

Commerce and Trade

The adopted 2002-04 budget for Commerce and Trade results in a net decrease of \$60.2 million GF for the biennium when compared to the adjusted appropriation for current operations. This total represents new funding of \$4.5 million, offset by \$64.7 million in targeted reductions and executive management savings.

New funding of \$5.0 million GF in FY 2004 is approved for the operation of the Virginia Advanced Shipbuilding and Carrier Integration Center in Newport News. In addition, \$2.0 million GF each year is appropriated to boost workforce services in cooperation with the Regional Partnerships set up under the Regional Competitiveness Act. New funding of \$2.2 million for the biennium is included for the Department of Forestry to replace equipment used in fighting forest fires.

In addition to these amounts, \$17.5 million GF is contained in the Central Appropriations for the Governor's Opportunity Fund, along with NGF interest earnings from the Fund balance.

Targeted reductions include \$9.0 million GF each year for the Regional Competitiveness Program; \$4.4 million GF each year for the Industrial Training Program; and \$5.6 million GF for advertising and marketing programs.

Another \$12.3 million in reductions for Commerce and Trade agencies is included as executive management savings.

COMMERCE AND TRADE EXECUTIVE MANAGEMENT SAVINGS			
Agency	FY 2003	FY 2004	Total
Secretary's Office	\$ 44,132	\$ 50,436	\$ 94,568
Housing & Community Dev.	1,321,214	1,321,214	2,642,428
Labor and Industry	521,798	596,341	1,118,139
Employment Commission	6,073	6,941	13,014
Minority Business	27,434	31,353	58,787
Agriculture	1,023,149	1,023,149	2,046,298

Economic Development	657,397	713,398	1,370,795
Tourism	692,445	729,245	1,421,690
Business Assistance	457,622	261,498	719,120
Mines, Minerals and Energy	787,296	899,767	1,687,063
Forestry	<u>545,588</u>	<u>545,588</u>	<u>1,091,176</u>
Total:	\$6,084,148	\$6,178,930	\$12,263,078

- **Department of Agriculture and Consumer Services**

- ***Food Establishment Inspections.*** Provides \$398,610 NGF each year through an annual inspection fee. General fund support for this activity is correspondingly reduced by \$222,000 each year. Budget language requires the department to report to the 2003 Session with recommendations on precluding duplication of inspection services in retail food stores between the department and local departments of health.
- ***Food Safety Security.*** Appropriates \$200,000 GF each year to prevent and respond to potential terrorist attacks against Virginia’s food supply.
- ***Meat and Poultry Inspections.*** Budget language directs the department to provide the same level of service for this activity as authorized for the 2000-2002 biennium.

- **Department of Business Assistance**

- ***Industrial Training.*** Reduces general fund support for this activity by \$4.4 million each year, leaving \$9.0 million each year. If eligible claims for reimbursement exceed appropriations, budget language authorizes the department to prorate benefits, use second year appropriations, or request the Governor to use the Governor’s Opportunity Fund.
- ***Agency Consolidation.*** Removes \$350,000 GF in the second year to reflect savings resulting from agency consolidations. Budget language directs the Secretary of Commerce and Trade to develop a plan for the 2003 Session to consolidate the department with other agencies in the secretariat.

- ***Additional Positions for Small Business Development Program.*** Adds \$281,000 NGF and 3.0 FTE positions to develop, implement, and oversee economic recovery and disaster preparedness for small businesses. The additional positions will also provide programmatic oversight for small business development centers.
- ***Small Business Incubator Program.*** Reduces funding by \$325,000 GF each year, leaving \$560,000 each year for this activity. Budget language requires the department to assess the program's effectiveness, and report to the 2003 Session of the General Assembly.
- **Department of Housing and Community Development**
 - ***Homeless Programs.*** Restores \$4.3 million the first year and \$5.0 million the second year in TANF moneys for the department's homeless programs.
 - ***Industrial Site Development Program.*** Eliminates the first year appropriation of \$850,000 GF, but increases the second year appropriation by \$800,000 GF, resulting in \$1.7 million GF for the program in FY 2004. The program promotes economic activity in rural areas.
 - ***Regional Competitiveness Program.*** Eliminates state funding for the program, thereby saving \$9.0 million GF each year.
 - ***Regional Workforce Services.*** Provides \$2.0 million GF each year for workforce services programs managed by the state's 19 Regional Partnerships. Budget language directs the department to disburse the funds based on a competitive application process.
 - ***Enterprise Zone Job Grants.*** Reduces job grant appropriations by \$240,000 GF each year. Budget language directs the department to prorate grant awards when eligible claims exceed available appropriations. No repayment would be necessary in the next fiscal year.
- **Department of Forestry**
 - ***Replacement of Firefighting Equipment.*** Provides new funding of \$721,000 GF the first year and \$1.5 million GF the second year for the purchase, under the Master Equipment Lease Program, of tractors and fireplow units used by the department in fighting

forest fires. This funding will enable the department to replace about one-third of its existing heavy firefighting equipment.

