

A Summary of Budget Reduction Plans

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***Commonwealth of Virginia
Department of Planning and Budget***

This presentation can be accessed on the Internet on the Governor's web site at
www.governor.state.va.us

Statewide Summary

- Statewide reductions from all funds total \$857.7 million.
 - General fund reductions equal \$725.1 million and average 10.4 percent for the biennium.
 - Nongeneral fund reductions total \$132.6 million and average 11.6 percent over the same period. The following table summarizes the reductions by area:

Area	Dollar Amount <i>\$ in millions</i>	% of Total
Aid to localities	\$114.5	13.3%
Aid to individuals	\$28.0	3.3%
Pass through grants to nonstate entities	\$19.3	2.2%
Other services	\$695.9	81.1%
Total	\$857.7	100.0%

- One hundred and eighteen agencies have across-the-board reductions. Of the 91 agencies other than institutions of higher education, 63 (about 70 percent) received a 15 percent reduction in at least one year.
- Excluding institutions of higher education, the reductions will result in 1,837 layoffs, or approximately 1,718 full-time equivalent positions. At 11 percent, the preliminary plans of the colleges and universities indicated up to an additional 4,570 layoffs.

- Sixty percent of the layoffs will be classified state employees. The following table shows the breakout of layoffs by type at agencies other than institutions of higher education:

Employment Class	Layoffs	% of Total Layoffs	Total Executive Department Employment as of 9/30/02	% of Total Employment
Classified	1,103	60.0%	72,197	72.4%
Hourly	505	27.5%	22,438	22.5%
Other	229	12.5%	5,079	5.1%
Total	1,837	100.0%	99,714	100.0%

- About 10 percent of the classified layoffs are management positions, consistent with the makeup of the current state workforce.
- Although about 40 percent of the workforce reductions will occur in the Central Virginia region, position reductions and layoffs will be felt across all regions of the Commonwealth.
- Ten agencies will furlough state employees. These furloughs range from three to 10 days.

Executive Offices

Overview:

- Executive Offices consist of the Governor's Office, the Office of the Attorney General, and the Lieutenant Governor's Office. The biennial savings in the Executive Offices is about \$6.0 million.
- These reductions will eliminate 58 positions and require 92 layoffs.
- The salaries of the Governor, Lieutenant Governor, and the Attorney General, which are set constitutionally, were exempted from across-the-board reductions.

Summary of major budget reduction strategies:

- As part of the **Governor's Office's** reduction, the Governor will return 20 percent of his salary. In addition, the Governor's Office will eliminate five vacant positions, lay off an employee, and reduce telephone lines. The biennial reduction for the Office of the Governor equals 17.2 percent.
- The **Lieutenant Governor** will return funds allocated for "expenses otherwise not reimbursed" as part of his reductions. The Office of the Lieutenant Governor will also eliminate a vacant position. The biennial reduction for the Lieutenant Governor equals 15 percent.
- The **Office of the Attorney General** will eliminate 91 attorney and support staff positions and lay off as many as 91 people. The biennial reduction for the Attorney General equals 15 percent.

Education

Overview:

- The biennial general and nongeneral fund savings strategies for the Education agencies total \$301.6 million.
- These reductions include in up to 281 layoffs in agencies, excluding higher education, over the two-year period. The higher education institutions reported in their original plans that up to 4,570 layoffs could result over the two-year period at the 11 percent reduction level.
- Across-the-board exemptions include:
 - Need-based student financial assistance;
 - Auxiliary enterprise programs;
 - Tuition and fees; and
 - Funding at Norfolk State and Virginia State Universities associated with the agreement between the federal Office for Civil Rights and the Commonwealth.
- For other education agencies, admissions revenue, entrance fees, and library service fees were exempt.

Summary of major budget reduction strategies:

- The institutions of higher education will be asked to submit revised budget reduction plans based on new targets that average 11 percent system-wide over the biennium. Each college will be asked to submit a revised reduction plan, once it is approved by its Board of Visitors. The aggregate level of potential layoffs would approximate 4,570 based on the strategies the institutions of higher education submitted in their 11 percent reduction plans.

- Reductions range from eight percent to 12 percent in FY 2003 and 10 percent to 14 percent in FY 2004, based on each school's tuition levels and proportion of out-of-state students.
- The following table lists the reductions to each higher education institution.

