



Building Virginia's future: A time for all Virginians

As the Commonwealth enters the new millennium, Virginians must continue their commitment to living as a free people. They must be empowered to do what is best for their families while building a healthy democracy and prosperous economy. They must be prepared to confront challenges, not with fear or apprehension, but with the tools they need to realize their hopes and dreams. The 21st century must be a time for all Virginians.

The fruit of nearly four centuries of labor is an exciting, vibrant Virginia. Today's Commonwealth is diverse, innovative, entrepreneurial, and a world-renowned technology leader. Virginians of all regions, races, and economic circumstances are participating in the progressive and prosperous land that is today's Virginia.

The state has a well-developed, ever-growing workforce. Strategically located on the East Coast, Virginia has an international gateway in Washington-Dulles International Airport and the Port of Virginia at Hampton Roads with year-round, ice-free operations. The Commonwealth's colleges and universities offer world-class

educational opportunities to all Virginians at an affordable price.

This enticingly beautiful state offers visitors an array of adventures such as mountains, beaches, historic attractions, a system of state parks, summer and winter sports, cultural activities, and theme parks. Virginia's competitive tax structure is now less burdensome for both citizens and businesses. The Commonwealth enters a new century as a dynamic, exciting, attractive, and progressive place to live, work, and visit.

Since Governor Gilmore's inauguration, his administration has pursued an aggressive and inclusive agenda of change. His vision, to empower all Virginians to seek the quality of life they choose and to limit the intrusion of government into their lives, has been the beacon. To date, great strides have been made. Working together, the Governor and General Assembly have:

- ▶ provided significant, meaningful, and responsible tax relief to working men and women and businesses,

- ▶ dedicated lottery profits to K-12 education, provided additional teachers, and funded initiatives that will increase educational quality across the board,
- ▶ provided promised funds to cities for local law enforcement, increased the number of deputy sheriffs, and funded pay increases for deputy sheriffs and correctional officers,
- ▶ cut in-state tuition at all of Virginia's public colleges and universities by 20 percent,
- ▶ taken significant measures to improve the care and treatment of Virginians with mental retardation and mental illness,
- ▶ created the Office of the Secretary of Technology and positioned Virginia to capitalize on its prominence as a leader in the technology industry, and
- ▶ enacted Virginia Exile to enforce Virginia's gun laws and deter the illegal use of guns.

Building on the momentum of these results and the state's unparalleled prosperity, the Governor's 2000-2002 ex-

ecutive budget continues to aggressively address the challenges of the Commonwealth. Upholding Virginia's tradition of sound financial practices, this budget efficiently uses the state's resources to pursue effective and innovative initiatives and solutions. Most notably, this budget:

- ▶ continues and expands meaningful tax relief for Virginia's working men and women and businesses,
- ▶ promotes increased tourism and economic development,
- ▶ leverages the state's assets to expand access to technology for all Virginians, and bridge the "digital divide,"
- ▶ intensifies the fight against illegal drugs with the Substance Abuse Reduction Effort (SABRE) initiative,
- ▶ fully funds the K-12 Standards of Quality to the highest level in the history of Virginia and continues support for implementation of the Standards of Learning,
- ▶ provides for additional teachers, initiates a program that will ensure all students are able to read by the end of the third grade, and initiates a math program to ensure students learn basic math skills,
- ▶ calls for the latest technology tools to provide additional instruction, remedial education, and testing for public school students,

- ▶ improves the range and wealth of higher education opportunities, and creates a new research and development initiative,
- ▶ pursues innovative transportation initiatives,
- ▶ continues efforts to improve care and services for Virginians with mental retardation or mental illness,
- ▶ implements a comprehensive workforce strategy, and
- ▶ builds on efforts to be effective stewards of Virginia's environment.

While Virginia's robust economy and healthy revenues offer a unique opportunity, fiscal prudence, efficiency, and responsibility drive this budget. These fiscal policies have served the Commonwealth well and place it in an enviable national position. Throughout this decade, a succession of rating programs, most recently *GOVERNING* magazine in conjunction with Syracuse University, have judged the Commonwealth to be one of the best managed states in the nation.

In addition, the three major bond rating agencies continue to give the state's long-term general obligation debt a AAA rating. These same wise financial practices also engender taxpayers' confidence that they are getting the most for their tax dollars.

Continuing meaningful tax relief

When Governor Gilmore took office, his first priority was to eliminate the personal property tax on automobiles. Governor Gilmore convinced the 1998 General Assembly that car tax relief was important to Virginians. The Personal Property Tax Relief Act of 1998 is the largest tax relief plan in Virginia's history.

By the end of the 2000-2002 biennium, "No Car Tax" will be a reality. Virginia's strong economy will enable the state to implement the final two phases of car tax relief — a 70 percent reduction in the personal property tax January 1, 2001 and final elimination January 1, 2002 (for vehicles with up to a maximum of \$20,000 in assessed value).

The Personal Property Tax Relief Act (PPTRA) phases in this historic reform over five years. Virginians first received reductions in calendar year 1998, and those reductions continue to increase each year until 2002 when the 100 percent reduction becomes effective.

The Governor continues his efforts to reduce the sales tax on food purchased for home consumption. This cut in the food tax benefits all Virginians, and, as with the car tax, helps to relieve a tax burden that is often heaviest for those least able to pay. The fiscally responsible implementation plan reduces the food tax by one-half percent

per year, over four years beginning January 1, 2000.

