



COMMONWEALTH of VIRGINIA
Office of the Governor

Mark R. Warner
Governor

March 24, 2003

TO THE HOUSE OF DELEGATES

HOUSE BILL NO. 1400

I approve the general purpose of this bill but am returning it without my approval with the request that the attached 67 amendments be adopted.

At the end of the 2003 session, I expressed my concerns to both House and Senate members about the content of the conference report. My reservation centered on the fact that the budget appeared optimistic in terms of the collection of various revenue items and that some of the spending items were not sufficiently funded. In addition, I objected to the fact that the FY 2004 salary increases provided by the General Assembly were contingent upon a revenue forecast that I was to prepare in the second year.

Since that time, subsequent events -- including the war in Iraq, the increased threat of terrorism in the United States, and evidence that the national economy remains stalled -- have only added to the uncertainty. Therefore, I am returning the bill with amendments. These amendments focus on four basic objectives.

Given the uncertainty facing us, my first objective is to increase the amount of projected revenue which remains unappropriated. The amendments I propose will increase to \$16.5 million the amount of projected revenue which is kept unappropriated -- up from the \$14.5 million included in the enrolled budget. At this level, the amount proposed would be the largest unappropriated balance in a decade.

Not earmarking every dollar of projected revenue will provide the Commonwealth with more of a safeguard against unanticipated national events, and afford us greater flexibility to meet our responsibility to secure the Virginia homeland. It will also provide a larger cushion should our economy continue to falter or revenues come in below projections.

To that same end, I am submitting a language amendment to authorize allocations from the unappropriated general fund balance to provide for unbudgeted cost increases to state agencies incurred as a result of actions to enhance homeland security and combat terrorism. Current events require this precaution.

My second objective is to recognize the significant ongoing contribution made by our state and state-supported local employees. At a time when we have reduced the number of state employees by almost 6,000, increased work requirements by altering work processes, and enacted the most significant reform agenda in almost a generation, we must recognize that our employees remain the key to making state government work.

For that reason, I am submitting language amendments to eliminate all contingencies against the FY 2004 salary increase for state employees, faculty, public school teachers, constitutional officers and their employees, and other state-supported local employees, such as local social service employees and community services board employees. Our hard-working state employees have gone two years without any pay increases. If we are now going to propose a salary increase for them, then we must be prepared to make that promise a real one.

Therefore, my amendments delete the requirement that the salary increases hinge on a reforecast of revenues. If revenues are not sufficient to keep the budget intact, I will utilize my constitutional authority to act expeditiously to reduce spending elsewhere in the budget -- even if that means that I must call the General Assembly back for a special session.

My third objective is to provide additional funding for spending items included in the enrolled bill but were not sufficiently funded. Foremost, I am recommending additional funding to implement the program for the civil commitment of sexually violent predators. Our legal mandate to provide adequate treatment and security for these individuals, once they are committed, requires that we take no chance with inadequate funding for the program.

I am also offering an amendment to fund the implementation costs of HB 1954 and SB 1058, passed by the 2003 session of the General Assembly. My amendment will enable the Department of Motor Vehicles to establish procedures to ascertain the legal presence for drivers' licenses and identification cards. This initiative is fundamentally linked to homeland security and therefore must be funded. To do so, I propose to set aside for this purpose some of the increased revenue from the additional one-dollar motor vehicle registration fee contained in the enrolled bill.

My budget amendments also address other critical public safety issues. They restore budget reductions in ABC law enforcement so that there are adequate resources to enforce our alcoholic beverage laws and combat underage drinking. My amendments also provide \$1.5 million as a first step toward ensuring that our Department of State Police retain experienced troopers, too many of whom we lost to higher paying jobs. We must begin to take action in this budget to deal with this pressing situation.

In addition, my amendments restore essential funding for three programs that have proven effective in improving public safety -- Project Exile, drug courts, and Pre-release and Post Incarceration Services (PAPIS). Under Project Exile, offenders who possess firearms during the commission of a crime are subject to minimum mandatory sentences -- providing an increased deterrent to the illegal use of firearms. Drug courts provide an alternative method of dealing with persons guilty of nonviolent drug possession offenses. They have proven to be an impressive and cost-effective alternative to incarceration for drug offenders.

