the state match requirement, "maintenance of effort," for the federal TANF grant.

- ***TANF for Individual Development Accounts in Local Agency.*** Includes \$50,000 GF and \$200,000 NGF from the TANF block grant for Individual Development Accounts (IDAs) administered by People Inc., a non-profit human services agency in Southwest Virginia. The state general funds will be used as match for new federal funds for IDAs. The federal program is designed to encourage low-income families to save for purposes such as home purchase, education, and business start-up. TANF funds will supplement these efforts.
- ***Welfare Caseload Decline.*** Reduces federal TANF appropriations by \$5.1 million the first year and \$9.9 million the second year, to reflect a decline in the welfare caseload. No general funds savings are achieved because state spending cannot be reduced below the minimum maintenance-of-effort level dictated by federal law.
- ***Funding Shift for Welfare-to-Work Program.*** Provides an additional \$4.5 million GF in the second year as state match for the federal Welfare-to-Work program, which is intended to help hard-to-employ welfare recipients find and retain employment. The added general fund appropriations are transferred from other social services, which now require less general fund support as a result of enhanced federal funding. This amount will add to the \$1.0 million GF state match provided by the 1998 General Assembly for this program and \$1.0 million in GF balances that would be used for this same purpose.

State general funds, along with local in-kind contributions, will match approximately \$18.8 million in federal Welfare-to-Work funds over the biennium. This funding would be a supplement to the use of federal TANF funds for these activities, as proposed by the 1998 General Assembly. Language also added to include employment and training assistance as a transitional service for persons who have completed their two-year participation in the Virginia Initiative for Employment not Welfare program.

- ***State Plan for Hard to Serve TANF Recipients.*** Includes language to require the Department of Social Services to develop and implement a comprehensive plan for serving welfare recipients who have difficulty in finding and maintaining employment.
- ***TANF for Transportation Grants.*** Provides \$2.9 million the first year and \$2.5 million the second year from TANF balances for

regional transportation grants, intended to help welfare recipients in traveling to work.

- ***TANF for Energy Assistance.*** Provides \$5.0 million the first year and \$2.0 million the second year from TANF funds for expansion of the energy assistance program. Funds would be used to help qualified low-income families pay a portion of their heating costs.
- ***TANF for Regional Employment Collaboratives.*** Provides \$5.0 million the second year from the TANF block grant for regional employment collaborative arrangements. These groups would develop innovative ways to provide employment services to welfare recipients looking for jobs. Grants would be used to encourage local organizations to work together in developing training programs, mentor programs, internships, and on-the-job support services.
- ***TANF for Education for Independence Programs.*** Provides \$2.4 million from the TANF block grant to continue funding for vocational education, preparation and support services for low-income single parents and single pregnant women who participate in programs previously supported through the Education for Independence programs. These programs are losing federal funding in FY 2000; however, they will be eligible again for other federal funding in FY 2001.
- ***TANF for Partners in Prevention Program.*** Adds \$1.0 million the second year from the TANF block grant for the Partners in Prevention program in the Department of Health. The program promotes activities to reduce out-of-wedlock births.
- ***TANF for Fatherhood and Abstinence Education Initiatives.*** Provides \$100,000 NGF the second year from the TANF block grant to promote fathers' involvement in child rearing through the Fatherhood Program in the Department of Health. Also adds \$121,000 NGF in the Department of Health to supplement funding for abstinence education.
- ***Special Program for Two Parent Families.*** Adds language to direct the Department of Social Services to design and implement a special welfare program for two-parent families in a way that will meet "maintenance of effort" requirements for the federal TANF block grant.

Service Expansion/Changes

- ***“Healthy Families” Initiative.*** Adds \$750,000 GF in the second year for Healthy Family sites throughout Virginia that have been in operation at least three years. The program provides comprehensive early intervention services to families at-risk of child abuse or neglect.
- ***Expanded Services for the Elderly.*** Provides \$610,000 GF in the second year to expand adult protective services and \$500,000 GF for chore and companion services to low-income elderly persons provided through local departments of social services.
- ***Community Action Agencies.*** Includes \$300,000 GF in the second year for services to disadvantaged persons, served through local community action agencies.
- ***Child Day Care Funding.*** Adds \$250,000 GF to draw additional federal funds of \$335,938 NGF for child day care. In addition, \$6.0 million in each year is included in federal child day care funds that the Department of Social Services plans to spend, but was not included in the adopted budget. Funds will be used to reduce the cost of child day care for low-income working families and for welfare recipients. Language also is removed which restricted local social services agencies from providing former welfare recipients with preferential eligibility for child day care subsidies after their entitlements expire.
- ***Expansion of CHIP Program in Southwest Virginia.*** Adds language directly the Department to work with the Comprehensive Health Investment Project of Virginia to access federal foster care prevention funding to expand services in Southwest Virginia. Nongeneral funds are appropriated in the Health Department for this expansion.

Local Service and Administrative Improvements

- ***Additional Local Staff for Foster Care and Adoptions.*** Adds \$432,231 GF in the second year and \$6.5 million in federal funds (mostly TANF funds transferred to the social services block grant) for local departments of social services to hire an additional 172 social workers and 29 supervisors for foster care and adoption casework. The funds would enable localities to serve a growing caseload and more quickly find permanent adoptive homes, when necessary.

- **Local Agency Workload Measures.** Adds \$200,000 GF and \$163,636 NGF in the second year for the development of workload measures and caseload standards for all services provided by local social services agencies.
- **Local Office Space Reimbursement.** Includes \$767,000 GF and \$1.1 million NGF to increase state and federal reimbursement for office space costs in local departments of social services.
- **Federal Fund Pass-Through to Localities.** Appropriates additional federal funds for local departments of social services that provide matching local funds: \$10.0 million for foster care, \$4.4 million for eligibility determinations, and \$2.3 million for child day care.
- **Technical Adjustment for Local Social Services Salaries.** Transfers \$2.1 million each year from Central Accounts to the Department of Social Services for salary regrades for local staff.

Automation

- **Additional Data Processing Costs.** Provides \$1.2 million GF and \$1.0 million NGF the first year and \$1.9 million GF and \$2.0 million NGF the second year for increased computer utilization and charges. Funding would support the Application Benefit Delivery Automation Project (ADAPT) and social services financial systems.
- **Delay in Child Support Automation.** Saves \$790,160 GF and \$1.5 million NGF the first year and adds \$542,160 GF and \$804,428 NGF the second year for the Automated Program to Enforce Child Support (APECS). Changes in the structure of the database will delay expenditures for the automated system.
- **Local ADAPT Conversion and Year 2000 Modifications.** Provides \$2.4 million the first year and \$1.3 million the second year from federal funds to achieve Year 2000 compliance for department systems. These actions include local overtime to convert ADAPT cases, 250 personal computers to run new financial software, software testing and modification, changes to file formats for external data exchanges, and a new voice response system for the Division of Child Support Enforcement. In Central Appropriations, an additional \$3.0 million GF is provided for addressing Year 2000 computer changes.

Administrative Improvements and Other Actions

- ***Federal Penalties for Food Stamp Errors.*** Adds \$611,087 GF in the second year for penalties assessed by the federal government for errors in administering food stamps. The funds would be concentrated on activities designed to reduce errors, such as case readers, investigators, local grants, and training for staff. Language also is added for the Department to work with affected groups in studying the timeliness and accuracy of food stamp applications processed by local departments of social services.
- ***Added Licensing Staff.*** Provides \$105,000 GF and \$766,392 NGF and 17 positions to help meet the Code of Virginia mandate to inspect licensed child and adult care facilities twice a year. The funds would support 13.0 new inspectors, 1.0 supervisor, and 2.0 support staff. In addition, a specialist for mental disabilities would be added for consultation with field inspectors on services provided by adult care residences to mentally disabled residents.
- ***Training for ACR Licensing Inspectors.*** Includes \$100,000 and 1.0 FTE for training adult care residence licensing specialists in topics such as behavioral health care, medication management, and other health care issues.
- ***Increased Rates for Adult Care Residences.*** Adds \$108,809 GF the first year and \$2.7 million GF the second year to increase auxiliary grants for residents of adult care residences. The rate would be increased from \$737 to \$747 per month in FY 1999 as an adjustment for inflation, and from \$747 to \$775 in FY 2000. Additional funding is added in the Department of Medical Assistance Services for Medicaid services and assisted living payments to support additional persons who would be income eligible for auxiliary grants due to the rate increase.
- ***Changes and Delays in Privatization of Child Support Enforcement.*** Saves \$1.6 million GF and \$3.2 million NGF the first year and adds \$178,000 GF and \$354,774 NGF the second year due to a delay in privatization of some services in child support enforcement. DSS now plans to privatize interstate collections instead of privatizing some regional offices within Virginia.
- ***Carryforward Fraud Control Funds.*** Includes language allowing unexpended state funds for fraud control to be carried forward from the first to the second year. Language also is added to direct the Department to seek available federal funds for the same purpose.

- **Department for the Visually Handicapped**
 - ***Services for Visually Impaired.*** Adds \$25,000 GF in the second year for a toll-free reading service provided by Metropolitan Washington Ear, Inc.

Natural Resources

Budget amendments adopted by the General Assembly increase the general fund appropriation for Natural Resources agencies by \$70.9 million for the biennium. Nongeneral fund amendments of \$2.9 million anticipate the receipt of additional federal funds for oyster propagation and increases in Water Quality Improvement Fund interest.

Improving water quality is the dominant theme of the Natural Resources amendments. Of the \$70.9 million in new spending, \$60.4 million, or 85.2 percent, is directly related to this endeavor.

Most of the funds for water quality -- \$46.1 million (\$44.5 million plus fiscal year 1998 and 1999 interest earnings) -- are tied to activities authorized under the Virginia Water Quality Improvement Act (WQIA) of 1997. The legislation directs that 10 percent of surplus revenues and unexpended agency appropriations be deposited to a special fund for water quality improvement grants. The major focus of the grants is to reduce the overabundance of nutrients in state waters.

General funds in the amount of \$11.3 million are provided for combined sewer overflow projects in Richmond and Lynchburg to match an equal amount of federal dollars. Each city would receive almost \$5.7 million from the Combined Sewer Overflow Matching Fund.