Another initiative includes a tax cut for Virginia's military families.

A total of 16 tax cuts have been implemented during Governor Gilmore's Administration. When these tax reductions are fully phased in, they will result in almost \$1.6 billion dollars per year in tax relief for Virginians.

Building tourism and enhancing economic development

Virginia, thanks in part to its sparkling beaches, majestic mountains, and multitude of historic sites, has long been a strong travel destination. Currently, tourism is the third-largest industry in the state, attracting \$12 billion in visitor spending each year. This places Virginia tenth among all states in tourist spending. One-fifth of all Virginia's retail sales is to travelers, including \$2.1 billion in lodging sales and more than \$3 billion in food service sales.

The Governor wants to move Virginia even further to the forefront of the tourism industry. By showcasing and promoting the Commonwealth's extraordinary natural beauty, award-winning theme parks, and unique historic attractions, the state will strengthen its tourism industry and provide travelers with a unique travel experience.

The recently created independent Virginia Tourism Authority will position the state to be a top travel destination in the country.

The Governor's budget includes several major initiatives to assist the Commonwealth as it prepares for the 400th anniversary of the 1607 settlement at Jamestown, to showcase Virginia as a top travel destination, and to boost economic development in other ways.

Creating regional visitor centers

The budget includes \$6 million to establish regional visitor centers around the state. The centers will be state-of-the-art facilities using the latest technology to showcase regional and statewide attractions. These regional centers will complement the existing State Welcome Center network and local visitor centers.

Additional funding also is included to expand and improve our State Welcome Centers, which provide an initial point of contact for many travelers entering Virginia.

Developing African-American Heritage Trails in Virginia

In particular, the Governor wants to draw on Virginia's unique African-American heritage and is providing funds for programs to attract more African-American tourists to the Commonwealth. The state can better showcase this heritage and increase Virginia's attractiveness to African-American visitors by

providing funding to research and develop a database of African-American sites. This information will be vital in promoting and marketing these sites to potential visitors.

With this effort, the Governor wants to make Virginia one of the top travel destinations in the South for African Americans.

Increasing advertising and cooperative marketing strategies

Well-placed, effective ads bring visitors to Virginia. To further leverage the state's visibility, cooperative marketing agreements help the state get increased coverage for its advertising dollars. These cooperative arrangements establish partnerships to create marketing "packages" that jointly promote the partners' attractions. This strategy has been successful with international and national advertising.

The Governor wants to seize the opportunity to use this technique at the local and regional levels to better leverage tourism resources, and his proposed budget will encourage this concept of joint local and regional advertising.

Marketing Virginia's historical sites

The budget also includes over \$3 million for the biennium to enhance tourism marketing related to the Civil War, Revolutionary War, and Colonial American themes. This additional marketing will elevate Virginia's position as a

travel destination in these areas.

Increased funding will also help the Virginia Tourism Authority market and advertise Virginia's unsurpassed inventory of American heritage sites and Civil and Revolutionary War sites, expand the travel writer and photo-journalist visitation program, and incorporate programs and links for children on the Internet website.

Preserving Civil War battlefields

While Virginia has countless historical attractions, many of these natural assets are disappearing. Additional funds of \$3.4 million will be deposited to the Virginia Land Conservation Foundation Fund in the Department of Conservation and Recreation to match federal monies to acquire threatened and irreplaceable national treasures. These include portions of Civil War battlefields located at Brandy Station, Cedar Creek, Kernstown, and Third Winchester (Opequon).

Promoting Virginia's golf opportunities

Additional funding will help the Virginia Tourism Authority to establish a statewide golf association and a statewide, toll-free and Internet golf reservation system, as well as work with the regions around the state to produce and market golf tour packages.

Funding the Motion Picture Opportunity Fund

The budget also includes \$1 million in each year for the Governor's Motion Picture Opportunity Fund. The funding will be used to attract film production activity to the Commonwealth. This innovative program will make Virginia the first state with this type of comprehensive, performance-based incentive fund.

The fund may be used to help attract film production to Virginia by awarding grants for feature films, children's programming, or other television programming produced in the Commonwealth. This fund will help stimulate the film and video industry and promote Virginia's locations, skilled labor pool, and creative talent.

Governor Gilmore continues to implement *The Virginia Strategy: Prosperity into the New Century*, his economic development strategic plan. Two important new initiatives support this plan, the Virginia Business Information Center and a technology assessment program for disadvantaged businesses.

Establishing the Virginia Business Information Center

The Virginia Business Information Center will be the initial point of contact for businesses seeking information or assistance from state government. Businesses will have access to an extensive clearinghouse of resources and services as well as a variety of

basic business information and research.

Businesses can use a toll-free telephone number or the Internet, or visit the center to explore the wealth of resources. Businesses also may choose to request printed research and materials. This tool will help businesses grow and expand their operations within the Commonwealth.

Improving opportunities for disadvantaged businesses

Other measures to promote economic development in the Governor's proposed budget include an electronic one-stop information source on procurement opportunities for disadvantaged businesses and a program to assess the technology needs of disadvantaged businesses to help them acquire technology.

The pilot technology assessment program will help disadvantaged businesses overcome the "digital divide" through computer training and access to computer technology.