Summary of Budget Reductions

Institutions	FY 2003		FY 2004		Biennial Totals	
	Net Reductions	Percent of GF Base	Net Reductions	Percent of GF Base	Net Biennial Reductions	Percent of GF Base
University of Virginia	(14,015,377)	-12.0%	(17,826,723)	-14.0%	(31,842,100)	-13.0%
William and Mary	(4,693,452)	-11.7%	(5,612,138)	-14.0%	(10,305,590)	-12.8%
Mary Washington	(1,783,405)	-11.4%	(2,148,792)	-13.7%	(3,932,197)	-12.6%
Virginia Tech	(15,611,210)	-11.3%	(20,945,472)	-13.6%	(36,556,682)	-12.4%
James Madison	(5,418,546)	-10.4%	(7,350,676)	-12.6%	(12,769,222)	-11.5%
Virginia Military Institute	(642,039)	-10.4%	(1,675,661)	-12.4%	(2,317,700)	-11.4%
George Mason University	(9,553,665)	-10.1%	(12,141,318)	-12.1%	(21,694,984)	-11.1%
Old Dominion University	(7,636,098)	-10.0%	(9,004,119)	-11.9%	(16,640,217)	-11.0%
Virginia Commonwealth	(13,677,702)	-9.8%	(18,063,538)	-12.0%	(31,741,239)	-10.9%
Radford University	(2,984,514)	-9.0%	(3,797,741)	-10.7%	(6,782,255)	-9.9%
Longwood University	(1,350,539)	-8.9%	(1,877,861)	-10.6%	(3,228,400)	-9.7%
Christopher Newport	(1,502,679)	-8.3%	(2,072,879)	-10.0%	(3,575,558)	-9.1%
Richard Bland College	(304,234)	-8.0%	(465,317)	-10.0%	(769,551)	-9.0%
Community Colleges	(17,419,418)	-8.0%	(28,880,062)	-10.0%	(46,299,480)	-9.0%
UVA's College at Wise	(675,791)	-8.0%	(966,892)	-10.0%	(1,642,683)	-9.0%
Norfolk State University	(2,501,534)	-8.1%	(3,837,087)	-9.3%	(6,338,621)	-8.7%
Virginia State University	(1,964,972)	-7.5%	(2,367,777)	-8.8%	(4,332,749)	-8.1%
Total	(101,735,175)	-9.8%	(139,034,052)	-11.8%	(240,769,227)	-10.8%

*OCR funding is included in the calculation of percent reductions, but was exempt from cuts.

- **Virginia Tech Cooperative Extension and Agriculture Experiment Station** will:
 - Cut county extension services; including agricultural, family resource, and veterinary medicine activities;
 - Close eight extension offices and eliminate 43 extension agent and faculty specialist positions (36 total layoffs) and 29 staff support positions (28 layoffs);
 - Reduce agricultural research by \$1.5 million in FY 2003 and \$2.3 million in FY 2004;
 - Close two agricultural research centers and eliminate 12 research faculty and 38 laboratory positions (50 layoffs); and
 - Eliminate 25.7 central administrative faculty and classified staff positions (26 layoffs).

- **The Virginia Institute of Marine Science** will utilize turnover and vacancy savings, reduce research programs, eliminate 12 positions (11 layoffs), attempt to secure additional nongeneral funds to support research programs, reduce supplies and travel expenses, sell surplus research vessels, and furlough all employees up to seven days.

- **The State Council of Higher Education for Virginia** will:
 - Eliminate five vacant upper management positions;
 - Lay off five administrative support employees;
 - Reduce state support for the Tuition Assistance Grant (TAG) program by 13 percent each year of the biennium;
 - Reduce state support for the Eminent Scholars program by \$1.9 million, or 13 percent in FY 2003 and 12 percent in FY 2004;
 - Reduce state support for the Virginia Women's Institute for Leadership (VWIL) by 15 percent in each year of the biennium;

- Reduce state funding for the technology training institutes for public school teachers and administrators by 15 percent in FY 2003 and 50 percent in FY 2004;
 - Eliminate the Virginia Graduate and Undergraduate Assistance Program (VGUAP); and
 - Increase administrative fees in FY 2004 associated with the approval of academic programs offered by private institutions operating in the Commonwealth;
- **The Southwest Virginia Higher Education Center** will reduce hours for seven wage positions, defer filling two vacant positions, reduce office supplies and travel expenses for staff, and reduce utility consumption by adjusting heating/cooling system temperatures.
 - **The Roanoke Higher Education Authority** will reduce administrative and technology expenses, reduce library collections, and supplant general fund support with additional rent revenues. The security contract for the higher education center will be reduced by 30 hours per week and the building will be inaccessible to participating institutions during that time.
 - **The Eastern Virginia Medical School** will reduce educational support for instructional faculty and family practice programs by 12 percent in FY 2003 and 14 percent in FY 2004, and cut funding for the Eastern Virginia Area Education program by 50 percent.
 - **The Southeastern Universities Research Association** will reduce the amount of experiment time on the free electron laser that is available to university-industry research collaborations by about 100 hours, or 15 percent.
 - **The Department of Education** will:
 - Save \$1.4 million in the Governor's web-based Standards of Learning technology initiative. Based on current projections, not all school divisions will be ready to proceed with this initiative this biennium;

