

Administration

The Governor's proposed amendments for Administration result in a net reduction of \$47.2 million GF and a net increase of \$75.4 million NGF when compared to the current appropriation. This total reflects new GF spending of \$15.5 million, offset by \$62.7 million in GF reductions, and additional NGF revenues of \$83.3 million, offset by \$7.9 million in reductions.

The proposed new general fund spending items include \$7.8 million for increased per diem payments to local and regional jails and \$1.3 million for increased insurance premiums for constitutional officers. The major nongeneral fund spending recommendations include \$23.2 million to reflect the transfer of the Veteran's Care Center from private to state management, and a technical correction to nongeneral fund revenues for the local choice health insurance program.

Proposed reductions are spread across the agencies with the largest savings generated by the Compensation Board and the Department of General Services. Reductions of 5 percent are proposed for sheriffs and Commonwealth's Attorneys, and 11 percent reductions proposed for the treasurers, commissioners of revenue and circuit court clerks. In combination with administrative efficiencies, these proposals would generate total biennial savings of \$47.8 million from the Compensation Board. Savings at the Department of General Services total \$7.4 million and include increased reliance on fees for services.

The Governor's proposed amendments also include the elimination of three agencies by consolidating the Commission on Local Government with the Department of Housing and Community Development, transferring the responsibilities of the Virginia Public Broadcasting Board to the Secretary of Administration, and transferring responsibilities of the Human Rights Council to the Office of the Attorney General. Recommended amendments also would shift the Charitable Gaming Commission from nongeneral fund to general fund status effective July 1, 2003, and sweep its balances of approximately \$2.3 million to the general fund.

In addition to the targeted reductions, a series of amendments is included to capture anticipated savings from the Governor's Information Technology initiative. Appropriations for Administration agencies are reduced \$621,935 GF to reflect these proposals. The detail of the reductions is included in the spreadsheet.

- **Secretary of Administration**
 - ***Governor’s October Reductions.*** Reduces GF appropriations by \$78,744 the first year and \$91,949 the second year, representing reductions of 10.1 percent each year. The savings derive from the elimination of one position each year, and the recovery of the costs of fiscal and payroll services provided to the Virginia Veteran’s Care Center, the Virginia Racing Commission, and the Charitable Gaming Commission.
 - ***Consolidation of Public Broadcasting.*** Provides \$6.5 million GF in the second year to reflect the proposed transfer of the activities and funding for the Virginia Public Broadcasting Board to the Office of the Secretary of Administration, effective July 1, 2003.
- **Charitable Gaming Commission**
 - ***Governor’s October Reductions.*** Reduces appropriations by \$366,921 NGF the first year and \$356,852 NGF the second year, representing reductions of 15 percent in FY 2003 and 14.4 percent in FY 2004. The reductions are achieved through the elimination of 4 positions and 3 layoffs and deferred filling of other vacant positions.
 - ***Support Agency from General Fund.*** Switches the funding source for the agency from nongeneral fund to general fund as of July 1, 2003. In FY 2004, increasing the GF appropriation by \$2.1 million and reducing the NGF appropriation by \$2.5 million would achieve a net savings of \$400,000.
 - ***Capture Agency Balances.*** The agency’s nongeneral fund balances of approximately \$2.3 million would be transferred to the general fund in FY 2003 in a Part 3 transfer.
- **Commission on Local Government**
 - ***Eliminate Agency and Transfer Responsibilities to DHCD.*** Proposes to eliminate the agency, and transfer its activities, three of its six positions, and the associated funding, to the Department of Housing and Community Development effective July 1, 2003. This would result in savings of \$183,774 GF in the second year.
 - ***Governor’s October Reductions.*** Reduces appropriations by \$98,564 GF first year and \$101,603 GF the second year, representing

reductions of 15 percent. The savings are generated through an eight-day furlough for all employees in FY 2003, the elimination of one position, and reductions in administrative costs.

- **Commonwealth Competition Council**

- **Governor's October Reductions.** Reduces appropriations by \$34,855 GF the first year and \$45,347 NGF the second year, representing reductions of 15 percent each year. The savings are achieved through a variety of internal efficiencies and do not require the elimination of any positions or layoffs.