The information clearinghouse will use web-based technology for centralized information to help disadvantaged businesses bid on state contracts.

Access to technology for all Virginians

Heralded as the "Internet Capital of the World," Virginia today benefits from the Commonwealth's position at the

heart of the global information economy. In private industry, Virginia is a major technology center for several industries, including semiconductor and other electronics manufacturing, biotechnology, commercial aerospace, systems integration, advanced materials, intelligent transportation systems, and wireless communications.

More than half of the world's Internet traffic travels through Virginia. Northern Virginia has the highest per-capita usage of the Internet in the nation. The state is home to many of the world's leading Internet companies such as America Online (AOL), MCI Worldcom, and PSINet.

Virginia state government has also led the way in using technology to improve and bring government to its citizens, with a technology infrastructure that enables fast, efficient, and accessible services. To further enhance Virginia's position, the Governor established the Office of the Secretary of Technology.

The Governor is committed to maintaining and increasing Virginia's competitive advantage in the technology sector.

The Governor proposes an innovative, incentive-based program designed to meet Virginia's ever-increasing demand for technology workers. The Virginia Technology Internship Program, a three-year initiative, will include both incentives for businesses and tuition grants for students, providing a significant influx

of experienced and committed workers into Virginia's technology workforce.

Additionally, the Governor is presenting an innovative plan to use technology to help solve some of Virginia's transportation challenges by creating financial incentives that promote teleworking. Employers will receive an income-tax credit for purchasing computer equipment and telecommunication services that allow their employees to telework.

The Internet offers the potential to enhance the lives of all Virginians and the Governor is committed to maximizing that potential.

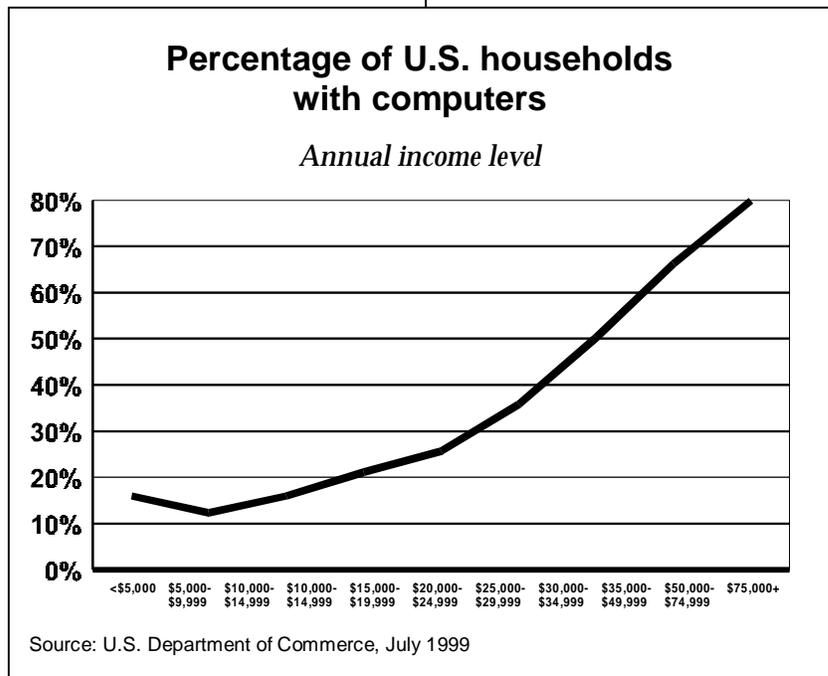
However, the Commonwealth must ensure that all Virginians have access to technology. The so-called "digital divide" refers to the growing separation between those who have technology and those who do not. The "digital di-

vide" is a serious concern since it disconnects those lacking access to technology resources from one of the greatest promises of equality, opportunity, and prosperity in history.

The Internet is a powerful tool that is shaping people's lives in unimaginable ways and at remarkable speeds. Sustained vitality for Virginia depends on inclusion, not exclusion, from technological opportunities.

United States Department of Commerce research provided below more fully illustrates the "digital divide" issue, showing that:

- ▶ single mothers are least likely of all groups to have access to technology,
- ▶ those with college degrees are eight times more likely to have computers than those with an elementary school education, and



- ▶ households with incomes above \$75,000 are 20 times more likely to have Internet access and nine times more likely to have computers than those with incomes below \$15,000.

In Virginia, technology access ranks favorably compared to the rest of the nation:

- ▶ 92.3 percent of Virginia households have telephones,
- ▶ 46.4 percent of Virginia households own personal computers, and
- ▶ 27.9 percent of Virginia households have Internet access.

Governor Gilmore's goal for Virginia is to be the first state in the nation to bridge the "digital divide" and to successfully give all Virginians access to technology. Several important initiatives will launch the Governor's effort.

Increasing community access to computers and the Internet

The Governor's proposed budget includes funding to set up a competitive grant program to help eligible community service organizations make computers and Internet access available to citizens in the community. This \$5 million grant program begins laying the foundation to create access to technology for all Virginians.

The budget provides up to \$3.7 million in additional funding for "Infopowering the Commonwealth," the strategic

technology plan for public libraries in Virginia. The vision of this plan is for every individual in the Commonwealth to have access to a public library that serves as an electronic resource center for 21st century information. The plan consists of two components: providing internet connections and desktop computers at all local public libraries, and acquiring statewide licenses for databases of current electronic information that the public can access over the Internet.