- Close the remaining two Best Practice centers in Southwest and Southside Virginia, laying off seven employees;
 - Eliminate 15 general fund positions (one layoff) in various functions (\$1.9 million); and
 - Reduce wage positions by 75 percent (three layoffs).
- **The Schools for the Deaf and the Blind** will reduce the use of contractual services by using in-house resources, and reduce the use of wage employees resulting in 26 layoffs, primarily in the support area.
 - **The Library of Virginia** will close one additional day per week, reduce aid to local libraries by 15 percent, suspend its Digital Library Program, eliminate imaging services, reduce wage positions, utilize turnover and vacancy savings, supplant general fund support with nongeneral funds for Infopowering and other programs, and cease publication of its *Virginia Cavalcade* magazine of history and culture. The library's reductions will result in 40 layoffs.
 - **The Museum of Fine Arts** will utilize turnover and vacancy savings, close the museum to the public one additional day per week, implement a 10-day furlough for all employees, and reduce contractual services.
 - **The Science Museum of Virginia** will eliminate 14 positions (14 layoffs), implement a 10-day furlough for all employees, and reduce nonpersonal service expenditures.
 - **The Jamestown-Yorktown Foundation** will eliminate curatorial programs and administrative positions, resulting in the loss of nine positions (five layoffs), reduce financial support to the Council on Indians and Town of Yorktown, reduce exhibit and facility maintenance, and utilize private funding sources to support fund raising efforts.
 - **The Frontier Culture Museum** will reduce wage and classified positions, resulting in up to 19 layoffs, reorganize and restructure farm site support services, and utilize unobligated project balances.

- **The Virginia Commission for the Arts** will reduce its grants to arts organizations and individuals by approximately 15 percent, utilize turnover and vacancy savings by eliminating one administrative support position, and reduce spending originally targeted for computer upgrades, conference travel, and contractual services.
- **Gunston Hall** will utilize turnover and vacancy savings and supplant general fund support with nongeneral funds.
- **Melchers-Monroe Memorials** will reduce wage employment and hours of operation, resulting in up to 10 layoffs, and will create savings in utilities and supplies.

Health and Human Resources

Overview:

- The biennial savings strategies for the Health and Human Resources Secretariat total \$111.4 million.
- The strategies for the Health and Human Resources Secretariat result in 142 layoffs over the biennium.
- Across-the-board reductions exempted programs such as:
 - Medicaid (including funds to support Community Service Boards);
 - Family Access to Medical Insurance Security (FAMIS) Plan;
 - Direct care services within mental health and mental retardation facilities and community medications;
 - Comprehensive Services Act;
 - Local health department services;
 - Foster care, adoption subsidies, general relief, state-based hospitalizations; and
 - A number of other programs.

Summary of major budget reduction strategies:

- **The Community Services Boards (CSBs)** will reduce \$30.8 million (10 percent) in administration, emergency services, facility diversion programs, treatment and clinical services, case management, community-based services and support, and prevention and early intervention. Because state funding for CSBs through Medicaid was not reduced, the overall general fund reduction is 5.1 percent in FY 2003 and 4.9 percent in FY 2004 (a reduction of 3.3 percent in total CSB funding from all funds).

- **Mental Health Treatment Centers and Mental Retardation Training Centers** will reduce overall expenditures by \$9.3 million (12 percent), nearly exclusively in areas not directly related to patient care. There will be 59 classified and wage layoffs, primarily in administrative and support areas.