APPROVED SPENDING OF WQIA FUNDS	
	<u>(\$ in mil.)</u>
<i>SOURCE OF DEPOSIT</i>	
GF Deposit to Water Quality Improvement Fund (including '98 interest)	\$ 45.2
<i>USE OF FUND DOLLARS</i>	
Cooperative Point Source - Lower Tributaries	(24.0)
Cooperative Nonpoint Source – Lower Tributaries	(6.0)
Cooperative Nonpoint Source – Fed. land-bank prgm.	(3.8)
Available for Transfer to Point or Nonpoint by Secretary	(3.0)
Nutrient Management, Soil and Water Conservation Districts and Agricultural Engineering	<u>(1.4)</u>
<i>AMOUNT TRANSFERRED FROM WQIA FUND</i>	
Transfer to general fund due to miscalculation in adopted budget bill	\$ 7.0

- **Secretary of Natural Resources**
 - ***Water Quality Improvement Fund.*** Language authorizes the Secretary of Natural Resources to allocate additional nongeneral funding of some \$3.0 million between point and nonpoint source programs, based on a recalculation of the required deposit to the Water Quality Improvement Fund.
- **Department of Environmental Quality**
 - ***Water Quality Improvement Fund.*** Provides \$24.0 million GF in FY 2000 to reduce nutrients from point source discharges in the Rappahannock River and James River basins. Grants will reimburse localities for biological nutrient removal facilities already in place and spur construction of new facilities.
 - ***Solid Waste Compliance Program.*** Increases inspections, monitoring, and enforcement activities as well as permitting of new and expanding solid waste landfills. Provides \$1.3 million GF and 19.0 GF positions and \$650,000 NGF and 10.0 NGF positions in FY 2000.
 - ***Lynchburg and Richmond CSO Projects.*** Deposits \$11.3 million GF in FY 2000 to the Combined Sewer Overflow Matching Fund to be provided in equal amounts to Lynchburg and Richmond as a match for federal funds.
 - ***CASRM Tributyltin (TBT) Treatment Program.*** Earmarks \$1.0 million GF in FY 2000 to match private funds to continue research and treatment of water contaminated by tributyltin, a toxic chemical widely used in commercial marine paints to protect ship hulls. Norshipco and Newport News Shipbuilding are participating in the research program, which is being conducted at the Center for Advanced Ship Repair and Maintenance (CASRM) at ODU. Language requires CASRM to provide a progress report to the Secretary of Natural Resources and the Chairmen of the House Appropriations and Senate Finance Committees by December 31, 1999.
 - ***Air Pollution Control Modeling.*** Addresses a recent EPA revision to the ozone standard, which requires more complex modeling for the Virginia State Implementation Plan. Increases funding by \$150,000 GF in each year to contract for needed

software for processing of meteorological data and to purchase a “supercomputer.”

- ***PCB Contamination in Roanoke River.*** Increases funding by \$100,000 GF in FY 1999 and \$150,000 GF in FY 2000 to study the current extent of PCB contamination. There is a Health Department advisory on the consumption of certain fish species caught in the river. Fish tissue samples have not been collected since 1993-94, and new data are needed to assess the PCB contamination.
- ***Information Systems Support.*** Provides \$1.0 million GF in FY 1999 and \$1.4 million GF in FY 2000 for an information management system capable of supporting the agency’s needs as well as efforts to make agency information accessible to the public.
- ***Water Quality Monitoring.*** Increases water quality monitoring and sampling activities by \$461,000 GF in FY 2000. Funds will support more research and will increase the frequency and sensitivity levels of testing for toxic metals and bacteria.
- ***Program Staffing and Current Service Levels.*** Provides additional staffing – 18.55 GF positions and 1.45 NGF positions – and \$1.2 million GF in FY 2000 to respond to the agency’s workload and program responsibilities. The positions include engineers, planners, analysts, and managers.
- ***Volunteer Water Quality Network Grant Program.*** Provides \$65,000 GF in FY 2000 to establish a competitive grant program to support a statewide network of volunteer water quality monitoring. Responds to the findings of a 1998 legislatively authorized study.
- ***Wetland Mitigation Bank.*** Provides \$200,00 GF in FY 2000 for a study of overlapping watersheds in southeastern Virginia in response to SB 582.
- ***Smith Mountain Lake Volunteer Water Quality Monitoring.*** Provides \$20,000 GF in FY 2000 for the Smith Mountain Lake Volunteer Water Quality Monitoring Program.
- ***North Fork Shenandoah MIF Study.*** Provides \$60,000 GF in FY 2000 for a minimum instream flow study on the North Fork of the Shenandoah River.

- ***Agriculture Water Quality Expert.*** Provides 1.0 NGF position and language authorizing the Director to utilize Water Quality Improvement Funds to establish an Agriculture Water Quality Expert position in response to HB 1207.
- ***Confined Animal Feeding Operation Study.*** Language authorizes the Director to utilize up to \$150,000 NGF from the Water Quality Improvement Fund to create a multi-year pilot program to evaluate alternative approaches for operation of confined animal feeding operations which will reduce pollution.
- ***Water Facilities Revolving Fund Study.*** Language directs the Department to study and develop a plan to leverage the assets of the Virginia Water Facilities Revolving Fund.
- **Department of Historic Resources**
 - ***Museum Exhibit.*** Provides \$100,000 GF in FY 2000 to design and implement a permanent, interpretative exhibit in the agency's new museum gallery space.
 - ***Virginia Historical Society Renovations.*** Provides \$375,000 GF in FY 2000 for the non-state Virginia Historical Society to provide handicapped accessibility and to develop additional classroom space. Budget language directs the non-state agency to match the appropriation and provide lesson plans related to its exhibits on the Commonwealth of Knowledge website.
 - ***Cost Share Grants Program.*** Provides \$100,000 GF in FY 2000 for cost-share grants to local governments to survey historic areas and properties.
- **Department of Conservation and Recreation**
 - ***Water Quality Improvement Fund.*** Adds \$9.8 million GF in FY 2000 for projects to reduce nonpoint source pollution. Of this amount, \$6.0 million is targeted for the lower tributaries, and will be used for agricultural cost-share programs (\$2.75 million); other nonpoint source projects such as wetlands restoration and easements (\$2.5 million); and subsidies to farmers willing to participate in agricultural best management practices (\$750,000). The remaining \$3.8 million matches federal dollars to "land-bank" environmentally sensitive lands. The goal of the federal Conservation Reserve Enhancement Program is to protect water

sources by removing a total of 35,000 acres across the state from agricultural production. Participating farmers receive lease payments directly from the federal and state governments.

- ***Animal Waste Permitting Program.*** Implements the large animal permit program approved in the 1998 Session. Adds \$192,369 GF and 4.0 positions in FY 2000 to help farmers write nutrient management plans, review the plans, and provide training in confined animal feeding operations.
- ***Nutrient Management Specialists.*** Authorizes 6.0 NGF positions and allows the Director to utilize up to \$410,464 from the Water Quality Improvement Fund to support the poultry waste permitting program in response to HB 1207.
- ***Total Maximum Daily Load Program.*** Increases funding by \$624,022 GF and 2.0 positions in FY 2000 to prepare remediation plans for 240 water segments not meeting applicable water quality standards due to nonpoint pollution.
- ***Conservation Reserve Enhancement Program.*** Provides \$80,102 GF and 2.0 positions to support the state's participation in a new federal land-bank program. The statewide program leverages state dollars to federal funds at a 3 to 1 ratio. The \$3.8 million deposited to the Water Quality Improvement Fund will remove 3,500 acres (10% of the goal) from agricultural production.
- ***Open Space Easement.*** Increases funding by \$400,000 GF in FY 2000 for the Open Space Lands Preservation Trust Fund. The Fund's purpose is to encourage farmers and other landowners to donate easements on their property. The Fund pays the transaction costs for legal, appraisal and survey services.
- ***Virginia Outdoors Foundation.*** Provides \$180,000 GF in FY 2000 for the Virginia Outdoors Foundation to support the Foundation's conservation easement program.
- ***Virginia Land Conservation Foundation.*** Provides \$1.25 million GF and \$0.5 million NGF from the Water Quality Improvement Fund in FY 2000 for the Virginia Land Conservation Foundation to protect water quality and environmentally sensitive lands.
- ***Virginia Outdoors Survey.*** Provides \$85,000 GF in FY 2000 to contract with Virginia Commonwealth University to update the

statutorily required Virginia Outdoors Plan. In addition to state and local use of the Plan, the federal government uses it for certifying the state's eligibility to receive federal recreational grants.

- **State Parks.** Provides \$320,000 GF in FY 2000 for State Parks including \$50,000 for preventive maintenance, repairs and renovation work at Saylor's Creek Battlefield Park.
- **Breaks Interstate Park.** Provides \$600,000 GF in FY 2000 to be matched by Kentucky, for motel and sewer treatment plant improvements.
- **Public Beaches.** Funds the activities of the Public Beach Board with \$1.0 million GF in FY 2000. Provides \$925,000 to be deposited to a special fund for beach conservation, \$65,000 for technical studies, and \$10,000 for Board operations.
- **Conservation District Coordinators.** Provides \$100,000 GF and two positions in FY 2000 for coordinators who will be assigned to the agency's regional offices in Dublin and Henrico to work with Soil and Water Conservation Districts.
- **Soil and Water Conservation Districts.** Language instructs the Director to provide grants of \$350,000 NGF from the Water Quality Improvement Fund in FY 2000 to Soil and Water Conservation Districts for nonpoint source abatement efforts.
- **Agricultural Engineering.** Language authorizes the Director to utilize up to \$200,000 NGF from the Water Quality Improvement Fund in FY 2000 to contract for agricultural engineering services to review and approve technical plans and provide training for Soil and Water Conservation District personnel.
- **Natural Heritage Program.** Earmarks \$600,000 GF and 7.0 positions in FY 2000 to provide for site security, public access and maintenance of roads, parking areas, signs and trails in the State Natural Preserve System.
- **Soil and Water Conservation District-owned Dams.** Provides \$250,000 GF in FY 2000 for concrete and gate valve repairs on District-owned dams.