Mapping out strategies to provide computers and Internet access to lower-income Virginians

The Secretary of Technology will coordinate and manage the Commonwealth's activities designed to address the "digital divide." The Secretary will establish a task force to study "digital divide" issues, develop an action plan, coordinate resources, and undertake any other actions or activities that are necessary to effectively bridge the divide. During the biennium, Temporary Assistance for Needy Families (TANF) money will support education and job opportunities through training and access to personal computers and the Internet.

Implementing a statewide computer-based instructional and testing system

To shrink the "digital divide," the Governor proposes developing a major computer-based instructional, remedial, and testing program at the high school level.

This system will be designed to improve the SOL instructional, remedial, and testing capabilities at high schools at a cost of \$16.6 million from the general fund and \$84.8 million from the Literary Fund. Specifically, this initiative will provide:

- ▶ hardware for SOL instructional, remedial, and testing programs,
- ▶ high-speed Internet access for every classroom by 2003,
- ▶ Local Area Network (LAN) capability in every high school by 2003, and
- ▶ starting in 2001, new software applications from private vendors for instructional and remedial SOL training.

Through proposed Budget Bill language, the Governor also commissions a study to determine the feasibility of expanding this initiative into the lower grades.

Creating educational websites

The Governor proposes that a website be developed for parents of K-12 children keyed to the Standards of Learning. This site will help parents play a more active role and better understand the expectations for each grade level. The Department of Education will develop initial website content and create a network access workshop for local school divisions.

In addition, the Governor proposes to enhance the

“Commonwealth of Knowledge” website, which links successful lesson plans to the Standards of Learning. The website is available for all educators to use.

Taking advantage of productivity savings

Increased productivity is the single most important variable for the long-term forecast of economic growth. The productivity of U.S. workers grew at a rate of 4.9 percent in the third quarter of the calendar year, the fastest pace in seven years, and labor costs fell for the first time in more than two years. These ever-growing advancements in productivity have allowed companies to boost production, lower costs, and pass those savings on to consumers in the form of stable prices for goods and services.

The explosive growth of the information technology industry has been instrumental to boosting productivity. The power and continuing evolution of the Internet, made possible by advances in the information technology industry, is enhancing productivity growth in nearly every industry, including governmental operations.

The many initiatives proposed in this budget are, in large part, designed to enhance the services provided to the Commonwealth's citizens while also increasing the productivity and efficiency of state government. The Governor's dedication to improving

the efficiency of state government does not, however, end with these initiatives. If the private sector can generate such large productivity gains, government can also work to be more efficient and productive. The Governor therefore proposes that a productivity savings account be established amounting to \$91.7 million. This amounts to less than 0.37 percent per agency.

The Governor will ask state agencies to develop a plan for achieving productivity savings during the 2000-02 biennium. These productivity plans will detail the resulting efficiency associated with the increased use of technology and other productivity enhancing methods. For example, the Commonwealth will achieve savings with the implementation of a statewide electronic commerce system for state agencies. This system will allow agencies to purchase the goods and services they need to sustain operations online. It will also eliminate the duplicative steps currently required by state government procurement.

Other initiatives in this budget promote web-enabled government. These initiatives will foster a smarter and more effective state government while at the same time providing better service delivery to the citizens of the Commonwealth. As the use of Internet increases, so will the efficiency of the state agencies and institutions involved.

Toughen the fight against drugs

Serious, violent crime has declined in Virginia, but illegal drugs continue to infect communities and threaten the state's children, neighborhoods, and workplaces. Governor Gilmore's Substance Abuse Reduction Effort (SABRE) initiative, the toughest anti-drug program in the nation, is aimed at drug kingpins and dealers. SABRE targets drug dealers who prey on children, through cash bounties for informants, revised or new penalties for offenders, a new State Police special operations division, and mandatory treatment for drug abusers. This spending package totals \$41.5 million during the 2000-02 biennium.

The SABRE initiative is a combined strategy that uses tougher criminal penalties for drug dealers and chronic users, and tougher laws to break the link between guns, drugs, and children. Specific proposals include stronger sentences for kingpins and dealers for selling drugs in a drug-free school zone and for illegally selling or furnishing firearms to a child, as well as mandatory sentences of up to five years in prison for a minor who possesses or transports a handgun or assault firearm.

First-time drug offenders and those being released from prison will undergo mandatory testing and treatment, and extensive community supervision and drug treatment services. First-time offenders will bear much of their testing and

treatment costs. For those being released from prison, initiatives include increased supervision, support from peer groups, and in-prison transition programs six months before release. Such efforts have a proven track record of reducing the chances that a drug offender will return to prison.

Drug abuse prevention efforts will be unified through a new Governor's Office on Drug Abuse Prevention. A small staff will be drawn from existing agencies that deal with drug prevention.

Locally based prevention programs that have a proven track record will be encouraged. A good example of such a program is "Communities that Care," which targets juveniles.

The 2000-2002 biennial budget contains the following earmarked funds:

Enhancing SABRE drug treatment and prevention programs

To ensure mandatory substance abuse treatment of convicted illegal drug users, and to promote proven drug prevention programs, the Governor proposes \$20 million to enhance both community- and correctional center-based drug treatment and prevention programs.