- **The Virginia Department of Health (VDH)** will:
 - Reduce a portion (\$1.1 million) of the excess Drinking Water State Revolving Fund (DWSRF) matching dollars. The federal EPA grant that supports the DWSRF totals about \$11 million and does not require the full \$4.5 million in general fund support currently appropriated as matching dollars (a 20 percent match of \$2.2 million is required);
 - Reduce general fund support for Emergency Medical Services (EMS) provided in the 2002 Session;
 - Reduce administrative and management staffing through a combination of vacancy opportunities and management consolidation;
 - Eliminate three Medical Death Investigator positions, leaving one position for each of the four regional Offices of the Chief Medical Examiner;
 - Eliminate regional AIDS resources centers in Northern Virginia, Norfolk, Charlottesville, and Roanoke, with the Richmond Center assuming statewide responsibility for providing educational and training services health care providers.
 - Lay off 24 state workers.

- **The Department of Social Services** will:
 - Substitute federal day care grants for general fund support, maintaining service at the current level;
 - Capture savings from the renegotiation of the Electronic Benefits Transfer contract, saving \$800,000 in general fund dollars each year;
 - Substitute federal Temporary Assistance for Needy Families funds for general fund dollars in Healthy Families, Hampton Healthy Start, and Community Action Agencies; and

- Transfer responsibility for delivery of the Food Stamp Employment and Training program from local social service agencies to the One Stop Career Centers.

- **The Department of Rehabilitative Services** reductions affect administrative functions and services to the disabled. The agency is focusing on programs that solely use general fund dollars because cutting other programs would mean the loss of matching federal funds. The agency avoided reductions to its Vocational Rehabilitation Funding. There will be layoffs of 15 state workers. Some of the service reductions are in areas such as:
 - Long-Term Employment Support Services. The agency will reduce funding available for these employment services by 15 percent;
 - Consumer Services Fund. The underutilized “fund of last resort” will be reduced by 17 percent; and
 - Centers for Independent Living (CILs). Funding for the centers will be reduced by eight percent in FY 2003 and seven percent in FY 2004 (general fund dollars only).

- The reductions for the **Department for the Aging** will:
 - Eliminate a vacant chief deputy commissioner position;
 - Reduce grants to all 25 Area Agencies on Aging by 11 percent;
 - Reduce Senior Navigator by 11 percent;
 - Reduce Oxbow Center in Wise County by 11 percent;
 - Reduce Respite care programs by 11 percent; and
 - Reduce Jewish Family Service of Tidewater by 11 percent.

- **The Department of Medical Assistance Services** reduction targets administrative actions such as turnover and vacancy, a renegotiated vendor, and closer enforcement of hospital admission criteria. The agency’s reduction target was based solely on its administrative budget. All Medicaid and indigent

health care services were exempted from the across-the-board reductions. There are no layoffs of state workers.

- Several agencies pass through cuts in funding to nonstate entities. These organizations provide a variety of services including but not limited to:
 - Direct patient care (i.e. Arlandria by 15 percent and Olde Towne Medical Center by 15 percent);
 - Health care promotion (i.e. Virginia Healthcare Foundation by 15 percent and Area Health Education Centers by approximately 90 percent);
 - Elder care (i.e. Korean Cultural and Senior Center by 11 percent and Norfolk Senior Center by 11 percent); and
 - Pharmaceuticals for the indigent (i.e. Primary Care Association by 15 percent and Pharmacy Connect by 11 percent).

- These agencies achieve their reduction targets through mainly administrative actions.
 - Woodrow Wilson Rehabilitation Center (four layoffs);
 - Department for the Blind and Vision Impaired (nine layoffs);
 - Rehabilitation Center for the Blind;
 - Virginia Board for People with Disabilities; and
 - Virginia Department for the Deaf and Hard-of-Hearing.

Public Safety

Overview:

- The biennial general fund and nongeneral fund savings strategies for the Public Safety agencies total \$94.4 million.
- These reductions could result in up to 426 layoffs over the two-year period.
- Across-the-board exemptions under this Secretariat include:
 - All of the Department of State Police;
 - Community crime control funds for juveniles and adults;
 - Defense preparedness;
 - Tuition assistance for National Guard troops; and
 - Out-of-state inmate revenue; and payments in lieu of taxes.