- ***Soil Erosion Control Specialists.*** Provides \$200,000 GF and 4.0 positions in FY 2000 to carry out statewide soil erosion control strategies.
- **Department of Game and Inland Fisheries**
 - ***Embrey Dam.*** Provides \$65,500 GF in FY 1999 and \$112,563 GF in FY 2000 to match federal funding for an engineering study to focus on the removal of the Embrey Dam located on the Rappahannock River. Removal of the dam will make 71 miles of the river accessible to migratory fish.
- **Marine Resources Commission**
 - ***Oyster Propagation.*** Provides \$350,000 GF support and \$150,000 in federal funds in FY 2000 to expand the agency's oyster replenishment activities. The additional money restores the program to its FY 1989 funding level. A separate amendment provides an additional \$50,000 GF in FY 2000 for matching state funds for private restoration efforts.
 - ***Marine Patrol Officers.*** Adds \$156,397 GF and 4.0 positions to improve marine patrol operations and water safety in the Hampton Roads region.
 - ***Chesapeake Bay Foundation.*** Provides \$120,000 GF in FY 2000 to support the Chesapeake Bay Foundation's educational activities.
 - ***Blue Crab Stock Assessment.*** Provides \$150,000 GF in FY 2000 to research and assess the blue crab stock in the Chesapeake Bay. Language requires the funds to be matched by Maryland.
- **Chesapeake Bay Local Assistance Department**
 - ***Program Reviewers.*** Provides technical assistance to Tidewater localities and planning district commissions to ensure consistency with the agency's water quality protection and land use regulations. Eliminates 2.0 NGF positions previously funded through a federal grant that will not be renewed. Adds \$169,792 GF and 4.0 positions in FY 2000.

Public Safety

Budget amendments adopted by the General Assembly increase the general fund appropriation for Public Safety agencies by \$116.4 million for the biennium.

Nongeneral fund amendments totaling \$37.9 million anticipate the receipt of additional federal crime control grants, special revenues from housing out-of-state prisoners, increased sales of alcoholic beverages, and transportation funds for new State Troopers.

The largest funding increase adopted is \$98.9 million GF in the Department of Criminal Justice Services for full funding of the HB 599 formula that provides aid to localities with police departments. DCJS also will receive an additional \$3.2 million for local grants to operate programs pursuant to the Comprehensive Community Corrections Act for Local Responsible Offenders and the Pretrial Services Act, and \$1.0 million GF to expand the school resource officer program. In addition, DCJS will receive \$11 million NGF in increased federal crime control grants.

Increases for the Department of Corrections include the first installment of \$2.2 million to replace the agency's automation network, a project which will eventually cost \$20.5 million. DOC will receive \$500,000 to establish prison based sex offender treatment and \$500,000 for community containment of sex offenders.

Adjustments to the Department of Juvenile Justice result in a \$4.3 million reduction for private contract beds, reflecting under-utilization of these beds, and a change in the opening date of a boot camp. A reduction of \$3.1 million GF is included to reflect a one-year delay in construction of the new James River Juvenile Detention Home, serving Henrico, Goochland and Powhatan Counties. Language authorizes the Department to purchase property at the Natural Bridge Juvenile Facility site owned by the U.S. Forest Service.

The adopted budget includes 39.0 adult and juvenile probation officer positions to implement legislation adopted last year requiring substance abuse screening and assessment of persons convicted of certain offenses.

Increases for the Department of State Police include \$1.75 million GF for a Request for Proposals for a new interagency radio system, as well as \$0.5 million GF and \$1.3 million NGF for new digital data lines. Also included is \$1.0 million NGF for eight State Troopers for the Springfield interchange.

- **Secretary of Public Safety**
 - ***Camp Pendleton Rifle Range.*** Language directs the Secretary of Public Safety to conduct an independent review of rifle range safety at the State Military Reservation in Virginia Beach. The results of the review, including recommendations for range safety improvements, are to be reported to the Governor and Chairmen of the House Appropriations and Senate Finance Committees by October 1, 1999.
 - ***Maritime Incident Response Team.*** Language directs the Secretary of Public Safety to study the present capabilities and long-term needs for an effective Maritime Incident Response Team in the Hampton Roads region. The results of the study, including recommendations for organizational and funding priorities for this team, are to be reported to the Governor and Chairmen of the House Appropriations and Senate Finance Committees by October 1, 1999.
- **Department of Criminal Justice Services**
 - ***HB 599 Funding.*** Provides an additional \$98.9 million GF the second year to be dispersed to localities with police departments, based on the formula established when the General Assembly adopted HB 599 in 1979. The formula has been "frozen" since 1992 and funding has remained level since that time. Under the adopted amendment, the formula is "unfrozen."
 - ***Increased Funding for CCCA and PSA.*** Provides \$3.2 million GF for grants to localities for services provided pursuant to the Comprehensive Community Corrections Act for Local Responsible Offenders and the Pretrial Services Act. Increased funding will be used to establish programs in localities that currently have no services, as well as to address staffing ratios and increased operating costs in existing programs.
 - ***Training for Megan's Law.*** Provides \$50,000 and 1.0 FTE position to develop a training program for law-enforcement personnel on laws concerning sex offenders.
 - ***Roanoke Drug Court Liaison.*** Provides \$49,856 for a Drug Court Liaison for the 23rd Judicial Circuit. This position has been funded through a federal grant which expires June 30, 1999.

- ***School Resource Officers.*** Provides an increase of \$1.0 million GF the second year for the School Resource Officer Program. This program provides grant funding for localities to assign police officers to public schools. The funds are deposited into a special nonreverting fund established by the General Assembly.
- ***Juvenile Accountability Incentive Block Grant.*** Provides \$452,830 GF and \$5.0 million NGF the second year for new federal grant funds received pursuant to the Juvenile Accountability Incentive Block Grant.
- ***Federal Criminal Justice Grants.*** Provides an additional \$6.0 million NGF the second year for increased federal criminal justice grants to state and local agencies.
- ***Private Security Regulation.*** Earmarks \$51,540 NGF and 1.0 FTE position the second year to enhance the regulation of private security personnel. These funds are generated from fees paid to DCJS by the private security industry for certification and training.
- **Commonwealth's Attorneys' Service Council**
 - ***Executive Director's Position.*** Provides an additional \$13,866 GF for FY 1999 and \$38,827 GF for FY 2000 and 1.0 FTE position to fully fund the Council's Executive Director position. This position will become full-time in order to expand training and legal assistance for Commonwealth's Attorneys.
 - ***Case Management System.*** Earmarks \$25,000 GF the second year for installation and maintenance of a case management system.
- **Department of Fire Programs**
 - ***Conversion of Part-Time Positions.*** Provides 2.0 FTE for the Department to convert two wage positions to full-time status, in order to accommodate additional agency workload.
- **Department of State Police**
 - ***Statewide Shared Land Mobile Radio System.*** Earmarks an additional \$1.75 million GF to develop a Request-for-Proposal for the design of a statewide shared land mobile radio system to provide communications for 11 state agencies, including the Department of State Police. Language requires approval from the Secretaries of Public Safety, Technology, and Finance before

the Department enters into a contract for the system. Language further requires that vendors submit private financing options, including leasing, as part of their proposals.

- ***Digital Data Lines.*** Earmarks an additional \$490,865 GF and \$1.3 million NGF to offset the increased cost of digital data lines. The agency is required by the Code of Virginia to provide data lines to all criminal justice agencies in the Commonwealth for access to the Virginia Criminal Information Network (VCIN). The increase in costs is the result of additional agencies coming on-line and conversion of analog data lines to digital technology, to comply with the requirements of the National Criminal Information Center 2000 project.
- ***Wireless 911 Emergency Calls.*** Establishes a schedule for certain localities to respond directly to wireless 911 calls originating in their jurisdiction, and allows these localities to be reimbursed for start-up expenses from the Wireless E-911 Fund. In addition, this amendment allows the Department of State Police to receive reimbursement from the Fund for costs incurred in those areas where the State Police continue to serve as the answering point for wireless 911 calls.
- ***Positions for Springfield Interchange.*** Earmarks \$391,571 NGF for FY 1999 and \$589,687 NGF for FY 2000 and 8.0 FTE positions, including one First Sergeant and seven State Troopers, to patrol the construction site for the I-95/395/495 Interchange Improvement Project in Fairfax County. This project will cause major traffic congestion for at least eight years. Commonwealth Transportation funds are provided to support these positions until completion of the project.
- ***Roanoke Motorist Assistance Program.*** Provides \$147,414 NGF in Commonwealth Transportation Funds and 2.0 FTE positions to establish a motorist assistance unit in the Roanoke Interstate 81 and Interstate 581 area.
- ***Transfer of Funds for State Trooper Regrades.*** Provides a technical amendment transferring \$4.1 million GF the first year and \$7.1 million GF the second year from Central Accounts to fund job class regrades effective November 25, 1998, as approved by the 1998 General Assembly.
- ***Weight Enforcement Officers.*** Provides a language amendment directing the Department of State Police to study the compensation provided to Commercial Vehicle Enforcement

Officer positions and make recommendations to the Department of Personnel and Training for adjustments, if necessary.

- **Department of Corrections -- Central Office**

- ***INS Revenues.*** Reflects a new revenue source estimated at \$8.6 million NGF during the current biennium, from payments by the Immigration and Naturalization Service (INS) of the U.S. Department of Justice. These payments represent funds distributed to states for housing illegal aliens sentenced on state charges and housed in state correctional facilities. A companion amendment in Part 3 transfers all of these funds received as of June 30, 1999, to the General Fund. A companion amendment to Part 4 directs DOC to deposit all funds received on or after this date directly to the General Fund
- ***DOC Computer Network.*** Adds \$2.2 million GF the second year to upgrade the department's computer network. The total cost of this project is estimated at \$20.5 million. Of this amount, \$17 million represents equipment to be financed through the Commonwealth's Master Equipment Lease program. The remaining \$3.5 million represents software and services to be paid from current appropriations.

The \$17 million for equipment requires debt service payments of \$574,890 in FY 2000 from this appropriation, \$6.1 million in FY 2001 and FY 2002, and \$5.6 million in FY 2003.

- ***Capital Outlay Positions.*** Restores 3.0 FTE GF positions to the agency's capital outlay unit which were eliminated in 1998.

- **Contract Prisoners Special Revenue Fund**

- ***Adjustment of Nongeneral Fund Operating Costs.*** Reduces the estimated cost of operating state prisons holding out-of-state inmates by \$7.0 million NGF the first year and \$1.9 million NGF the second year. This savings incorporates a delay in the opening date for Wallens Ridge State Prison from January to April 1999, and several other adjustments.
- ***Transfer to the General Fund.*** Increases by \$6.0 million the estimated transfer to the general fund from the Contract Prisoners Special Revenue Fund in the current biennium.

