



Readers' Guide to this Budget Document

This publication describes Governor Warner's recommended budget for the Commonwealth for the 2004-2006 biennium, in addition to his proposed amendments to the remainder of the current biennial budget (2002-2004), as set forth in the 2003 Appropriation Act. It contains the following information:

PART A: OVERVIEW

This section contains three chapters:

- **Overview of Budgetary Policy and Governor's Tax Reform Proposals**, a summary of the Governor's budget actions and proposed tax reform legislation.
- **Economic Forecast**, a discussion of the status of Virginia's economy; and
- **Revenue Forecast**, a review of the state's fiscal outlook, including the projected revenues underlying the Governor's recommended 2004-2006 biennial budget and amendments to the 2002-2004 budget.

PART B: EXECUTIVE BUDGET FOR THE 2004-2006 BIENNIUM

Section 1: Operating Budget

This section presents the Governor's operating budget recommendations for the 2004-2006 biennium. The sections are organized by branch of government and, within the Executive Department, by secretarial area. Agencies appear in this document in the same order as in the Budget Bill.

Executive Branch agencies

For each secretarial area in the Executive Branch, you will find:

- ▶ **Summary table.** This table summarizes the total recommended funding for each agency within that secretarial area. See "How to Read the Tables: 2004-2006 Budget Summary Tables (Operating)" on page 9.

- ▶ **Agency by-agency detail.** For each agency, the document provides the following information:

- **Activities of the agency.** The activities each agency conducts are shown, along with a short purpose statement explaining the activity.
- **Activity resources.** Following the list of activities is a table displaying the resources for each activity in that agency's recommended base budget for each year of the 2004-2006 biennium. For each activity, the table shows the total dollar amounts from all funds (including both general fund and nongeneral funds) and position level.
- **Proposed budget actions.** "Bullet items" for each agency briefly describe specific budget actions proposed by the Governor. Within each "bullet item," amounts recommended are designated either "GF" (general fund) or "NGF" (nongeneral fund). The term "positions" refers to the maximum positions authorized. It includes only full-time classified employees, faculty, and appointed officials, and does not include wage or contract employees.

The parenthetical listing in italics at the end of each bullet item indicates the agency activity or activities impacted by the proposed budget action.

If the Governor has no specific budget actions for an agency, the agency resource table is followed by the phrase "No recommended budget actions."

- ▶ **Detail table.** This table appears at the end of each secretarial area. It details, by agency, each of the Governor's proposed operating recommendations within that secretarial area.

The table shows the amount and source of funding (general fund or nongeneral fund) for each budget recommendation, compares the total recommended amount to the base budget for the 2004-2006 biennium (percent change), and displays any recommended staffing changes for the agency. For complete notes on

these tables, see “How to Read the Tables: 2004-2006 Budget Detail Tables (Operating)” on page 10.

Legislative and Judicial Branches, Independent Agencies, and Executive Offices

For these areas of state government, you will find:

- ▶ **Summary table.** This table is the same as the one provided for Executive Branch agencies.
- ▶ **Agency-by-agency detail.** For each agency, the document provides the following information:
 - **Activities of the agency.** A short description of the activities of the agency is provided. Independent agencies, agencies within the Legislative and Judicial Branches, and the Executive Offices (including the Offices of the Secretaries) do not participate in the same strategic planning process that Executive Branch agencies do. Therefore, a complete list of activities and a table of activity resources is not available for these agencies.)
 - **Proposed budget actions.** These “bullet items” describing specific budget actions proposed by the Governor are the same as those for Executive Branch agencies.
- ▶ **Detail table.** This table detailing each of the Governor's operating recommendations is the same as that for Executive Branch agencies.

Section 2: Capital Budget

This section summarizes the Governor's recommendations for capital projects in the 2004-2006 biennium. The information is grouped by branch of government and, within the Executive Department, by secretarial area. Only agencies for which the Governor proposes capital funding are included in this section. Agencies appear in the same order as in the Budget Bill.

Following the short narrative descriptions of recommended capital projects (“bullet items”) is a detail table that provides a comprehensive list of all capital projects recommended for funding in the Governor's 2004-2006 biennial budget. See “How to Read the Tables: 2004-2006 Budget Detail Table (Capital)” on page 11.