Summary of major budget reduction strategies:

- **The Department of Corrections will:**
 - Eliminate 45 positions in its central office;
 - Eliminate some assistant warden positions in prisons (26 positions);
 - Eliminate some of the deputy chief positions in district probation and parole offices (16 positions);
 - Reduce the number of mental health positions in prisons (32 positions);
 - Eliminate maintenance supervisory positions in prisons (42 positions);
 - Reduce clerical and fiscal staff at prisons by about 25 percent (78.5 positions);

- Reduce clerical staff in district probation and parole offices (46 positions);
 - Reduce purchase of equipment for prisons;
 - Reduce food, medical, and other direct costs of housing inmates;
 - Delay filling vacant positions in prisons, probation and parole offices, and the central office; and
 - Revise security arrangements in prison enterprise shops (50.5 positions).
- **The Department of Juvenile Justice** will:
 - Consolidate administrative functions and reduce positions;
 - Use turnover and vacancy savings;
 - Reduce use of privately-operated residential programs;
 - Eliminate the drug assessment and screening of juveniles in the community;
 - Reduce aid to localities for operation of local secure detention centers; and
 - Eliminate 50 positions, resulting in approximately 47 layoffs.
- **The Department of Correctional Education** will:
 - Eliminate 12 teachers due to the closing of Staunton Correctional Center;
 - Eliminate full-time and part-time teachers, teacher aides, and part-time clerical staff throughout the agency and in adult and juvenile correctional institutions, resulting in the elimination of 35 full-time positions, but a total layoff of 63 employees, including part-time staff;
 - Use turnover and vacancy to create savings; and
 - Furlough all employees up to four days in FY 2003.
- **The Department of Criminal Justice Services** will eliminate 11 full-time and eight part-time positions, defer expenditures for equipment, reduce funding for

contract personnel, and reduce funding for the integrated criminal justice information system (ICJIS).

- **The Department of Emergency Management** will reduce training, equipment expenditures, staff travel, and telecommunication expenses. It will also use available federal funds to cover administrative costs for some of its programs.
- **The Department of Military Affairs** will use turnover and vacancy savings, reduce its maintenance expenditures at local armories, and use recently available lease revenue from the city of Virginia Beach to pay expenses at the State Military Reservation normally covered by state funds.
- **The Department of Fire Programs** will capture increasing nongeneral fund revenues, resulting in no reductions to existing grant programs. In addition, the agency will eliminate two vacant full-time positions and lay off one part-time employee.
- **The Commonwealth's Attorneys' Services Council** will furlough employees for up to 10 days, reduce travel expenses, initiate new fees for training, and increase and increase existing fees for its training sessions.
- **The Alcoholic Beverage Control Board** will reduce store hours, resulting in operational savings.
- **The Parole Board** will reduce wage position hours and reduce travel of the board.

Commerce and Trade

Overview:

- The biennial savings strategies for the Commerce and Trade agencies total \$28.4 million.
- The strategies for the Commerce and Trade agencies result in 115 layoffs over the biennium.
- Major exemptions from budget reductions include:
 - Fire fighting programs in Department of Forestry;
 - Mine safety in the Department of Mines, Minerals and Energy;
 - Occupational safety and health inspections in the Department of Labor and Industry; and
 - Capital Access Fund for Disadvantaged Businesses in the Departments of Business Assistance and Minority Business Enterprise.

Summary of major budget reduction strategies:

- **The Department of Housing and Community Development will:**
 - Eliminate the Industrial Site Development Fund in FY 2004 following General Assembly action to eliminate the program in FY 2003;
 - Reduce the Homeless Intervention Program (seven percent in FY 2003 and five percent in FY 2004);
 - Reduce the general fund support for the Homeless Shelter Expansion Program and use other available funding;
 - Reduce workforce training grants by \$900,000;
 - Reduce the indoor plumbing program (eight percent in FY 2003 and five percent in FY 2004);

- Reduce Planning District Commission grants by \$350,000 (8.6 percent in FY 2003 and 6.5 percent in FY 2004); and
 - Lay off five employees.
- **The Department of Agriculture and Consumer Services will:**
 - Return the meat inspection program to the U.S. Department of Agriculture;
 - Reduce international and domestic marketing (\$578,000); and fertilizer, lime, feed, animal remedies, and seed law enforcement (\$252,000);
 - Reduce the animal welfare program;
 - Reduce general fund support for coyote damage control by 53 percent in the first year;
 - Accelerate planned fee increases for phytosanitary certification and laboratory fees, and increase the equine infectious anemia testing fee; and
 - Lay off 58 full and part-time employees.
- **The Virginia Economic Development Partnership will:**
 - Reduce participation in marketing shows and events;
 - Reduce business development and international trade marketing missions;
 - Reduce business development advertising; and
 - Lay off 14 employees.
- **The Virginia Tourism Authority will:**
 - Eliminate the tourism development division and the marketing and promotion director position;
 - Move the Washington, D.C., office to a Northern Virginia location;
 - Reduce cooperative advertising program grant funds and eliminate or reduce specific pass-through payments including the "See Virginia First,"

America's Aviation Adventure, the African-American Heritage Trails, and the Tredegar National Civil War Center; and

- Lay off five employees.