- **Corrections Special Reserve Fund**
 - ***Transfer to the General Fund.*** Transfers a balance of \$1.0 million from the Reserve Fund to the Contract Prisoners Special Revenue Fund, and from that fund to the general fund.
 - ***Study of Corrections Impact Legislation.*** Authorizes a study to be conducted jointly by the House Appropriations, Senate Finance, House Courts of Justice, and Senate Courts of Justice Committees, to examine the intent, implementation, and procedures established by §30-19.1:4, Code of Virginia, and to make recommendations for modifications, as appropriate, to the 2000 Session of the General Assembly
 - ***Fiscal Impact of Project Exile/Bail Reform Legislation.*** Provides \$127,750 GF the second year for deposit into the Corrections Special Reserve Fund for legislation passed by the General Assembly addressing minimum-mandatory sentences for possession of firearms (Project Exile) and bail reform.
 - ***Fiscal Impact of Carnal Knowledge of Prisoner Legislation.*** Provides \$62,500 GF the second year for deposit into the Corrections Special Reserve Fund for legislation passed by the 1999 General Assembly which enhances the penalty for an employee of DOC to have carnal knowledge of an inmate.
- **Department of Corrections -- State Correctional Facilities**
 - ***Direct Inmate Costs.*** Adds \$574,369 GF the first year and \$808,104 GF the second year for higher-than-anticipated actual direct costs per inmate.
 - ***Private Prison Per Diem Payments.*** Adds \$129,162 GF the first year for an increase in the contract payments to the Corrections Corporation of America for the operation of Lawrenceville Correctional Center. The facility was to have opened March 1, 1998, and a slightly higher per diem rate was to have been in effect for the first twelve months of operation. In fact, the facility opened three weeks late, so the higher rate will remain in effect for three more weeks in March 1999.
 - ***Private Prison Evaluation.*** Provides a language amendment requiring the Department of Corrections to evaluate the cost and effectiveness of the Lawrenceville Correctional Center. An evaluation study design is to be submitted to the Secretary of Public Safety by October 1, 1999.

- ***Reduction in Non-Security Positions for New Prisons.*** Reduces the number of positions for Sussex II and Wallens Ridge State Prisons by 52.0 FTE NGF positions to reflect the decision to contract with a private provider for medical services rather than hire state employees.
- ***Additional Security Staff for Red Onion.*** Adds \$259,541 GF and 10.0 FTE positions the second year for Red Onion State Prison, to ensure that the security staffing level is comparable to that provided for Wallens Ridge, an identical facility.
- ***Additional Security Staff for Sussex II.*** Adds 42.0 FTE positions for Sussex II State Prison to be funded from the Contract Prisoners Special Revenue Fund.
- ***Additional Security Staff for Wallens Ridge.*** Adds 6.5 FTE NGF positions for Wallens Ridge to be funded from the Contract Prisoners Special Revenue Fund.
- ***Utility Cost Increase.*** Adds \$191,188 GF the first year and \$534,223 GF the second year for higher-than-anticipated usage of utilities and unanticipated local utility rate increases for Red Onion State Prison and Mecklenburg Correctional Center.
- ***Inmate Work Crews.*** Adds \$162,160 GF the second year and 4.0 FTE positions to add one inmate work crew each at Haynesville Correctional Center and Caroline Correctional Field Unit.
- ***Corrections Construction Unit.*** Adds \$125,000 NGF each year to expand the use of inmate labor in asbestos removal, asphalt paving, and painting projects at state correctional facilities.
- ***Agribusiness Programs.*** Provides \$300,000 GF and 6.0 FTE positions the second year for increased agribusiness operations. This amendment includes \$40,000 in funding for the ongoing prison farm food production program coordinated with Virginia Tech, as well as funding for the meat plant, farmers market, swine, horticulture, and produce projects.
- ***Telemedicine Program.*** Provides \$80,000 GF and \$200,000 NGF from the Contact Prisoners Special Revenue Fund the second year for telemedicine programs at Red Onion and Wallens Ridge State Prisons.

- ***Therapeutic Community for Sex Offenders.*** Provides \$500,000 GF and 6.0 FTE positions to establish a 100-bed prison therapeutic community sex offender treatment program.
- **Department of Corrections -- Community Corrections**
 - ***Drug Offender Screening.*** Includes a reduction of \$42,445 GF and an increase of \$200,000 NGF in the second year and 20.0 FTE positions to implement the provisions of legislation adopted last year requiring District Probation and Parole Offices to provide screening (and, if necessary, assessment) of all persons convicted of felonies. (A separate amendment provides an additional \$200,000 GF and 18.0 FTE positions in the second year to fully implement this program.)
 - ***Norfolk City Jail.*** Adds \$375,000 GF the second year for the capital cost of renovations of the Norfolk City Jail. When added to the \$250,000 appropriated by the 1998 General Assembly, this amendment provides a total of \$625,000. This represents the 25 percent state share of the estimated \$2.5 million capital cost required under a settlement with the U.S. Department of Justice.
 - ***Roanoke Drug Court.*** Adds \$62,979 GF the first year and \$251,915 GF the second year to replace a federal grant which is expiring for the Roanoke Drug Court.
 - ***Gemeinschaft Home Pilot Project.*** Provides an additional \$100,000 to expand this pilot community treatment project.
 - ***Sex Offender Community Containment.*** Provides \$500,000 and 4.0 FTE positions to fund the Containment Model for Supervision of Sex Offenders. This funding will expand existing programs in four jurisdictions as well as initiate programs in four additional jurisdictions.
- **Department of Correctional Education**
 - ***Positions for Culpeper JCC.*** Provides 33.0 FTE positions for teachers at the Culpeper Juvenile Correctional Center. The Department had attempted to contract for these services but did not receive adequate responses to a Request for Proposals. Therefore, DCE will provide the service directly with existing funding.

- ***Transitioning Female Inmates.*** Provides \$45,000 GF the second year for a pilot project to provide training for female inmates preparing for release from prison.
 - ***Reduction due to Teacher Vacancies.*** Reduces appropriations by \$1.6 million the first year to capture unexpended balances created due to teacher vacancies.
 - ***Wallens Ridge Opening Date.*** Reduces funding by \$100,000 NGF the second year to reflect the change in the opening date of Wallens Ridge State Prison from January to April 1999.
- **Department of Juvenile Justice**
 - ***Corrections Special Reserve Fund.*** Adds \$19,500 GF the second year for the estimated fiscal impact on juvenile correctional center operating expenses, for legislation to increase the penalty for assaulting a juvenile probation officer from a Class 1 misdemeanor to a Class 5 felony.
 - ***Local Detention Home Operating Costs.*** Adds \$496,065 GF the second year for the state share of operating costs for detention homes. Language directs DJJ to conduct a study to determine a long-term strategy for funding the capital and operating costs of local and regional juvenile detention homes and report recommendations to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 1, 1999.
 - ***Local Detention Home Capital Costs.*** Reduces the current appropriation for the state share of capital costs for the James River Detention Home (Henrico, Goochland, and Powhatan Counties) by \$3.1 million GF, to reflect an expected delay of one year in construction of this new facility.
 - ***Drug Offender Screening.*** Adds \$691,972 NGF the first year, and 19.0 FTE positions. These funds are intended to add 16 juvenile probation officers and three regional supervisors to implement the provisions of legislation adopted last year relating to substance abuse screening and assessment.
 - ***Natural Bridge Juvenile Corrections Center.*** Provides language authorizing the Department to purchase the Natural Bridge property from the U.S. Forest Service, subject to approval by the Governor, or his designee. The language further authorizes the Governor to adjust appropriations in the Act to provide any

funds needed for the purchase, once a final agreement is reached.

- **Youth Industries Revenue.** Adds \$25,000 NGF the second year to authorize the expenditure of nongeneral fund revenues collected by the Department's Youth Industries program.
 - **Private Contract Beds.** Reduces funding by \$0.5 million GF the first year and \$1.5 million GF the second year for private contract beds to reflect under-utilization of these beds.
 - **Private Boot Camp Beds.** Reduces funding by \$450,000 GF each year for private boot camp beds to reflect under-utilization of these beds.
 - **Boot Camp Opening Date.** Reduces funding by \$1.4 million GF the first year to reflect the revised opening date for the expansion of the boot camp at Kenbridge in Lunenburg County.
 - **Court Liaison Truancy Officers.** Provides \$125,000 GF and 3.0 FTE positions for Court Liaison Truancy Officers to pilot this program in three Court Services Units.
 - **Fairfax County Detention Home.** Provides \$500,000 GF the second year for reimbursement of capital costs for construction of the Fairfax County Less Secure Juvenile Detention Home.
 - **Culpeper Sex Offender Treatment Unit.** Provides \$155,000 NGF from federal funds and 3.0 FTE positions to establish a 24-bed juvenile sex offender treatment unit at the Culpeper Juvenile Correctional Center.
 - **Hanover JCC Operating Costs.** Reduces by \$1.0 million GF the second year the appropriation for the Hanover Juvenile Correctional Center to account for the temporary closure of two cottages during the planning for renovation of this facility.
- **Department of Alcoholic Beverage Control**
 - **Increased Funding for Purchase of Merchandise.** Adds \$9.6 million NGF the first year and \$14.6 million NGF the second year for increased purchases of alcoholic beverages. Increased sales suggest a need for increased stocks of merchandise to prevent inventory shortages and reduced profits.

- ***Increased Funding to Add New Stores.*** Adds \$1.7 million NGF the second year to open ten new ABC stores in selected locations identified as having the highest potential to increase profits and customer convenience.
- ***Plans for Inventory Management and New Stores.*** Includes language requiring the Department to submit to the Governor and Chairmen of the House Appropriations and Senate Finance Committees by October 1, 1999, plans for inventory management and opening new stores.
- ***Plan for Store Improvements.*** Includes language requiring the Department to submit to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by September 1, 1999, a plan and cost estimates for renovations, redecoration initiatives, and other necessary improvements to statewide ABC retail outlets.
- ***Increased Funding for Rent.*** Adds \$580,489 NGF the second year for increased rental charges for ABC retail stores.
- ***Year 2000.*** Adds \$4.8 million NGF the first year for one-time expenses to resolve Year 2000 computer issues.
- ***Study of Banquet Licenses.*** Directs the ABC Board to conduct a study of the use of promoters by non-profit organizations to whom banquet licenses have been issued. The results of the study are to be reported to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees by October 1, 1999.
- **Department of Emergency Services**
 - ***Reallocation of Positions.*** Adds \$38,366 GF the second year, to cover the cost of reallocations for 7.0 FTE and three wage positions, including budget, accounting, personnel, public relations, and office services positions. The reallocations were recommended by the Department of General Services and adopted by Emergency Services, without sufficient funds to pay for the increased costs in the second year.
 - ***Emergency Positions and Wage Conversion.*** Adds \$104,132 GF and 2.0 FTE positions in the second year. The increase of 2.0 FTE's includes a Hazard Mitigation Planner and conversion of a wage employee in the fiscal office to full-time status. Funds are

also included for a Public Assistance Officer who is currently paid from a sum sufficient appropriation.