- **Department of Mines, Minerals and Energy**
 - ***Solar Photovoltaic Manufacturing Grant Program.*** Reduces the general fund support for this incentive program by \$2.7 million the first year and by \$3.6 million the second year. Budget language defers payments under the program until FY 2004.

- **Virginia Economic Development Partnership**
 - ***Budget Reductions.*** Includes budget reductions of \$1.0 million GF in FY 2003.
 - ***Marketing Missions and Industry Shows.*** Directs the Partnership, by budget language, to provide the Secretary of Commerce and Trade, for his review, an itemized list of projected costs of airline and hotel accommodations for overseas travel, prior to purchase.
 - ***Virginia Advanced Shipbuilding and Carrier Integration Center (VASCIC).*** Provides \$5.0 million GF in FY 2004 for an operating grant. Budget language reaffirms legislative commitment to support the Center's operating costs. Under legislation enacted by the 1998 Session, the Commonwealth agreed to provide \$58.0 million to construct the center and up to an additional \$40.0 million to establish and operate VASCIC. The capital obligation was fulfilled by the 2000 Session.
 - ***Virginia Commercial Space Flight Authority.*** Removes \$304,200 GF each year for the Virginia Commercial Space Flight Authority, leaving \$100,000 GF each year for the Authority's operations.

- **Virginia Employment Commission**
 - ***Additional Unemployment Benefit Payments.*** Provides an additional \$68.4 million NGF in each year of the biennium to pay additional unemployment claims and benefits.
 - ***Customer Contact Centers.*** Authorizes \$3.6 million NGF the first year and \$5.9 million the second year for the implementation of three call centers across the state. The centers will allow customers to apply for unemployment benefits by telephone, voicemail, e-mail, or fax.

- **Position Level.** Provides an increase of 30.0 FTE from nongeneral funds to enable local workforce investment boards to provide one-stop centers offering comprehensive job training services.
- **Education for Independence Program and Virginia Skills Centers.** Restores legislative intent to continue the spending authorization for services provided by the Education for Independence and Virginia’s Skills Center programs. Budget language directs the Commission to work with Education for Independence providers to become eligible for funding through local Workforce Investment Boards.
- **Workforce Investment Act.** Expresses legislative intent to reallocate unexpended and unobligated Workforce Investment funds to those service areas where the reverted funds originated, for high-priority education programs. Further directs JLARC, as part of its review of workforce training services, to examine the feasibility of transferring the Workforce Investment Act provision to another state agency to improve program effectiveness.
- **Reed Act Funds.** Authorizes expenditure of moneys credited to the unemployment trust fund as a result of the federal Job Creation and Worker Assistance Act of 2002. The nongeneral funds will be used in the Unemployment Insurance and Job Service programs.
- **Virginia Tourism Authority**
 - **Cooperative Advertising Program.** Reduces the appropriation by \$1.1 million GF each year, leaving \$4.5 million for the program each year. Budget language directs the agency to develop a methodology for reviewing grant applications that ensures that the grant recipients’ marketing efforts are consistent with the state’s tourism goals and mission.
 - **Tourism Marketing.** Reduces the agency’s marketing and advertising program by \$1.0 million GF each year.
 - **Agency Consolidation.** Reduces general fund support by \$1.2 million in FY 2004 in anticipation of savings resulting from merging the agency with the Virginia Economic Development Partnership. Budget language directs the Secretary of Commerce and Trade to develop the consolidation plan for the 2003 Session.

- ***Special Allocations.*** Allocates by budget language \$250,000 GF each year for the Tredegar National Civil War Center; \$110,000 GF the first year for the “See Virginia First” campaign operated by the Outdoor Advertising Association of Virginia; \$200,000 GF the first year for the “See Virginia First” campaign operated by the Virginia Association of Broadcasters; \$75,000 GF the first year for the Coalfield Regional Tourism Authority; and up to \$50,000 GF each year for America’s Aviation Adventure to promote the 2003 centennial of the Wright Brothers first flight.