PAPIS programs provide services to persons prior to their release and to persons recently released from incarceration. Services include counseling, support groups, job search and placement, and substance abuse counseling. PAPIS programs have proven to be effective in providing transitional services to persons prior to their release or recently released from prison or jail, helping to reduce recidivism and ultimately correctional costs.

I am also offering some language amendments to clarify the intended action or correct matters of policy. Included in these amendments are clarification of the tax-related responsibilities of the Department of Taxation and local treasurers and commissioners of the revenue, equitable treatment for the relief of Marvin Lamont Anderson, modifications of the Governor's budget reduction authority, and technical revisions to certain aspects of higher education decentralization.

Finally, I am proposing a limited number of funding amendments to strengthen our economy and assist disadvantaged individuals. Among them are funding for tourism advertising, the Virginia Enterprise Initiative in the Department of Housing and Community Development, and Jobs for Virginia's Graduates.

The resources necessary to support these amendments come from reductions in the internal service fund which supports building operations at the seat of government, savings from a VPBA bond refinancing, savings from delayed openings of new facilities or lower than projected program participation, and a limited amount of unspent balances. I propose no additional fee increases in my budget amendments.

Taken together, my amendments strengthen the basic framework of the enrolled budget. They fund only essential services of the Commonwealth and provide for a more flexible spending plan to address the uncertainty of the times. I ask that you adopt them.

Through this budget and the other actions we must take, it is my hope that we can continue to work together to address the fundamental challenges facing us, as we collectively strive to move Virginia forward.

Mark R. Warner
Governor

Summary of 2003 Session Reconvened Budget Amendments

<u>Agency</u>	<u>Title/Description</u>	<u>Resource Dollars</u>			
		<u>GF 2002-03</u>	<u>GF 2003-04</u>	<u>NGF 2002-03</u>	<u>NGF 2003-04</u>
Page 1 Revenues	Additional revenue from critical records checks-local governments:	0	100,000	0	0
<u>Item Number</u>					
§4-8.03					
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Page 1 Revenues	Reduce obligated balances to Feds for Cash Management Act:	90,367	0	0	0
<u>Item Number</u>	Reduces amounts reserved for payment to reflect actual amount due.				
§4-8.03					
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Page 1 Revenues	Revert portion of capital balances in central necessary repairs and improvements:	314,000	0	0	0
<u>Item Number</u>	This amendment reverts a portion of balances in Central Capital Outlay from project 16170, Necessary Repairs and Improvements for obligations no longer needed.				
§4-8.03					
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Page 1 Revenues	Implement Service of Process fee increase on May 1, 2003:	168,000	0	0	0
<u>Item Number</u>	Push forward implementation of Secretary of the Commonwealth's - Service of Process Fee from July 1, 2003 by two months to May 1, 2003.				
§4-8.03					
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Page 1 Revenues	Reflect recoveries from institutions of higher education or industry from grants:	0	500,000	0	0
<u>Item Number</u>	A conference amendment directs the Center for Information Technology (CIT) to recovery a portion of its costs related to bringing federal R&D moneys to Virginia. The amendment's objective is to lessen CIT's dependence upon the general fund. The conferees failed to include these recoveries in the revenue update.				
§4-8.03					

Summary of 2003 Session Reconvened Budget Amendments

Halfsheets

<u>Item</u>	<u>Title</u>	<u>General Fund</u>		<u>Nongeneral Fund</u>		<u>Positions</u>	
		<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
<u>Operating (Spending, Savings, and Language)</u>							
48	Restore funding and a position to the Lieutenant Governor's Office	0	50,000	0	0	0.00	1.00

49	Transfer funds to the first year in the OAG to pay for sexually violent predators program	200,000	(200,000)	0	0	0.00	0.00

54	Begin service of process fee increase on May 1 rather than July 1	Language Only					

56	Restore funding for Virginia Liaison Office	0	159,599	0	134,753	0.00	3.00

66	Remove language implementing the \$100 fee assessed on circuit court clerks for felony sentencing orders not submitted within the 30-day period	0	460,000	0	0	0.00	0.00