- ***Flood Mitigation Projects.*** Provides \$273,375 GF the second year to help offset project costs for reducing flooding hazards in the Roanoke Valley and the City of Newport News. Funds are to be used as match for federal funds provided by the Federal Emergency Management Agency.
- ***Terrorism Consequence Management Position.*** Adds \$42,732 GF the second year and 1.0 FTE position to train local emergency teams to respond to and recover from terrorist attacks.
- ***Radiological Planner Position.*** Adds \$42,216 NGF and 1.0 FTE position the second year to plan for radiological emergencies. The nongeneral funds are provided by Virginia Power.
- ***Giles County Regional HAZMAT Vehicle.*** Provides \$125,000 GF the second year for the purchase of an emergency vehicle for the Giles County Regional Hazardous Materials Team.
- ***Virginia Wing Civil Air Patrol.*** Provides an additional \$35,428 each year for support of the Virginia Wing of the Civil Air Patrol, increasing State funding to \$100,000 each year.
- ***Lynchburg HAZMAT Team.*** Provides \$100,000 GF the second year for the Lynchburg Fire Department for Hazardous Materials Response Team technician training and equipment.
- **Department of Military Affairs**
 - ***Fort Pickett Contract Services.*** Adds \$120,483 GF the second year to contract for fire suppression and emergency medical services.
 - ***Fuel Distribution System.*** Adds \$11,792 GF and \$35,377 NGF the second year for a mechanic to operate and maintain the 192nd Fighter Wing's new jet fuel storage, distribution, and dispensing system at the Virginia Air National Guard Base at Richmond International Airport. The agency can absorb this position within its current Position Level.
 - ***Long Term Leases.*** Language directs that the Adjutant General must receive approval from the General Assembly and the Governor before entering into any long-term leases of State-owned property.

Technology

The budget, as adopted, establishes an Office of Technology, transferring several agencies and programs to the Secretariat from other areas. The 1998-2000 amendments in this Secretariat result in increased funding totaling \$4.3 million GF and seven positions, net of transfers and technical adjustments. Funding for the Secretariat overall totals \$31.1 million GF, \$5.0 million NGF, and 340 positions.

The Department of Information Technology, the Council on Information Management, the Innovative Technology Authority, the Century Date Change Project Office, the Virginia Information Providers Network Authority, and the new Secretary's Office comprise this secretariat. Initiatives include expansion of the Geographic Information Systems Network, increased Year 2000 Project efforts, and technology innovation grants programs through the Center for Innovative Technology.

- **Office of Technology**
 - ***Establish the Office.*** Adds \$103,820 GF the first year, \$499,512 GF the second year, and five positions to create the Office of Technology, which was established administratively in June 1998 by Executive Order 9 (98).
 - ***IHRIS Review.*** Requires the Secretaries of Finance and Technology to review the status of the Integrated Human Resource Information System (IHRIS) project. A companion amendment places \$322,295 and 5.00 FTE positions in the Central Accounts pending completion of this review.
- **Council on Information Management**
 - ***Virginia Geographic Information Network Division.*** Includes \$535,230 GF and three positions the second year to develop and coordinate standard policies for geographic information systems.
 - ***Innovative Technology Program.*** Transfers \$167,137 GF and two positions from the Department of Environmental Quality in the second year, to support a program which assists high technology firms with federal defense contracts. The program is intended to promote technological innovations and market new small business products.
 - ***Technology Grants.*** Changes the source of funds for technology grants awarded by the Council to state agencies, by adding

\$100,000 GF the second year. Currently, grants are funded with the internal service fund of the Department of Information Technology, to initiate technological innovations and efficiencies in state agencies and institutions.

- ***Y2K Hotline for Local Governments.*** Provides \$25,000 the first year and \$75,000 the second year to establish a toll-free telecommunications "Hotline" to provide technical assistance to local government agencies and institutions regarding Year 2000 Computer Date Change issues.
- **Century Date Change Project Office**
 - ***Year 2000 Compliance.*** Adds \$1.0 million GF the first year, \$960,000 GF the second year, and four positions to increase staffing and expand the scope of monitoring activities by the Century Date Change Initiative Project Office. The project office provides oversight and management of the state's efforts to resolve the Year 2000 computer date change problem in all state agencies.
 - ***Year 2000 Personnel Incentives.*** Includes \$60,000 GF the first year, and \$75,000 GF the second year to establish a personnel incentive (bonus) program to retain employees with essential and critical skills needed to resolve the Year 2000 computer date change problem.
- **Virginia Information Providers Network Authority**
 - ***Establish Funding Mechanism.*** Includes 2.6 million NGF the first year, \$2.3 million NGF the second year, and two positions to establish the Virginia Information Providers Network Authority (VIPNet). The appropriation supports payments to the network providers and support for the VIPNet Authority Board.
- **Innovative Technology Authority**
 - ***Technology Innovation Centers.*** Provides \$250,000 GF the first year and \$750,000 GF the second year for three Technology Innovation Centers. The Centers focus on existing and emerging technologies important to Virginia's technology industry. The services provided by the Centers include development, application, and commercialization efforts.

- ***Advanced Communications Assistance.*** Provides \$500,000 the second year to implement an Advanced Communications Assistance Fund, pursuant to legislation passed by the 1999 General Assembly. Grants or loans from this fund will be used to assist rural communities with the development of high-speed telecommunications networks.

Transportation

Budget amendments adopted by the General Assembly result in a net increase of \$299.4 million in nongeneral funds (NGF) and \$3.2 million in general funds (GF) for the biennium, when compared to the original appropriation.

About 87 percent of the increase is for the Department of Transportation (VDOT). A net increase of \$261.0 million was approved for VDOT, primarily in federal funds for highway construction. State Transportation Trust Fund revenues, used to support new construction, are estimated to decline by \$3.1 million over the biennium, compared to last year's forecast.

The net increase for the Department of Rail and Public Transportation (DRPT) is \$38.3 million, primarily generated by federal TEA 21 funds for transit and rail projects recommended by the Commonwealth Transportation Board (CTB).

The amendments also provide \$1.9 million and 15 additional positions in the second year for the Department of Motor Vehicles to administer the car tax reduction program.

Several policy changes were adopted:

- **Federal TEA 21 Program.** Provides a plan for the allocation of federal funds available under the new federal TEA 21 program.
- **Filling Vacancies in VDOT.** Authorizes the Governor to administratively approve up to 350 additional positions for VDOT, and VDOT is instructed to “aggressively seek to fill current position vacancies.”
- **Postponing a “Special Needs” Study.** Postpones the December 20, 1998, due date for recommendations from a study of the special transportation needs of handicapped and elderly individuals for one year. In addition, \$75,000 in nongeneral funds is provided for the study, which is to be conducted jointly by the Secretaries of Transportation and Health and Human Resources.
- **Consulting with Local Governments.** Requires the CTB and the Department of Transportation to consult with local

governments in the establishment of High Occupancy Vehicle lanes and in determining routes for Interstate highways.

- ***Highway Funds for Transit.*** Provides that the CTB, in consultation with affected localities, may reallocate formula funds for primary highways to local transit operating or capital purposes. Also, at the request of localities, the Board may allocate urban or secondary highway funds to local transit operations.
 - ***Loaning Funds for Magnetic Levitation Rail Project.*** Authorizes the CTB to allocate or loan up to \$7.0 million for a magnetic levitation rail project involving private proponents and a local government or local transportation authority. Prior to initiation of the loan, private funds of \$7.0 million must be available.
 - ***Study of Eastern Shore Railroad.*** Requires the Secretary of Transportation and the CTB to study and make recommendations by November 1, 1999, on the future viability of the Eastern Shore Railroad.
- **Department of Aviation**
 - ***State Aid to Local Airports.*** Adds \$85,700 NGF in the first year and removes \$249,000 NGF in the second year due to a projected second year shortfall in Transportation Trust Fund revenues. Funding for this program is driven by TTF collections since 2.4 percent of collections are allocated to local airports.
 - ***Virginia Airports Revolving Fund.*** Requires the Secretary of Transportation and the Virginia Aviation Board to recommend by September 1, 1999, appropriate funding sources and amounts for the initial capitalization of the Virginia Airports Revolving Fund established by Senate Bill 1203.
- **Department of Transportation**
 - ***Construction Increase.*** Provides \$161.7 million NGF in the first year and \$82.7 million NGF in the second year for acquisition and construction of highways. Federal revenues account for the bulk of the net increases.
 - ***Alternative Pay Plans.*** Provides \$1.1 million NGF in the first year and \$5.4 million NGF in the second year for alternative pay plans for fiscal and procurement staff and for the department's civil engineers. The department is authorized in the

Appropriation Act to implement alternative pay plans on a pilot basis, and one such plan currently is underway for maintenance employees. The alternative plans for the fiscal and procurement staff and for civil engineers recently were approved by the Department of Personnel and Training. Funds would be used for competency-based increases for employees involved in the pilot, in lieu of the increases of the standard state pay plan for classified employees. However, in fiscal year 2000, employees in the alternative plans must receive at least the average increase granted for all state employees (four percent across-the board plus 2.25 percent for employees who “meet expectations” effective November 25, 1999).

- ***Funding for Northern Virginia Program.*** Provides \$1.1 million from the general fund and \$1.1 million in surplus Highway Maintenance and Operating Fund (HMOF) revenues for the Northern Virginia Transportation District Fund, which is used to provide debt service on bonds issued for Northern Virginia transportation projects. These amounts will support an additional \$104.3 million in bonds to be issued in fiscal year 2000. Also included is an increase of \$365,000 NGF in the first year and \$398,000 NGF in the second year in right-of-way fees dedicated to the Fund, consistent with legislation adopted by the 1999 General Assembly.
- ***Funding for Route 58 Corridor Development Program.*** Provides \$1,850,000 from the general fund and \$1,850,000 in surplus HMOF revenues for the Route 58 Corridor Development Program. These amounts will support an additional \$104.3 million in bonds to be issued in fiscal year 2000, consistent with legislation adopted by the 1999 General Assembly.
- ***Bridge Over Rivanna River.*** Requires the Department to transfer title to the existing Route 15 bridge over the Rivanna River at Palmyra to the Fluvanna County Historical Society as a bicycle/pedestrian bridge after a new bridge is constructed. Establishes, with \$250,000 NGF, a fund to maintain the old bridge.
- ***Traffic Calming Study.*** Requires a study of ways to better control and slow down traffic on Georgetown Pike in the Great Falls area of Northern Virginia.