PART C: AMENDMENTS TO THE 2002-2004 BIENNIAL BUDGET

Section 1: Operating Budget

This section presents the Governor's proposed operating budget amendments for the remainder of the current biennium (2002-2004), as set forth in the 2003 Appropriation Act. These amendments affect the current fiscal year, 2004. The sections are organized by branch of government and, within the Executive Department, by secretarial area. Only agencies for which the Governor proposes an amendment are included in this section. You will find in this section:

- ▶ **Summary table.** This table summarizes the total recommended amendments by secretarial area. See “How to Read the Tables: 2002-2004 Amendments Summary Table (Operating)” on page 12.
- ▶ **Agency by-agency detail.** For each agency for which the Governor recommends an amendment, short “bullet items” describe the proposed amendment.
- ▶ **Detail table.** This table details by agency each of the Governor's proposed operating amendments for the remainder of the 2002-2004 biennium. See “How to Read the Tables: 2002-2004 Amendments Detail Tables (Operating)” on page 13.

Section 2: Capital Budget

This section presents the Governor's proposed amendments to the capital budget for the remainder of the current biennium (2002-2004), as set forth in the 2003 Appropriation Act. The sections are organized by branch of government and, within the Executive Department, by secretarial area. Only agencies for which the Governor proposes a capital amendment are included in this section.

Following the short narrative descriptions of recommended capital projects (“bullet items”) is a detail table that provides a comprehensive list of all capital projects recommended for funding in the Governor's 2002-2004 biennial budget. See “How to Read the Tables: 2002-2004 Amendments Detail Table (Capital)” on page 14.

PART D: OTHER

Section 1: State Aid to Localities

This section describes the Governor's recommendations for state aid to localities. These funds either go directly to localities for locally operated programs or are spent by the state on behalf of localities for specific programs.

- ▶ **Table 1** shows the recommended amount of state funds for localities, listed by the state agency that provides the funding.
- ▶ **Table 2** shows the amount of state aid recommended for local school divisions, by individual locality.

Section 2: Supplemental Information

This section presents information about tax-supported debt capacity and per capita appropriations, as required by the 2003 Appropriation Act.

Section 3: Historical Appropriations

This section provides agency-by-agency historical appropriations data. Actual appropriations, as enacted by the General Assembly, are shown for fiscal years 2002, 2003, and 2004. The Governor's recommended funding is shown for fiscal years 2004, 2005, and 2006.

The data is broken out to show dollar amounts for personnel services (salaries and fringe benefits of employees), dollar amounts for all other funding of the agency, and the agency's position level. Dollar amounts reflect all funds, both from nongeneral funds and the general fund. Positions level refers to the maximum number of classified state employees, faculty, and appointed officials and does not include hourly or wage employees.

Section 4: Studies and Evaluations

This section lists the various studies, evaluations, and assessments of agencies or agency programs or projects that have been conducted in the most recent two fiscal years (2002 and 2003). It also indicates where copies of each study can be viewed or obtained.

Section 5: Cross-Reference to Budget Bill

This section provides a handy reference to help locate proposed budget actions contained in this document in the Budget Bill, the proposed legislation introduced by the Governor (HB 30/SB 30).

PLANNING & PERFORMANCE BUDGETING INFORMATION

All executive branch agencies have strategic planning and performance measurement information in place. This information can be accessed centrally through *Virginia Results*, the Commonwealth's automated performance management information system. The web site can be accessed at: www.dpb.state.va.us/VAResults/VRHome.html.

Virginia has been recognized nationally and internationally as a leader in the area of performance management. Virginia's performance management efforts date to the early 1980s when goals and measures were required to be provided by state agencies as part of their budget submissions.

Virginia's current performance management system has been operational since 1995. It is comprised of four, linked processes: strategic planning, performance measurement, program evaluation, and performance budgeting. These efforts lay the foundation for budget development and implementation of the performance management systems and processes prescribed by the Legislature in Chapter 900, 2003 Acts of Assembly.

NOTE:

Unless otherwise indicated, all references to years in this document are to fiscal years. For example, 2004 means fiscal year 2004, which began July 1, 2003, and ends June 30, 2004.

When used in this document, "2003 Appropriation Act" refers to Chapter 1042, 2003 Acts of Assembly.