69	Restore funding for Treasurers in selected localities that had budget reductions based on the theory that those offices will no longer have any responsibility to process state income tax filings	0	523,534	0	0	0.00	0.00

70	Restore funding for Commissioners of the Revenue in selected localities that had budget reductions based on the theory that those offices will no longer have any responsibility to process state income tax filings	0	594,943	0	0	0.00	0.00

91	Provide sufficient general fund support for Human Rights Council	0	55,000	0	0	0.00	0.00

Summary of 2003 Session Reconvened Budget Amendments

Halfsheets

Item	Title	General Fund		Nongeneral Fund		Positions	
		2003	2004	2003	2004	2003	2004
<u>Operating (Spending, Savings, and Language) - Continued</u>							
101	Restore coyote control program funding	0	49,900	0	0	0.00	0.00
112	Restore funding for the Virginia Enterprise Initiative in the Department of Housing and Community Development	0	270,000	0	0	0.00	0.00
135	Restore funding for the Virginia Tourism Authority's core advertising program	0	400,000	0	0	0.00	0.00
136	Authorize Governor to lift tuition caps under certain conditions	Language Only					
145	Capture savings in state-operated programs in Direct Aid for Public Education	(798,972)	(106,402)	0	0	0.00	0.00
147	Capture savings in Algebra Readiness program	(95,517)	0	0	0	0.00	0.00
147	Restore Student Achievement Grant funds from available balances and additional lottery proceeds	Language Only					
147	Remove contingency language for FY 2004 salary increase for public school teachers	Language Only					
152	Provide funding for Jobs for Virginia Graduates	0	300,000	0	0	0.00	0.00

Summary of 2003 Session Reconvened Budget Amendments

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<u>Item</u>	<u>Title</u>	<u>General Fund</u>		<u>Nongeneral Fund</u>		<u>Positions</u>	
		<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
<u>Operating (Spending, Savings, and Language) - Continued</u>							
227	Restore funding for the Virginia Labor Center	0	177,154	0	0	0.00	0.00

257	Revise uses of additional vehicle registration fee for Jamestown 400th anniversary					Language Only	

272	Clarify DOA's authority to act as fiscal agent for the Commonwealth Health Research Board					Language Only	

285	Amend language requiring the Department of Taxation's mailing address to be included in instruction booklets and tax forms					Language Only	

285	Eliminate iFile income tax language in Department of Taxation					Language Only	

290	Provide appropriation for the claim payment to Marvin Lamont Anderson	0	660,000	0	0	0.00	0.00

290	Provide equitable claim payment for Marvin Lamont Anderson	0	243,300	0	0	0.00	0.00

292	Capture excess cash management payment to federal government					Language Only	

293	Capture debt service savings from completed VPBA refunding	0	(965,111)	0	0	0.00	0.00

Summary of 2003 Session Reconvened Budget Amendments

Halfsheets

Item	Title	General Fund		Nongeneral Fund		Positions	
		2003	2004	2003	2004	2003	2004
<u>Operating (Spending, Savings, and Language) - Continued</u>							
298	Involuntary mental commitment process language (not SVP)						Language Only

304	Restrict the number of Relay Center employees in the case of increased landline surcharge						Language Only

325	Correct Preferred Drug List language						Language Only

347	Preserve flexibility in economic development funding through Department of Rehabilitative Services						Language Only