- ***Interstate 495 Sound Wall.*** Requires the Department to use federal funds to construct a sound wall along the inner loop of Interstate 495 from the Old Dominion overpass to Exit 13.
- ***Enhancement Projects.*** Allocates \$1,159,000 in federal “Enhancement” funds for five local projects: the Mendota Trail in Bristol City and Washington and Scott Counties; the Georgetown Pike Trail in Fairfax and Loudoun Counties; the Walton Park Sidewalk in Chesterfield County; the Courthouse Square in Powhatan County; and, the City of Suffolk Downtown Initiative.
- ***Elizabeth River Trail.*** Provides \$272,000 GF and \$200,000 in federal “Enhancement” funds for a trail along the Elizabeth River linking the West Ghent area with Downtown Norfolk.
- ***New River Valley Link Road.*** Requires a study of the feasibility of building the New River Valley Link Road/Whitethorne Connector between the New River Valley Airport near Route 100 and Route 460 in Blacksburg. A progress report to the Chairmen of the Senate Finance and House Appropriations Committees is due prior to December 1, 1999.
- ***Coalfields Expressway.*** Requires the identification of certain segments of the Coalfields Expressway corridor for preliminary engineering in the current biennium.
- ***Enterprise Zones as First Priority.*** Directs that industrial parks or areas designated as Enterprise Zones under Senate Bill 1187 shall receive first priority for funding under the Industrial Road Access Program.
- ***Strengthen Shoulder Lane.*** Requires a plan to strengthen the shoulder lane on the eastbound Dulles Airport Connector Roadway between Route 123 and the West Falls Church Metrorail station, for use by public transit buses accessing the station.
- ***Heavy Equipment Operator Training.*** Calls for a study of consolidating the training program for heavy equipment operators in a central state location, and requires that Fort Pickett be considered as a site.
- ***Transfer to the Department of State Police.*** Transfers \$392,571 NGF in the first year and \$589,687 NGF in the second year from

the Interstate Construction program to the Department of State Police. The funds would finance eight patrol positions to help manage traffic congestion related to the reconstruction of the Springfield interchange where Interstates 95-395-495 converge in Northern Virginia.

- **Department of Rail and Public Transportation**

- ***Public Transit Capital Fund.*** Allocates \$5.0 million generated by discontinuing the Transit Performance Incentive Program to a new Public Transit Capital Fund created in Senate Bill 1256. The fund will be used to match grants to localities or to provide debt service on bonds issued for transit projects.
- ***Transit and Rail Projects.*** Provides \$34.2 million NGF in the first year and \$3.8 million NGF in the second year, most of which is from federal TEA 21 funds, for a variety of projects:
 1. \$2.0 million in the second year for the expansion or extension, subject to local approval, of transit service by the Greater Richmond Transit Company into near-by localities. In addition, \$3.1 million in appropriations to the Department, including \$1.0 million from the Public Transit Capital Fund, are allocated for this purpose.
 2. \$10.8 million in the first year for Congestion Mitigation and Air Quality activities in Northern Virginia, Tidewater and Richmond;
 3. \$8.5 million in the first year for Tidewater Transportation District public transportation improvements.
 4. \$4.0 million each year for the Virginia Railway Express;
 5. \$2.5 million in the first year for the Dulles Corridor Rapid Transit Project in Northern Virginia.
 6. \$2.4 million in the first year for Peninsula Transportation District Commission public transportation improvements.
 7. \$2.1 million in the first year for improvements to a maintenance facility for the Greater Richmond Transportation Company.

- **State Formula Assistance for Public Transit.** Provides an increase of \$540,200 NGF in the first year and a decrease of \$1,553,700 NGF in the second year. This program receives 14.5 percent of Transportation Trust Fund (TTF) revenues in FY 99 and 14.7 percent in FY 00. TTF revenues are estimated to be less in the second year than projected last year.
- **Virginia Beach-Norfolk Light Rail.** Requires the CTB to allocate \$1.9 million NGF in the second year for environmental study work on the proposed Virginia Beach-Norfolk Transit System's link to the Norfolk Naval Base and the Norfolk International Airport, unless a local referendum rejects the project.
- **Transit Match.** Authorizes the use of funds for contracts with private, non-profit organizations for the promotion of rail transit.
- **Match for Dulles Project.** Requires the CTB to provide matching funds necessary to receive the maximum federal funds that may be available for the Dulles Corridor Rapid Transit Project.
- **Enterprise Zones as First Priority.** Directs that industrial parks or areas designated as Enterprise Zones under Senate Bill 1187 shall receive first priority for funding under the Industrial Road Access Program.
- **Use of Technology on Interstate 66.** Provides \$25,000 NGF to assess technologies that may be available to address travel problems on Interstate 66.
- **Tourist Train.** Provides \$50,000 NGF to plan for the implementation of a tourist train between Pocahontas, Virginia, and Bramwell, West Virginia.
- **Administrative Support.** Includes \$123,705 NGF and one FTE position and two wage positions in the second year for administrative support for the department.
- **Commuter Rail Study.** Requires a study of the feasibility of constructing a commuter rail project from Springfield to Tysons Corner and Vienna in Northern Virginia. The study also will address the continuation of rail from Tysons Corner to Maryland. A report is due December 1, 1999, to the Governor and the Chairmen of the House Appropriations and Senate Finance Committees.

- **Department of Motor Vehicles**
 - ***Car Tax Program Administration.*** Provides \$1.9 million NGF and 15 positions in the second year to administer state funded car tax reductions.
 - ***Modification of Drivers' License.*** Provides \$1.4 million NGF and four positions to implement changes to the Virginia drivers' license, as mandated by the federal Illegal Immigration Reform Act of 1996.
 - ***General Position Increase.*** Provides \$332,973 NGF and seven positions to enhance motor carrier enforcement; oversee and administer federal safety grant funds; and, meet requirements of the National Motor Vehicle Titling Information System.
- **Virginia Port Authority**
 - ***Changes in Transportation Trust Fund Share.*** Recommends an increase of \$144,600 NGF in the first year and a decrease of \$435,800 NGF in the second year. This program receives 4.2 percent of Transportation Trust Fund revenues, which are estimated to be less in the second year than projected last year.

Central Appropriations

Central Appropriations contains funds that are used to supplement state agency budgets for a variety of purposes, including state employee salary increases, economic contingencies to address emergencies or unbudgeted costs, higher education lease payments, and the Governor's discretionary economic development "Deal Closing" Fund.

The General Assembly adopted amendments for Central Appropriations that result in a net increase of \$85.2 million GF. Of this amount, \$77.9 million will support salary increases for state and state-supported local employees, a matching deferred compensation program, and health insurance rate increases for state employees. Another \$15.2 million is recommended for a series of economic development initiatives, and \$26.3 million is added to assist selected agencies with Year 2000 problems related to information systems.

Partially offsetting the increased funding is a reduction of \$1.8 million for solar photovoltaic grants, based on a revised production schedule, and savings of \$1.2 and \$10.3 million from a one-time "holiday" on premiums paid by state agencies for automobile insurance and the retiree health insurance credit, respectively.

Technical amendments reduce the appropriation by \$21.6 million GF through the transfer to agencies of funds allocated by the 1998 General Assembly for job class regrades, and distribution of a previously approved \$5.5 million reduction in SOQ funding to Direct Aid for Public Education.

- **Compensation Supplements**

- ***Across-the-Board Salary Increase.*** Includes \$24.0 million GF in the second year for a 4.0 percent salary increase for state employees on November 25, 1999, and for state-supported local employees on December 1, 1999. The difference in effective dates results from lag pay. These amounts include the share of salary increases that would normally be borne by non-general funds at the institutions of higher education.
- ***Local Social Service Employees.*** Provides additional funding for a 4% salary adjustment for local social service employees, effective December 1, 1999, to avoid dilution of the parity action taken last session to place local social

service employee salaries on par with state social service salaries.

- **Performance Step Increase.** Provides \$14.6 million GF the second year for a one-step (2.25%) salary increase on November 25, 1999, for all state employees and December 1, 1999, for all state supported local employees, not otherwise receiving a special salary adjustment or job class regrade. To qualify for this increase, employees must receive a rating of “meets expectations” or better on their most recent performance evaluation.
- **Alternative Pay Plans.** Adds language to clarify the use of alternative pay plans. In general, no more than 300 employees may participate in any pilot pay plan authorized by the Department of Personnel and Training. However, in the case of the Department of Transportation, the General Assembly authorized up to 4,239 employees in a series of pilots. Under the language, VDOT may have up to 3,000 employees participate in its “broadbanding” pilot; 589 in its FMS II pilot; and, 650 in its Competency Based System (CBS) pilot.
- **Technical Adjustments.** Two technical adjustments provide a net increase of \$0.7 million GF the first year and \$0.4 million GF the second year for employee compensation. First, funding of \$701,383 GF is transferred from the second year to the first to more accurately reflect the annual costs of the salary plan for local social services employees. Second, an additional \$1.1 million GF is provided in the second year for technical adjustments in the classified salary base and higher education cost recoveries.
- **Transfers.** A series of four amendments totaling \$21.6 million GF transfer previously approved appropriations for job class increases to the affected agencies.

	Total
Distribute State Police Regrade	(\$11,225,833)
Distribute Social Services Salary Increase	(4,120,868)
Distribute District Court Employee Regrade	(5,485,279)
Distribute Magistrates Regrade	<u>(718,057)</u>
	(\$21,550,037)

- **Special Job Class Salary Adjustments.** In addition to the regrade actions mentioned above, a total of \$30.9 million GF is provided in the second year for the following job class regrades:

- **Sheriffs' Dispatchers Regrade** - a one pay grade (9.3%) salary increase, effective December 1, 1999, plus a 4% across-the-board salary increase.
- **Correctional Education Teachers Pay Plan** -- a competitive salary adjustment for teachers employed by the Department of Correctional Education, funded by \$2.2 million GF in the second year.
- **Correctional and Juvenile Justice Officer Career Plan** - a new Career Development Pay Plan for all Department of Corrections and Juvenile Justice officers, effective November 25, 1999, consisting of two additional non-supervisory job classes at pay grades 9 and 10. The respective Departments, prior to implementation, will develop criteria for the new Career Development Pay Plan. Effective April 1, 2000, approximately 30% of the Senior DOC and DJJ officers will be eligible to move into the new career job class.

Salary increases for all DOC and DJJ officers will consist of a 4-step (9.3%) salary increase, effective November 25, 1999, plus the 4% across-the-board salary increase.