- **The Department of Forestry** will:
 - Refinance the purchase of heavy equipment through the master equipment lease purchase program for five instead of three years saving \$1.2 million;
 - Consolidate area offices and co-locate one office;
 - Reduce general fund support for the reforestation of timberlands;
 - Eliminate an educational outreach program; and
 - Eliminate various non-fire safety positions, resulting in 19 layoffs.

- **The Department of Business Assistance** will revise its small business development program from a center-based program to a regionally based referral program and seek a new host manager for the existing state centers. The agency will also reduce workforce services spending by a little less than 15 percent.

- **The Department of Labor and Industry** will eliminate 13 positions, including one appointed position, resulting in seven layoffs, and delay information technology improvements.

- **The Virginia Employment Commission** will reduce the commissioner's discretionary funds.

- **The Department of Professional and Occupational Regulation** will eliminate an external contract for audit training courses and assume the responsibility with in-house staff, reduce the use of Informal Fact Finding procedures and use consent orders for enforcement of regulations, combine board meetings, change mailing procedures, and implement other internal savings.

- **The Virginia Racing Commission** will use turnover and vacancy savings, delay equipment purchases, defer development of a new licensing system, and reduce pass-through payments to the Department of Agriculture and Consumer Services for the Virginia Horse Industry Board, Virginia Tech for the Virginia-Maryland Regional College of Veterinary Medicine, and the Virginia Equine Center Foundation by 15 percent.
- **The Department of Mines, Minerals and Energy** will reduce a pass-through grant (Solar Photovoltaic Incentive Grant Program) by 15 percent, supplant general fund support with nongeneral funds, and eliminate several positions, with three layoffs.
- **The Board of Accountancy** will reduce printing and postage costs.
- **The Department of Minority Business Enterprise** will eliminate an appointed position and a policy manager position.

Natural Resources

Overview:

- The biennial savings strategies for the Natural Resource agencies total \$24.6 million.
- The strategies for the Natural Resource agencies result in 124 layoffs over the biennium.
- Major exemptions from budget reductions include:
 - Game Protection Fund in the Department of Game and Inland Fisheries;
 - Statewide water quality monitoring;
 - Virginia Petroleum Storage Tank Fund and Waste Tire Trust Fund in the Department of Environmental Quality; and
 - Dam Safety Program in the Department of Conservation and Recreation.

Summary of major budget reduction strategies:

- **The Department of Conservation and Recreation will:**
 - Eliminate or reduce general fund support by about 26 percent (\$2.0 million) for the development of Total Maximum Daily Load implementation plans, Shoreline Erosion Advisory Service program, and Conservation Reserve Enhancement Program. All of these programs help reduce nonpoint source pollution and assist in the clean up of the Chesapeake Bay and other waters of the Commonwealth. These cuts will put Virginia's ability to remove these waters from the impaired waters list more at risk;
 - Reduce pass-through grants to the Soil and Water Conservation Districts by about 2.5 percent (\$214,615), the Virginia Outdoors Foundation by 10 percent (\$120,000), and Breaks Interstate Park by 13.5 percent (\$62,500);
 - Consolidate regional offices; and

- Increase fees at state parks by 10 percent for the rental of cabins and campsites at state parks.
- **The Department of Game and Inland Fisheries** will:
 - Close a fish hatchery;
 - Reduce by over \$2.1 million the use of 139 wage personnel in all programs including secretarial support, field work for wildlife biologists, assisting with fish production, and boat titling and registration; and
 - Stop development of the on-line computer system for licenses to save \$1.3 million.
- **The Department of Environmental Quality** will:
 - Consolidate management activities, complete the elimination of a layer of management in the regional offices, and reassign staff to save \$2.1 million;
 - Consolidate regional operations and close a satellite office;
 - Reduce pollution prevention and small business compliance programs by about \$600,000; and
 - Eliminate or reduce certain pass-through payments, grants, and other matching funds, including payments to Smith Mountain Lake Volunteer Water Quality Monitoring Project), Izaak Walton League of America, Chesapeake Bay Foundation, and competitive grant awards from the Litter Control and Recycling Fund.
- **The Chippokes Plantation** will defer completion of conservation projects and reduce discretionary expenses.
- **The Marine Resources Commission** will eliminate almost \$800,000 in general fund support and use only nongeneral funds for oyster replenishment activities. The agency will refinance equipment purchases through the master equipment lease plan for seven instead of three years. In addition, the agency will use vacant positions to save additional funds.