Establishing a State Police drug eradication division

A new, 210-member State Police narcotics eradication operations division will be set up. This rapid-response unit

will be an independent, state-wide division available to help sheriffs, police chiefs, and regional grand juries. The new division will be phased in over the next two years.

The Governor proposes nearly \$17 million in the 2000-02 biennium to fund the new unit. This funding will provide an initial 111 of the proposed 210 new troopers.

Strong, Rigorous Education in K-12

Nothing is more important to Governor Gilmore than ensuring that Virginia's children receive a quality education which prepares them for success in the new century. The Commonwealth's educational programs must be rigorous, meaningful, and innovative.

As the state's economy becomes more dynamic and driven by information and technology, the need for a highly-trained, skilled workforce that can continuously create and apply new knowledge becomes ever more critical.

In keeping with the Commonwealth's ongoing commitment to K-12 education, this budget adds \$547.2 million to support the Standards of Quality and continued implementation of the Standards of Learning (SOL).

Additionally, the Governor proposes two new initiatives to ensure that all students develop critical reading and math skills. The early reading

initiative provides reading intervention from kindergarten through third grade.

The new math initiative provides remedial education for students in seventh and eighth grades identified as having deficient math skills.

Continuing the Standards of Learning reforms

Four years ago, Virginia started one of the most ambitious public education instructional and standardized testing standards programs in the country. The SOLs set minimum student requirements in each grade level, kindergarten through grade 12, and in the core subject areas of English, math, science, and social studies. These standards will ensure that schools give students the basic knowledge, skills, and abilities required to maintain a knowledgeable and economically competitive citizenry.

In addition, the Standards of Accreditation (SOAs) set expectations and criteria to ensure that student progress on the SOLs is measured and that school boards, administrators, and teachers are held accountable. Additionally, these standards demonstrate to citizens that school boards, administrators, and teachers are using state funds efficiently and effectively.

The Governor believes that implementing the SOLs and SOAs are essential. He is also committed to addressing the concerns of students, parents, and school boards regarding their implementation, and to

ensuring that no student or school is left behind as the state moves forward with this major reform effort.

This budget takes the next logical step to support these reforms. While school divisions will continue to receive support based on traditional funding approaches, the Governor's proposed budget presents several initiatives that distribute resources to students and schools based on their unique needs. The key objectives of the initiatives are to:

- ▶ ensure that all students are able to read by the end of the third grade,
- ▶ continue the \$55 million per year for school construction,
- ▶ provide the latest technology tools to support instruction and testing, including achieving 100 percent student access to the Internet, a 5-to-1 student-to-computer ratio, and computerized testing of verified credit SOLs by 2003,
- ▶ start a new program of remedial instruction in math for students in the seventh and eighth grades, and
- ▶ identify schools not meeting the Standards of Accreditation and provide them with sufficient guidance and assistance to help them revise their curricula and instructional programs.

Full funding for the Standards of Quality will provide

\$577 million in new dollars to public schools. Other important initiatives include:

Expanding the early reading intervention program

The Governor proposes to provide early reading intervention from kindergarten through third grade. The goal is for all students to pass the third grade English/reading SOL. Being proficient in reading will prepare students for the remainder of their educational career.

Funding in the first year will be distributed based on free-lunch eligibility. In the second year, funding will be distributed based on student performance on a new diagnostic reading test.

Beginning a new math initiative

The 21st Century demands that potential workers have a set of basic mathematics skills to understand and use sophisticated technology. Virginia's continued growth in the technology sector compels the state to ensure children develop vital math skills.

The Governor's new math initiative will provide remedial education for students in grades seven through eight identified as having deficient math skills.

Implementing teacher mentor and alternative licensure programs

In anticipation of a growing need for teachers, the Governor proposes expanding the

teacher mentor program in which experienced teachers coach new ones. A proposed alternative licensure program will respond to critical teacher shortages in math, science, technology, foreign languages, chemistry, and physics. It will help local school boards hire nontraditional classroom teachers, including military personnel and those with applicable experience in other careers.

Implementing school assistance to ensure accountability

To ensure that schools that receive the "Accredited with Warning" status have an opportunity to improve their performance, the budget includes funding for the Department of Education to provide intensive assistance to these schools.

Sustaining Virginia's higher education opportunities

Virginia has one of the finest public higher education systems in the nation. Governor Gilmore wants to build on this tradition of excellence by ensuring that higher education in Virginia is accessible, affordable, and accountable. Currently, over 300,000 students are being equipped with the knowledge and skills they need to work in and contribute to American society in the 21st Century.

As his first official action, Governor Gilmore established a Blue Ribbon Commission on Higher Education to evaluate

how best to preserve and build upon the quality of college education at Virginia's colleges and universities, and how to keep college education affordable for the tuition-payers and taxpayers of Virginia. The commission is also charged to evaluate ways to ensure that those who operate Virginia's colleges and universities continue to remain accountable to the people of Virginia for the expenditure of billions of dollars in public resources each year. The commission's work continues and has helped guide the administration's higher education policies.

Governor Gilmore supports Virginia's strong tradition of excellence in higher education. He is designating funding to attract and retain the best teaching and research faculty and provide them the resources they need to teach students effectively. More specifically, he proposes increased funding to address the projected enrollment growth, to purchase state-of-the-art academic equipment, and to sustain the state's policy of maintaining faculty salaries at the 60th percentile of peer group averages.