- **Other Public Safety Officers Career Pay Plan** – one new career grade (9.3%) for Game Wardens, Capitol Police, and Marine Patrol Officers with one year or more of service, plus the 4% across-the-board salary increase.
- **Deputy Sheriffs' Career Pay Plan** – a new Deputy Sheriff Career Pay Plan, effective December 1, 1999, consisting of four non-supervisory grade levels for deputy sheriffs. The entry level will remain at a Compensation Board grade 7, with a starting salary of approximately \$22,600. At the one-year anniversary date (or first of month following), grade 7 deputies will move to a pay grade 8.

In addition to these two classes, the Compensation Board is directed to develop and implement an Enhanced Master Deputy Program, which will include two new grade levels, pay grades 9 and 10.

All deputies currently classified as a master Deputy will move to the new grade 9, effective December 1, 1999. Criteria for the new grade 10 Master Deputy will be developed by the Compensation Board, with the assistance of the Department of Criminal Justice Services.

All deputies with one or more years of service will automatically receive a 1-pay grade increase (9.3%), effective December 1, 1999, plus the 4% across-the-board salary increase.

<u>Agency</u>	<u>Job Class</u>	<u>GF</u>	<u>NGF</u>	<u>TOTAL</u>
Comp Bd.	Deputy Sheriffs: career progression plan	\$12,513,888	\$ 0	\$12,513,888
Comp Bd.	Sheriffs' Department Dispatchers: one pay grade increase (9.3%)	495,135		495,135
DJJ	Juvenile Corrections Officers: career progression plan	1,812,468	0	1,812,468
DOC	Corrections Officers: career progression plan	13,213,407	0	13,213,407
DCE	Correctional Education Teachers: salary plan for parity with public school teachers	2,246,026	0	2,246,026
DGIF	Game Wardens: career pay plan	0	432,827	432,827
DMR	Marine Patrol Officers: career pay plan	129,580	0	129,580
Capitol Police	Capitol Police Officers: career pay plan	149,921		149,921
Atty. Gen.	Entry Level Attorney's: one pay grade (9.3%) salary increase	168,446	42,112	208,632
DACS	Food Safety Inspectors: one pay grade (9.3%) salary increase	<u>160,589</u>	<u>40,186</u>	<u>200,775</u>
		\$30,889,460	\$473,013	\$30,889,460

- **Compensation Supplements – Deferred Compensation Program.**
 - ***Deferred Compensation Program.*** Approved \$2.5 million GF the second year to implement House Bill 1756, establishing an employer matching deferred compensation program. Under the program, the state will provide a 50% match for participating state employees, not to exceed \$50 per pay period. Language in the Budget authorizes the Board of Trustees of the Virginia Retirement System to establish the cash match level based on the number of qualified participants. Depending on the number of participates, the state match may be less than \$50 per pay period.
- **Economic Contingency Fund**
 - ***Solar Photovoltaic Incentive Fund.*** Includes a general fund reduction of \$33,500 GF the first year and \$1.7 million GF the second year for the solar Photovoltaic Grant Fund based on the administration’s revised production estimates.
 - ***Shipbuilding Incentive Grant Fund.*** Increases by \$9.8 million GF in the second year the Advanced Shipbuilding and Carrier Integration Center investment grant program.
 - ***Attract Major Employer.*** Increases the Economic Opportunity Fund by \$3.0 million GF the second year to promote a major economic development expansion project in Pulaski, Virginia.
 - ***Downtown Suffolk Initiative.*** Includes \$600,000 GF and \$150,000 NGF for assistance in developing a hotel and conference center in downtown Suffolk.
 - ***Indigent Care.*** Adopts language authorizing the Department of Planning and Budget to transfer up to \$7.4 million of Fiscal Year 1999 unexpended and unobligated year-end balances from health care-related programs to the Medical College of Virginia Hospital Authority for costs related to the provision of indigent care.
- **Reversion Clearing Account – Miscellaneous**
 - ***Premium “Holiday” for Automobile Liability Insurance.*** Captures savings of \$1.2 million GF the second year from a one-time “holiday” on premiums paid by state agencies for

automobile insurance and transfers these funds to the reversion clearing account.

Premium “Holiday” for Retiree Health Insurance Credit. Captures savings of \$1.5 million GF the first year and \$8.8 million GF the second year from a “premium holiday” for the state employees’ retiree health care credit.

Virginia Power Rate Reduction. Directs the Department of Planning and Budget to withhold from agency appropriations \$3.0 million GF the second year as a result of approved reductions in electric utility rates.

- **Reversion Clearing Account – Public Education.**
 - ***Distribute Reduction.*** Transfers a reduction of \$2.8 million GF each year to Direct Aid for Public Education to reflect the distribution of a previously approved reduction in SOQ funding.
- **Information Systems Management**
 - ***Year 2000 Corrections.*** Provides an additional \$23.2 million GF the first year and \$3.1 million GF the second year to pay the cost of correcting year 2000 problems for information systems at non-higher education agencies. Funds to correct the year 2000 problem in higher education are budgeted directly to the affected institutions.
- **Health Insurance Administration**
 - ***Employer premium increases.*** Provides \$5.7 million GF the second year for increases in the employer premiums for group health insurance. These amounts include payment from the general fund of the share that would normally be borne by non-general funds at the institutions of higher education.

Independent

Budget amendments adopted by the General Assembly result in a net increase of \$0.7 million GF and \$3.2 million NGF for the biennium when compared to the original appropriation. These increases involve the State Corporation Commission, the Virginia Retirement System, the Workers' Compensation Commission, and a new Office for Protection and Advocacy.

The State Corporation Commission's \$1.0 million NGF increase provides additional funds to correct Year 2000 computer date change problems. The Virginia Retirement System is provided \$0.5 million NGF to implement several benefit measures adopted during the 1999 session. An additional \$0.1 million NGF for the Workers' Compensation Commission provides three FTE positions to address increased workload. The new Office for Protection and Advocacy was created by HB 2414 and SB 1224, which results in transfer of funds from the Department for Rights of Virginian's With Disabilities.

- **State Corporation Commission**
 - ***Fund Year 2000 Compliance.*** Includes an additional \$730,236 NGF the first year and \$293,109 NGF the second year to correct century date change problems in information systems.
- **Virginia Retirement System**
 - ***Sickness and Disability Program.*** Adds \$200,000 NGF the second year for computer system programming associated with implementation of HB 1755.
 - ***Virginia Law Officers' Retirement System.*** Includes \$200,000 NGF the second year for computer system programming associated with implementation of HB 715.
 - ***Deferred Compensation.*** Includes a language amendment requesting the Retirement System to examine and report on the Deferred Compensation program available to state employees.

- **Virginia Office for Protection and Advocacy**
 - ***Create Office.*** Transfers \$209,050 GF, \$1.6 million NGF, and 19 positions the second year from the Department for Rights of Virginian's With Disabilities to establish the office, as provided for in HB 2414 and SB 1224.
 - ***Increase Staffing.*** Adds \$492,500 GF and 7 positions to increase human right monitoring and compliance efforts.
- **Virginia Workers' Compensation Commission**
 - ***Increased Workload.*** Provides \$148,250 NGF and three FTE positions the second year for increased workload.

Non-state Agencies

The adopted budget adds \$26.2 million GF for historic landmarks and nonstate agencies in the biennium. Of this total, \$16.1 million is appropriated from current general fund revenues. The remaining \$10.1 million is contingent upon actual revenue collections for FY 1999 exceeding the FY 1999 forecast.

The grants to nonstate groups and organizations for historical and cultural purposes and must be matched by a local contribution. Exceptions to this requirement are noted with an asterisk (*). Those projects that are underlined will be administered by the Department of Historic Resources, while the Department of Planning and Budget will administer all others.

The first two columns below show the general fund appropriation for each fiscal year. The third column shows the amount of total project funding for FY 2000 that would come from the FY 1999 revenue surplus. Funding from the surplus would be available after the State Comptroller has prepared the preliminary report on FY 1999 revenues and expenditures, which is due in mid-August, 1999.

	Gen. Fund Approp. FY 1999	Gen. Fund Approp. FY 2000	Supplement from GF Rev Surplus
<u>1884 Warwick Courthouse</u>		<u>\$112,500</u>	<u>\$112,500</u>
<u>1908 Grayson County Courthouse</u>		<u>25,000</u>	<u>25,000</u>
<u>Accomac Debtor's Prison, to the Drummondtown Branch, Association for the Preservation of Virginia Antiquities</u>		<u>8,000</u>	<u>0</u>
<u>Accomack County Courthouse, to the County of Accomack</u>		<u>75,000</u>	<u>75,000</u>
Alexandria Academy		25,000	25,000
Alliance to Conserve Old Richmond Neighborhoods		50,000	50,000
Amazement Square		35,000	15,000
American Theater, to the Hampton Arts Foundation		100,000	100,000
Arlandria Health Center		25,000	25,000

	Gen. Fund Approp. FY 1999	Gen. Fund Approp. FY 2000	Supplement from GF Rev Surplus
<u>Arlington County Historical Society</u>		<u>25,000</u>	<u>5,000</u>
Art Museum of Western Virginia		145,221	145,221
Ash Lawn Highland Festival	10,000	0	0
<u>Avoca Museum</u>		<u>15,000</u>	<u>0</u>
<u>Ball's Bluff Battlefield, to the Town of Leesburg</u>		<u>50,000</u>	<u>50,000</u>
Barksdale Theater		25,000	0
Barter Theatre		100,000	100,000
<u>Beacon Theater, to Hopewell Preservation, Inc.</u>		<u>50,000</u>	<u>50,000</u>
<u>Bear Mountain Indian Mission School, to the Monacan Indian Nation</u>		<u>37,500</u>	<u>37,500</u>
<u>Ben Lomond</u>		<u>25,000</u>	<u>25,000</u>
Birthplace of Country Music Alliance, The		25,000	5,000
Black History Museum and Cultural Center		50,000	50,000
Blue Ridge Community Orchestra	(10,000)	(10,000)	0
<u>Boykins Tavern, to Isle of Wight County</u>		<u>65,000</u>	<u>65,000</u>
Boys and Girls Clubs of Richmond		25,000	0
<u>Brentsville District Court House, Historic</u>		<u>25,000</u>	<u>25,000</u>
<u>Buena Vista</u>		<u>20,000</u>	<u>0</u>
<u>Charlottesville Paramount Theater Guild</u>		<u>37,500</u>	<u>37,500</u>
Chesapeake Arts Center		30,000	30,000
Child Advocacy Centers		30,000	30,000
Child Development Resources Program		25,000	5,000
Children's Museum of Virginia, to the City of Portsmouth		500,000	250,000
Chrysler Museum		287,500	287,500
Clintwood Distance Learning Center, to the Town of Clintwood		50,000	50,000
Colonial Williamsburg Foundation		100,000	100,000
Contemporary Art Center		125,000	125,000
<u>Crispus Attucks Theater</u>		<u>75,000</u>	<u>75,000</u>