- **The Chesapeake Bay Local Assistance Department** will eliminate a management position, use turnover and vacancy, reduce operating expenditures and eliminate competitive grant funding to localities for implementation of the Chesapeake Bay Preservation Act.
- **The Department of Historic Resources** will eliminate the appointed chief deputy and other grant management and procurement positions, and reduce operating expenses.
- **The Virginia Museum of Natural History** will furlough employees for eight days, lay off eight part-time and six classified positions, and reduce operating expenses.

General Government

Overview:

- General government consists of the Offices of the Secretary of Finance, Administration, and Technology, and nonstate agency grants. The total general fund and nongeneral fund savings to be generated from these general government functions totals over \$60 million.
- These reductions will eliminate 85 positions and require 64 layoffs.
- Major exemptions from the budget reductions included:
 - Per diem payments to local and regional jails for housing local and state responsible inmates;
 - Premium payments for employee health insurance;
 - Various general fund revenue-generating activities in the Tax Department;
 - The Master Tobacco Settlement Enforcement unit;
 - Debt service payments;
 - Payments to individuals under the Line of Duty Act; and
 - Payments to localities for various taxes and ABC profits.

Summary of major budget reduction strategies:

- The **Compensation Board** will implement the following actions to achieve seven and 11 percent reductions:
 - There will be no reduction in state funding for Sheriffs at this time.
 - Reduce state funding to Commonwealth's Attorneys by \$2.4 million in FY 2003 and \$3.1 million in FY 2004 (seven percent).

- Reduce state funding to Circuit Court Clerks by \$3.5 million in FY 2003 and \$4.0 million in FY 2004 (11 percent);
 - Reduce state funding to Treasurers by \$2.2 million in FY 2003 and \$2.5 million in FY 2004 (11 percent);
 - Reduce state funding to Commissioners of the Revenue by \$2.2 million in FY 2003 and \$1.9 million in FY 2004 (11 percent); and
 - Reduce state funding to the Circuit Court Clerks' technology trust fund by \$462,640 in FY 2003 and \$462,787 in FY 2004 (11 percent);
- The **State Board of Elections** will decrease reimbursements to localities for the salaries and expenses of local election board members. These reimbursements will be reduced by seven percent in FY 2003 and eight percent in FY 2004.
 - The **Virginia Public Broadcasting Board** will reduce its grants for public television and public radio and its contracts for instructional programming in schools by 15 percent, or \$2.3 million. Radio reading services for the blind and visually impaired will not be reduced.
 - **The Department of Taxation** will take the following actions, which will result in the elimination of 24 positions and the lay off of 27 full- and part-time employees:
 - Delay implementation of the toll-free telephone service for individual income taxpayers and eliminate the service for tax practitioners;
 - Eliminate distribution of tax forms at local libraries; and
 - Reorganize and close district offices, with the exception of the Norfolk office, and have the auditors and collectors work out of their homes.
 - **The Department of Technology Planning** will relinquish \$11.7 million in cash balances from the Wireless E-911 Fund, most of which is unobligated.
 - **The Department of General Services** will eliminate 14 positions and delay the purchase of replacement vehicles for the state motor pool. The department will

also defer the purchase of certain laboratory equipment for the Division of Consolidated Laboratory Services.

- **The Virginia Information Providers Network (VIPNet)** will reduce its support to state agencies for Web design, development, and consulting services; and defer a number of upgrades. Beginning in FY 2004, VIPNet will also eliminate the posting of elections results on-line and other on-line voter services.

- **The Department of the Treasury** will privatize the central mail service, charge a fee to recover the costs of providing services to the State Non-Arbitrage Program for the Treasury Board, recover insurance collateral safekeeping contract costs, reduce check volumes, eliminate five positions (including an appointed position), and layoff four staff.

- **The Department of Accounts** will eliminate a total of 12 positions (with nine layoffs) and recover a portion of the costs associated with selected miscellaneous payroll deductions like voluntary savings bond and insurance payments. The department will also:
 - Reduce accounts receivable reporting;
 - Reduce manual check processing;
 - Eliminate Federal Information Processing Standards reporting;
 - Eliminate data entry of deposit certificates for local Treasurers;
 - Eliminate the external financial management training program; and
 - Reduce the disbursements review programs.

- **The Department of Planning and Budget** will reduce its expenditures for part-time employees providing analytical assistance, budget document preparation, data processing services, and legislative coordination. The agency will also reduce other nonpersonal services costs, lay off three staff, and reassign staff as necessary in order to eliminate 10 positions.