Creating a Technology Competitiveness Fund

The Governor understands that any investment which creates, applies, and transfers knowledge also increases the state's technological capacity and promotes enhanced economic development. Therefore, he is establishing an innovative \$20 million Tech-

nology Competitiveness Fund. Public institutions of higher education will receive awards from the fund for three purposes:

- ▶ to match competitive federal or private research grants in technology and the hard sciences,
- ▶ to upgrade the national ranking of key academic departments to attract more public and private research funding, and
- ▶ to upgrade key academic departments to induce industries to locate and expand in Virginia.

Maintaining faculty salaries at the 60th percentile

The Governor designates \$44.2 million to ensure instructional faculty at colleges and universities are paid at the 60th percentile of each institution's peer group. In line with compensation funding for state employees, funding for faculty salary increases is provided for the first year only. Administrative and part-time faculty, along with graduate teaching assistants, are also eligible for a salary increase.

Supporting enrollment growth

Higher education institutions have absorbed two percent enrollment growth annually for the last four years without additional general fund resources. The Governor is providing funding to address this growth to ensure quality educational programs. The biennial total comes to

\$16.6 million from the general fund.

Providing funding to support equipment purchases

The Governor and the General Assembly are strongly committed to integrating technology into the classrooms of Virginia's colleges and universities. The Governor's budget adds \$79.7 million to support new equipment purchases for Virginia's public colleges and universities during the biennium.

Supporting specific initiatives to support the technology industry of Northern Virginia

To help maintain Virginia's strong position in the technology industry, the Governor proposes that George Mason University (GMU) receive \$11.8 million over the biennium to expand technology in instruction, improve academic quality, and increase funding for academic support. This effort at GMU will help alleviate existing labor deficiencies in the region, reduce class sizes, and attract and retain high quality students. Additionally, GMU will initiate a \$3.2 million partnership with Oracle Corporation for providing additional new student information, financial information, grants management, and human resources systems.

Adding funds for Norfolk State and Virginia State Universities

The Governor has targeted additional funds for Norfolk

State University and Virginia State University. Over \$13 million is provided to address issues such as improving workforce efficiency, enhancing library resources and services, expanding the technological infrastructure, improving quality of programs, developing and implementing new degree concentrations, and creating new learning opportunities.

Providing capital outlay funds

Capital outlay funding for institutions of higher education totals \$515.7 million. This total is comprised of four components: (1) \$66.1 million from the general fund for maintenance reserve, (2) \$50.5 million from the general fund for equipment and critical infrastructure needs, (3) \$185.4 million from nongeneral funds for critical infrastructure needs, renovation, and new construction, and (4) \$213.7 million to address major renovation of existing facilities and for the construction of new facilities financed by fees and other university revenues.

In addition, through language in the Budget Bill, the Governor proposes that the Tobacco Indemnification and Community Revitalization Commission be authorized to allocate Tobacco Settlement revenues to fund certain projects for economic development in the Southside and Southwest regions of the state. These projects total \$69.1 million, with \$52.6 million related to higher education activities.

Innovative long- and short-term strategies for transportation

A strong system of transportation is a critical component in maintaining Virginia's vibrant economy and future competitiveness. Governor Gilmore is tackling this issue on two fronts—with long-term strategies and with short-term relief.

In mid-1999 the Governor created and charged the Commission on Transportation Policy with defining a long-term transportation policy that will create a transportation infrastructure that allows the state and its citizens to fully realize opportunities that emerge during the next century. The commission is empowered to creatively explore a range of possibilities that take advantage of new technology and the state's changing demographics now and in the future.

Innovative Progress: Improving Transportation in Virginia is the Governor's six-year, \$2.45 billion statewide transportation plan designed to expedite 90 projects throughout Virginia and to reduce commuting times for Virginia's hardworking families. Under this plan, the state will repay \$200 million to the Transportation Trust Fund and accelerate \$590 million in federal funds to advance 90 transportation projects statewide. An improved system to collect fuel taxes will increase revenues \$58 million during the 2000-2002 biennium and

\$210 million over the next six years.

A new Priority Transportation Fund will be created to address the critical, high-priority, and most expensive transportation needs in the state immediately and in the future. The fund will receive general fund monies and 40 percent of the unobligated tobacco settlement money. It will finance critical transportation projects such as roads, railroads, airports, teleworking, and mass transit.

During the 2000-2002 biennium, \$100 million from the general fund will be deposited to the fund. In the following biennium, \$300 million from the general fund will be added. A portion of the Tobacco Settlement money will add \$693.7 million per year over the two-year period and \$750 million over the next six years. In total, the Priority Transportation Trust Fund will receive nearly \$1.5 billion in deposits over the six-year period.

The Governor's transportation initiative offers the following solutions for Virginia's transportation concerns:

- ▶ provides a statewide approach for improving transportation in Virginia,
- ▶ creates innovative approaches for improving transportation in Virginia that address all modes of transportation,
- ▶ addresses quality-of-life issues associated with

transportation, such as long daily commutes,

- ▶ works to alleviate short-term transportation concerns, while providing initial steps to address long-term issues,
- ▶ identifies creative financing mechanisms, consistent with sound financial practices, to fund transportation needs without tax increases,
- ▶ uses broad-based funding approaches to support transportation, as opposed to single sources of revenue that are cyclical in nature,
- ▶ ensures that any borrowings consider the Commonwealth's debt capacity and protect its AAA bond rating, and,
- ▶ promotes Virginia's efforts to become the nation's leader in both teleworking and using intelligent transportation system technology.