421	Provide flexibility in choosing site for sexually violent predators						Language Only

432	Provide matching funding to localities for drug courts	0	520,000	0	0	0.00	0.00

432	Provide matching funding to localities for PAPIS programs	0	438,274	0	0	0.00	0.00

432	Provide matching funding to localities for Project Exile programs	0	223,000	0	0	0.00	0.00

459	Direct development of a plan for retention of state troopers	0	300,000	0	1,200,000	0.00	0.00

Summary of 2003 Session Reconvened Budget Amendments

Halfsheets

Item	Title	General Fund		Nongeneral Fund		Positions	
		2003	2004	2003	2004	2003	2004
<u>Operating (Spending, Savings, and Language) - Continued</u>							
470	Phase out general fund support for Center for Innovative Technology						Language Only
471.10	Modify Virginia Information Technologies Agency reporting requirements						Language Only
472	Provide more flexibility for use of bridge funds						Language Only
485	Change notification date for funding to continue bus service to Chesterfield County						Language Only
503	Restore the reduction in rent plan expenditures at seat of government	0	(2,361,557)	0	0	0.00	0.00
511	Remove contingency for salary increase for state and state-supported local employees, and faculty						Language Only
512	Implement program for the civil commitment of sexually violent predators	0	1,202,323	0	0	0.00	0.00
512	Expand items eligible for funding from unappropriated balance to include Gear Up and unbudgeted utility increases						Language Only
512	Designate organization to receive funds for the Virginia Horse Center						Language Only

Summary of 2003 Session Reconvened Budget Amendments

Halfsheets

<u>Item</u>	<u>Title</u>	<u>General Fund</u>		<u>Nongeneral Fund</u>		<u>Positions</u>	
		<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
<u>Operating (Spending, Savings, and Language) - Continued</u>							
512	Earmark unappropriated balance to cover the cost of Homeland Security Expenses						Language Only

512	Provide grants for technology research						Language Only

513.10	Provide greater flexibility with respect to Commerce and Trade consolidation						Language Only

	TOTAL OPERATING	(694,489)	2,993,957	0	1,334,753	0.00	4.00
<u>Capital</u>							
§ 2-0	Revert portion of capital balances in central necessary repairs and improvements						Language Only

C-125.30	Approve land offer that will enable State Police to relocate Clifton Forge Area office						Language Only

C-148.05	Clarify funding amounts for Port Authority revenue bond capital projects						Language Only

C-148.15	Authorize the purchase of straddle carriers for port operations						Language Only

	TOTAL CAPITAL	0	0	0	0		

Summary of 2003 Session Reconvened Budget Amendments

Halfsheets

<u>Item</u>	<u>Title</u>	<u>General Fund</u>		<u>Nongeneral Fund</u>		<u>Positions</u>	
		<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>	<u>2004</u>
<u>Transfers</u>							
§ 3-1.01	Transfer liability insurance program balance	3,200,000	0	0	0	0.00	0.00
§ 3-1.01	Transfer local Circuit Court record fee balances	460,000	0	0	0	0.00	0.00
§ 3-1.01	Eliminate ABC law enforcement and regulation reduction	0	(1,317,942)	0	0	0.00	0.00
§ 3-1.01	Account for local sales tax compliance revenue	175,490	387,774	0	0	0.00	0.00
§ 3-1.01	Adjust revenue estimates for Circuit and General District Courts IDEA fee increase	160,000	1,000,000	0	0	0.00	0.00
§ 3-1.01	Provide flexibility to transfer watercraft sales and use tax revenue to Game and Inland Fisheries	Language Only					
§ 3-1.01	Reduce the transfer of Aviation Special Fund balances	(1,000,000)	0	0	0	0.00	0.00
TOTAL TRANSFERS		2,995,490	69,832	0	0		
<u>General Provisions</u>							
§ 4-1.04	Modify Governor's authority to withhold appropriations	Language Only					

Summary of 2003 Session Reconvened Budget Amendments

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<u>Item</u>	<u>Title</u>	<u>General Fund</u>		<u>Nongeneral Fund</u>		<u>Positions</u>	
		2003	2004	2003	2004	2003	2004
<u>General Provisions - Continued</u>							
§ 4-4.01	Removes from review by Treasury Board financing agreements with foundations affiliated with institution of higher education						Language Only

§ 4-5.06	Delegate purchase of motor vehicles to institutions of higher education						Language Only

§ 4-5.08	Amend approval dates for memoranda of understanding for higher education decentralization						Language Only

§ 4-5.08	Clarify delegation of authority to UVA and VPI&SU for approval of capital leases						Language Only

§ 4-6.01	Add salary of Executive Director of Virginia Office of Protection and Advocacy to agency head salaries						Language Only

§ 4-7.01	Require monthly employment reporting by institutions of higher education						Language Only

§ 4-8.03	Provide for revenue recalculation based on legislative action						Language Only

§ 4-12.00	Remove duplication of DUI Fee						Language Only

Total Number of Amendments: 67