- **The Commission on Local Government** will lay off one staff member and furlough all remaining staff for eight days in FY 2003.
- **Nonstate agencies and historic entities** will be reduced by 15 percent of their total general fund appropriation of \$6.3 million. The reduction is \$937,500 in the first year.

Transportation

Overview:

- The biennial general and nongeneral fund savings strategies for the Transportation agencies total \$86.4 million.
- These plans could result in up to 593 layoffs over the two-year period.
- Across-the-board exemptions under this Secretariat include:
 - Road construction;
 - Road maintenance (including financial assistance to localities);
 - mass transit funding;
 - Federal funding;
 - Debt service to support port improvements and road construction; and
 - Toll roads.

Summary of major budget reduction strategies:

- **The Department of Motor Vehicles will:**
 - Permanently close 12 customer service centers;
 - Close the remaining customer service centers one day a week;
 - Pass on to customers the fees it has to pay for the use of credit cards;
 - Reduce headquarters staff;
 - Reduce aid to localities in FY 2003:
 - Abandoned Vehicle payments
 - Mobile Home Sales and use Taxes

- Rental Vehicle Taxes
- Eliminate all four mobile customer service centers;
- Reduce contractual services;
- Accelerate the closing of weigh stations initiated by the 2002 Session of the General Assembly; and
- Layoff 587 employees, including 354 full-time positions.

- **The Department of Transportation** will:
 - Reorganize its technology and administrative functions;
 - Reduce reliance on part-time workers and contractual services;
 - Become more efficient in its technology operations by reducing some equipment purchases and using fewer consultants;
 - Use turnover and vacancy savings;
 - Remove duplicate projects at research centers;
 - Delay equipment purchases;
 - Reduce travel for meetings; and
 - Renegotiate its current “seat management” contract.

- **The Department of Aviation** will reduce aid to local airports by 15 percent, use uncommitted revenues, reduce contractual services, and eliminate a position.

- **The Virginia Port Authority** will reduce grants to local ports by 15 percent in FY 2004, reduce funding for maintenance of its facilities, reduce advertising and travel funding, and defer equipment replacement.

- **The Department of Rail and Public Transportation** will use unexpended capital grant balances, eliminate its deputy director position, and reduce travel.

- **The Motor Vehicle Dealer Board** will furlough its employees for 10 days, eliminate four full-time and two part-time positions, and utilize uncommitted nongeneral fund revenues.

Highlights of Other Reductions

Overview:

- In addition to the across-the-board reductions, Governor Warner is proposing further reductions totaling \$145.0 million.

Summary of major budget reduction strategies:

- The \$101.4 million appropriated in FY 2004 for a **potential salary increase** will be eliminated. This funding was earmarked in Chapter 899 to cover an undesignated salary increase for state employees, faculty at higher education institutions, state-supported local employees, and local school division employees funded through the Standards of Quality.
- The general fund appropriation for aid to localities with police departments ("**599**" program) is adjusted to reflect a decline in general fund revenues compared to the originally approved budget. Based on the general fund revenue adjustments and the "599" program funding formula, \$5.5 million is reduced in FY 2003.
- **K-12 discretionary grants** will be cut by \$5.6 million over the biennium as a result of a 3.5 percent reduction in various incentive-based programs and a 15 percent cut in special projects. The special projects include: the Virginia Career Education Foundation, Project Discovery, Southwest Education Consortium, Southside Regional Technology Consortium, Western Virginia Public Education Consortium, and the William King Regional Arts Center.
- **The Supreme Court of Virginia** has offered a voluntary budget reduction of \$1.4 million in FY 2003 and \$1.7 million in FY 2004 derived from hiring delays, travel and conference savings, reduced substitute judge hours, and other personnel savings.

- **The maintenance reserve allocations** for state agencies and institutions will be reduced by \$12.5 million, or one-half, in each year of the biennium. Maintenance reserve funding is used for major repairs to plant, property, or equipment that is intended to extend the useful life of the asset.
- A portion of the salary of the **Virginia Liaison Office** director will be paid from the major nongeneral fund sources that benefit from the work of the office in Washington, D.C.
- The **Office of the Secretary of the Commonwealth** will eliminate contracted staff support services.
- **The Treasury Board** will capture debt service savings of \$4.2 million in the biennium due to the refinancing of certain state general obligation bonds, taking advantage of lower interest rates and reduced debt service costs.