Accelerating 90 statewide transportation projects

Specifically, under the Governor's proposal, federal funds are accelerated for over 90 transportation projects statewide in the current Six-Year Transportation Improvement Plan.

Repaying the Transportation Trust Fund

This budget will repay the Transportation Trust Fund \$200 million that was borrowed earlier this decade to address a severe budgetary

shortfall. This money will be returned to transportation agencies for use in projects statewide.

Improving the system to collect fuel taxes

An electronic fuels tax collection system is proposed to move the point of initial taxation to wholesale distributors of fuel, rather than retailers. This approach will collect the tax more efficiently, increase tax compliance, level the playing field for Virginia businesses, and raise fuel tax revenue. This change will increase revenues a total of \$58 million during the next biennium and \$210 million over six years.

Creating the Priority Transportation Fund

The Governor's proposal also creates a new Priority Transportation Fund to address critical high-priority transportation needs throughout Virginia, both immediately and in the future. It directs the new Priority Transportation Fund to attract private, local, and federal money to fund new projects in innovative ways. The fund will finance critical transportation projects such as roads, railroads, airports, teleworking, and mass transit. Overall, the Priority Transportation Fund will contain deposits of nearly \$1.5 billion over the next six years.

Supporting the Virginia Airports Revolving Loan Fund

Virginia's airports contribute over \$13.9 billion in eco-

nomic activity each year, three airlines are based in the Commonwealth, and over 330 business aircraft are used regularly in Virginia. The Virginia Airports Revolving Loan Fund, created in 1999, will provide Virginia's airports with the flexibility needed to expand commercial air service throughout Virginia. This innovative funding initiative will help give Virginia's citizens convenient and efficient access to the expanding world community.

The Governor's proposed budget dedicates \$25 million of the Priority Transportation Fund to capitalize the Revolving loan fund.

A comprehensive workforce strategy for the 21st Century

To maintain Virginia's preeminence as an economic leader with a skilled and highly trained workforce, the Governor proposes additional state support for the federal Workforce Investment Act, a new workforce development law. A new workforce strategy will coordinate, streamline, and finance initiatives that will invest in and produce better-trained and higher-quality workers for Virginia's businesses.

The Commerce and Trade Secretariat will position the state to implement *The Virginia Strategy: Prosperity into the New Century*, the Commonwealth's strategic plan for economic development and move forward as a national leader in

job growth, as an attractive location for companies to conduct their business, and as a destination for visitors from around the world.

In 1999, Virginia garnered more than 50,000 new jobs with an investment totaling \$3.6 billion. The Governor is increasing funds for international trade and promotion efforts to enable Virginia companies to participate in trade shows and trade missions, and for additional efforts to bring foreign buyers to the state. The Economic Development Partnership will use the money to host three “buying missions” each year from each of the state’s three major markets: Asia, Europe, and Mexico.

On another front, the budget also provides support for the Virginia Commercial Space Flight Authority to attract new aerospace businesses with high-tech jobs to the state. The authority will promote Virginia as the best location for space-based enterprise.

Funding is also provided for the Advanced Shipbuilding and Carrier Integration Center to perform research and development projects on the design and integration of systems for aircraft carriers.

Finally, the Governor proposes increasing the capitalization of the Capital Access Fund for Disadvantaged Businesses. The money will expand the availability of capital to more disadvantaged businesses.

Continuing to improve care for the most - vulnerable Virginians

Virginia has an obligation to work diligently to improve treatment and care for our citizens with mental retardation and mental illness.

Governor Gilmore established the Commonwealth Commission on Community Services and In-Patient Care to comprehensively assess how Virginia can build a responsive, quality mental health system for the next century. During fiscal year 2000, \$68 million of new funding went to the Department of Mental Health, Mental Retardation and Substance Abuse Services, bringing the 1998-2000 biennial total to \$162 million.

The additional resources supported improved care and treatment across the state for citizens with mental retardation and mental illness. Specifically, these actions strengthened and expanded community-based services, built capacity in communities, increased staffing at state facilities, promoted accountability from the people who deliver services, reduced community waiting lists, approved leading-edge anti-psychotic medicines for eligible patients, and trained direct care employees at state facilities.

This infusion of funds continues as part of the department’s base budget. The Governor continues to strengthen Virginia’s mental

health system in his 2000-2002 budget. Proposals include \$23.8 million in new funding to increase staffing, to expand current services, and to implement a treatment program for sexual predators. These initiatives represent the logical and appropriate next steps to ensure Virginians in need can access required services.

A new funding plan will be tapped to fuel the transformation of the state mental health and mental retardation service delivery system. The proceeds from sales of surplus land at state-owned mental health and mental retardation facilities will be deposited into a revolving trust fund to address restructuring and unmet needs. The fund will be used for initial expenses associated with restructuring at selected facilities.

The remaining proceeds will be dedicated to continuing services for current patients affected by restructuring. The trust fund will continue to receive the savings resulting from restructuring and the fund will be used to enhance services to individuals with mental illness, mental retardation, and substance abuse problems.