	Gen. Fund Approp. FY 1999	Gen. Fund Approp. FY 2000	Supplement from GF Rev Surplus
Cultural Arts Center at Glen Allen	50,000	37,500	87,500
Cumberland County Public Library		25,000	25,000
D.C. Wysor Observatory Foundation, Inc.		35,000	35,000
Danville Area Association for Arts and Humanities		25,000	15,000
<u>Denbigh Plantation Dairy Building, to the Virginia War Museum</u>		<u>25,000</u>	<u>15,000</u>
Downing-Gross Cultural Arts and Community Center, to the City of Newport News		100,000	100,000
Eastern Shore Baseball Hall of Fame, to the Eastern Shore Baseball Foundation, Inc.		7,500	0
<u>Emma Yates Millinery Shop, to Historic Pocahontas, Inc.</u>		<u>5,000</u>	<u>0</u>
Explore Park, to the Virginia Recreational Facilities Authority		50,000	50,000
Fairfax Partnership for Youth, to the County of Fairfax		50,000	50,000
Family Life Services of Southern Virginia, Inc.		10,000	0
<u>Fire and Police Museum</u>		<u>50,000</u>	<u>50,000</u>
Follow the Apple Trail, to the Winchester / Frederick Economic Development Commission		5,000	0
Franklin County Workforce Development Consortium		50,000	50,000
<u>Freedom House, to the Northern Virginia Urban League, Inc.</u>		<u>15,500</u>	<u>0</u>
Freedom Museum		75,000	75,000
<u>Friends of the Hollow</u>		<u>50,000</u>	<u>50,000</u>
Funding is contingent on the identification of a purchaser to acquire unneeded acreage.			
Friends of the Pagoda and Oriental Garden Foundation		100,000	100,000
<u>Glencoe Residence</u>		<u>50,000</u>	<u>50,000</u>
Goochland County Library		100,000	100,000

	Gen. Fund Approp. FY 1999	Gen. Fund Approp. FY 2000	Supplement from GF Rev Surplus
Greene County Library and Senior Center		100,000	100,000
Hampton History Museum Association		175,000	175,000
Hampton University Museum Foundation		25,000	25,000
<u>Hanover Tavern</u>		<u>50,000</u>	<u>50,000</u>
<u>Haymarket Town Hall, Historic</u>		<u>30,000</u>	<u>30,000</u>
Henricus Foundation		25,000	25,000
<u>Historic Buckingham</u>		<u>25,000</u>	<u>5,000</u>
Historic Crab Orchard Museum and Pioneer Park, Inc.		25,000	0
History Museum and Historical Society of Western Virginia		25,000	0
Holiday Lake 4-H Educational Center		125,000	125,000
<u>Hopkins Company Candy Factory, to the town of Manassas</u>		<u>100,000</u>	<u>100,000</u>
Housing Partnerships of Williamsburg		20,000	0
<u>Hughlett's Tavern</u>		<u>25,000</u>	<u>0</u>
Jackson-Feild Home		125,000	125,000
Jacksonville Center and Highlands Cultural Coalition		25,000	25,000
<u>Kenmore</u>		<u>125,000</u>	<u>125,000</u>
Kinsale Foundation		15,000	0
<u>Last Capitol of the Confederacy (Danville Museum Of Fine Arts and History)</u>		<u>25,000</u>	<u>25,000</u>
LinkAges Center, to Louisa County		125,000	125,000
<u>Lloyd House, to the City of Alexandria</u>		<u>25,000</u>	<u>25,000</u>
Louisa County Public Library		50,000	50,000
<u>Lynchburg Academy of Music</u>		<u>125,000</u>	<u>125,000</u>
Lynnhaven House		50,000	0
Lyric Theater, to the Lyric Council, Inc.		10,000	0
Madison Choral Society		5,000	0
<u>Madison Heritage Foundation</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Maple Shade Project		25,000	0

	Gen. Fund Approp. FY 1999	Gen. Fund Approp. FY 2000	Supplement from GF Rev Surplus
Mariners' Museum		250,000	250,000
Martin Luther King Monument		75,000	75,000
Mathews County		25,000	25,000
Mathews Memorial Library		125,000	125,000
Maymont Foundation		150,000	150,000
McLean Revitalization Corporation		25,000	25,000
Mill Mountain Zoo, to the Blue Ridge Zoological Society		75,000	75,000
Monacan Indian Nation of Virginia		20,000	0
<u>Mount Zion Church Preservation Association, to the County of Loudoun</u>		39,500	39,500
Mountain Empire Older Citizens, Inc.		58,750	58,750
<u>Mountain View</u>		20,000	0
Mt. Vernon Ladies Assoc.		62,500	62,500
Museum of Middle Appalachians, to the Saltville Foundation		25,000	15,000
National D-Day Memorial Foundation		200,000	200,000
Nauticus		50,000	50,000
Nelson County Senior and Community Center		50,000	50,000
New Kent Heritage Library		5,000	0
New Market Information Center, to the Shenandoah Valley Travel Association		75,000	75,000
Norfolk Botanical Garden Society Inc.		25,000	10,000
Norfolk Senior Center		91,500	91,500
Northern Virginia 4-H Educational Center		37,500	37,500
Ocean View Station Museum		15,000	0
<u>Old Dinwiddie Courthouse</u>		100,000	100,000
Old Time Apple Growers Museum		15,000	0
OpSail 2000		250,000	250,000
Oxbow Center, to Oxbow Corporation		25,000	20,000
Peninsula Fine Arts Center*		50,000	50,000
<u>Prestwoud Plantation, to the Prestwoud Foundation</u>		50,000	50,000
Princess Pocahontas Foundation		34,716	34,716
Pulaski Fine Arts Center		10,000	0

	Gen. Fund Approp. FY 1999	Gen. Fund Approp. FY 2000	Supplement from GF Rev Surplus
Pulaski Railway Station Museum		100,000	100,000
<u>Pulaski Theater</u>		<u>125,000</u>	<u>125,000</u>
<u>R.R. Moton Center</u>		<u>25,000</u>	<u>25,000</u>
Rappahannock Tribe, Inc.		25,943	25,943
<u>Red Hill, to Patrick Henry Memorial Foundation</u>		<u>20,000</u>	<u>0</u>
Reedville Fishermen's Museum		25,000	25,000
Richmond Ballet		50,000	50,000
Richmond Historic Riverfront Canal Walk, to the City of Richmond		500,000	500,000
Richmond Symphony		25,000	25,000
Rivanna Conservation Society		10,000	0
Roanoke Higher Education Center		3,601,000	0
Rockbridge 4-H Clubs, to the Virginia Equine Center Foundation *	10,000	10,000	0
Sarah Bonwell Hudgins Foundation		50,000	50,000
Schooner Virginia Project		250,000	250,000
Science Museum of Danville – Transfer Grant to Science Museum of Virginia	(25,000)	(25,000)	0
Science Museum of Western Virginia		75,000	75,000
<u>Scotchtown, to the Hanover County Branch, Association for the Preservation of Virginia Antiquities</u>		<u>25,000</u>	<u>0</u>
Shenandoah Valley Discovery Museum		25,000	0
Smith Mountain Lake 4-H Educational Center		25,000	0
South Boston-Halifax Museum of Fine Arts and History		37,500	37,500
Southside Community Hospital		25,000	5,000
St. Joseph's Villa		25,000	12,500
St. Mary's Church		25,000	16,500
<u>Stratford Hall, to Robert E. Lee Memorial Association, Inc.</u>		<u>250,000</u>	<u>250,000</u>
Tavern at King and Queen County Court House		100,000	0

	Gen. Fund Approp. FY 1999	Gen. Fund Approp. FY 2000	Supplement from GF Rev Surplus
Theatre IV		50,000	50,000
<u>Thomas Balch Library, to the Town of Leesburg</u>		<u>50,000</u>	<u>50,000</u>
<u>Thunderbird Archeological Site</u>			
<u>National Historic Landmark, to the Thunderbird Research Corporation</u>		<u>25,000</u>	<u>0</u>
Trevilian Station Battlefield Foundation		<u>25,000</u>	<u>25,000</u>
<u>Union Passenger Train Station, to the City of Petersburg</u>		<u>125,000</u>	<u>125,000</u>
Upper Mattaponi Indian Tribe		18,000	0
Virginia Academy of Music		25,000	10,000
Virginia Air and Space Center		50,000	50,000
Virginia Amateur Sports		37,500	37,500
<u>Virginia Association of Museums</u>		<u>25,000</u>	<u>15,000</u>
Virginia Center for the Creative Arts		50,000	50,000
Virginia Foundation For Agriculture In the Classroom		25,000	0
Virginia Heart Association		75,000	75,000
Virginia Holocaust Museum		175,000	50,000
Virginia Living Museum		375,000	375,000
Virginia Marine Science Museum, to the City of Virginia Beach		1,250,000	250,000
Virginia Museum of Transportation*		50,000	50,000
Virginia Opera		25,000	25,000
Virginia Quality of Life Services Center		350,000	350,000
Virginia Senior Games, to the Virginia Recreation and Park Society		37,500	37,500
Virginia Sports Hall of Fame		150,000	150,000
Virginia Stage Company		25,000	0
Virginia Symphony		75,000	75,000
Virginia Zoological Park, to the City of Norfolk		50,000	50,000
Walker Grant Cultural and Educational Center		10,000	0
<u>Warren County Courthouse</u>		<u>59,500</u>	<u>59,500</u>

	Gen. Fund Approp. FY 1999	Gen. Fund Approp. FY 2000	Supplement from GF Rev Surplus
Watermen's Museum*		25,000	0
Weems-Botts Museum, to Historic Dumfries Virginia, Inc.		25,000	<u>0</u>
Westmoreland County Museum and Library		10,000	0
William King Regional Arts Center		75,000	75,000
Wolf Trap Foundation for Performing Arts, Inc.		375,000	375,000
Women's Center, The		25,000	25,000
<u>Woodrow Wilson Birthplace</u> <u>Foundation, Inc.</u>		<u>100,000</u>	<u>100,000</u>
Wythe County Historical Society		25,000	0
TOTAL	\$45,000	\$16,055,130	\$10,114,130