Violent sexual predators are a threat to society. Effective treatment, and therefore, a lower rate of repeat offenses, requires a combination of effective screening, comprehensive treatment specific to sex offenders, and intensive long-term monitoring. Governor Gilmore is committing \$3.7 million during the biennium to

develop a secure program to identify, assess, and treat persons with violent sexual disorders.

Addressing long-term care issues

The Governor's budget includes significant funding for addressing the state's long-term care issues. An integrated support system for senior Virginians is an important part of the promotion of policies that strengthen families while engendering personal responsibility and preventing a downward spiral toward government dependency. The Governor's recommended budget includes several important steps toward an integrated system.

First, to meet the growing demand for public services for Virginia's senior citizens, the proposed budget includes increases in reimbursement for key service providers to assure that adequate staffing and quality care continue to be provided to those who are most vulnerable. A total of \$20 million dollars is included to increase nursing home per diem reimbursement and for personal care service providers. By increasing nursing home reimbursement to \$85 per day and funding an increase for personal care assistants, the state will help service providers assure that qualified and caring staff are retained to care for senior patients.

The needs of families caring for aging relatives is addressed through increased

funding of \$500,000 for the biennium for the Caregiver Respite Care Program. The program works with organizations across the state to provide an array of services to families. Support of family caregivers through services in the home and community is both compassionate and cost effective.

Direct services are also enhanced by increasing the number of rehabilitation teachers for the blind and by funding for a statewide coordinator for the Safe Return Program. With statewide coordination for Safe Return, there will be an effective campaign for education and awareness of the value of identification and registration of dementia-afflicted Virginians whose lives are at risk from wandering away from home.

To further address the complex issues associated with the aging process, an Elder Rights Center will be established within the Department for the Aging. The center will be designed to assist with legal and consumer issues unique to older Virginians, especially high-pressure marketing scams. A toll-free hotline for seniors and their families will also be established.

A conference on aging will be conducted with both public and private support in the first year of the biennium. The purpose of the conference will be to foster dialogue on issues of concern to senior Virginians. Senior workforce development

will be a primary topic of discussion.

In a related effort, a Commission to Study Long-Term Care Expenses will be established to explore other aspects of the long-term care system and will focus on options of tax relief for older Virginians and their families.

Another important topic to be explored is long-term care insurance. The Governor also supports the development of a long-term care insurance plan for state employees.

Protecting Virginia's environment

Governor Gilmore believes that Virginia's precious wildlife, scenic beauty, and natural and historic resources must be preserved and enhanced for future generations. He strongly supports the efforts of state agencies charged with managing and protecting our environment. This budget effectively uses the Water Quality Improvement Fund to support crucial environmental initiatives.

To ensure that gains continue in water quality statewide and cleanup of the Chesapeake Bay, the Water Quality Improvement Fund will be used for grants to reduce point and non-point source pollution, matching funds for combined sewer overflow projects in Lynchburg and Richmond, and continuing participation in the federal program to estab-

lish riparian buffers to act as a natural filtration system for ground water. The fund also will support programs to manage poultry waste, as well as efforts to assess and develop implementation plans to control the total maximum daily additions of pollutants to state waters.

In addition, through the creation of the Wetlands Restoration Fund, monies will be dedicated to establishing a statewide comprehensive wetlands management program that will reverse Virginia's long-term loss of wetlands and will provide for both the preservation of wetlands and a net-gain in total wetlands resources in the Commonwealth. The eventual goal is to restore 20,000 acres of wetlands by the year 2010.

In the continuing effort to revitalize and invigorate the oyster population, and in turn the livelihood for many Virginia families, additional personnel and resources will be dedicated to the Oyster Heritage Program. Through the program, various restoration measures such as building artificial oyster reefs, recultivating existing shell areas, and transporting young seed oysters from areas of high disease mortality to areas of low disease mortality will be employed. Using discarded construction material and empty oyster shells, artificial oyster reefs will be constructed that will attract and act as a home for oyster larvae.

The budget provides additional resources to augment

the Department of Environmental Quality's air pollution program staff to meet requirements of the federal Clean Air Act, and to help maintain and operate new monitoring systems to measure air quality. The budget also provides funding for expanded wildlife programs at the Department of Game and Inland Fisheries. The "watchable wildlife" program will maximize opportunities for public enjoyment and observation of wildlife in and near the Commonwealth's rapidly developing urban centers. The additional wildlife biologists will serve the needs of hunters and fishermen, and continued funding of the Embry Dam fish passage feasibility study should eventually result in the removal of the dam and the opening of more than 70 miles of the Rappahannock River to migratory fish.

Welcome to Virginia in the 21st Century

Yes, Virginia enters the 21st Century a prosperous, dynamic, and progressive state. The lessons of four centuries have shaped, molded, and prepared the Commonwealth to confront the exciting challenges that the next millennium will bring. With the dawning new century, Virginia has the unique opportunity to pay tribute to the multitude of cultures that have been and continue to be important to the Commonwealth throughout its history.

The Commonwealth of Virginia, which was vital to the development and shaping of a uniquely American experience, opens its doors to fellow Americans and citizens of the world. Come and share Virginians' pride in our state, explore the state's diverse attractions, and experience the immense beauty that abounds. Welcome to the 21st Century in Virginia!