- **Compensation Board**

- **Governor's October Reductions.** Reduces appropriations by \$8.5 million GF and \$1.0 million NGF the first year and \$10.9 million GF and \$462,787 NGF the second year. The major strategies proposed are outlined below.
 - **Commonwealth's Attorneys.** Funding for Commonwealth's Attorneys would be reduced by five percent each year for savings of \$1.5 million GF in FY 2003 and \$2.2 million GF in FY 2004. This represents a change from the originally proposed reductions of seven percent each year.
 - **Circuit Court Clerks Reductions.** Appropriations for Circuit Court Clerks would be reduced by 11 percent each year, generating savings of \$3.0 million GF and \$550,000 NGF in FY 2003 and \$4.0 million GF in FY 2004.
 - **Commissioners of Revenue Reductions.** Funding for Commissioners of Revenue would be reduced 11 percent each year, resulting in savings of \$1.6 million in FY 2003 and \$1.9 million in FY 2004.
 - **Treasurers Reductions.** Funding for Treasurers would be reduced 11 percent each year, generating savings of \$2.2 million in FY 2003 and \$2.5 million in FY 2004.
 - **Other October Savings.** Remaining savings would come from 11 percent reductions to Technology Trust Fund expenditures and administrative savings at the Compensation Board, including reclassification of positions, reduced emergency equipment funding, systems development and maintenance, and training expenditures.

- **Reduce Funding for Sheriffs.** Proposes a five percent reduction to sheriff's funding over the biennium, totaling \$27.0 million GF. To reflect the difficulty in achieving savings in the first year, the reduction is split \$8.8 million the first year and \$18.2 million the second year. The reduction is reflected largely in the jail per diem payments.
- **Increase Inmate Per Diem for Local and Regional Jails.** Includes an increase of \$5.4 million GF the first year and \$2.7 million GF the second year for per diem payments to localities, reflecting the projected increase in local jail populations.
- **Increase Funding for Insurance Premiums.** Recommends increasing funding \$717,001 GF the first year and \$572,001 GF the second year due to increase general liability insurance premiums for constitutional officers.
- **Capture TTF Balances.** Language proposed in Part 3 of the Budget Bill transfers NGF balances of \$3.7 million in the Compensation Board's Technology Trust Fund to the general fund in FY 2003.
- **Human Rights Council**
 - **Transfer Responsibilities to Attorney General's Office.** Proposes abolishing the Council and transferring its responsibilities and two investigators to the Office of the Attorney General, resulting in the elimination of three positions. The transfer would produce a net savings of \$138,257 GF in FY 2004. Also included is language providing Personnel Act protection to the employees transferred from the Human Rights Council to the Attorney General.
 - **Governor's October Reductions.** Reduces appropriations by \$49,715 GF the first year and \$50,461 GF the second year, representing reductions of 15.0 percent each year. The majority of savings are generated through the use of federal Equal Employment Opportunity Commission funding to supplant general fund dollars.
- **Department of Employee Dispute Resolution**
 - **Governor's October Reductions.** Reduces appropriations by \$113,162 GF the first year and \$135,080 GF the second year, representing reductions of 15.0 percent in FY 2003 and 13.7 percent

in FY 2004. The savings are generated through the elimination of two vacant positions.

- **Department of General Services**

- **Governor's October Reductions.** Reduces appropriations by \$822,929 GF the first year and \$1.4 million GF the second year. The savings would result in the elimination of 14 positions and one layoff. Major strategies used to generate the savings are summarized below.
 - **Fund Interagency Mail Services through Rent Plan.** Replace general fund support for the interagency mail services with nongeneral fund revenues collected from state agencies that rent office space in state-owned buildings. This strategy would save \$271,000 GF each year.
 - **Use NGF Support for Engineering and Buildings.** Reduces the general fund support for the Division of Engineering and Buildings by \$150,000 the first year and \$150,000 the second year. Activities will be funded with agency's existing NGF resources, primarily payments for building rentals.
 - **Other October Reductions.** The remaining savings would be generated through a number of administrative efficiencies including reduced wage and contract employment, reduced postage costs, travel and telephone costs, and from position vacancy savings. In addition, funding is reduced for laboratory equipment purchases and the elimination of three vacant positions within the Division of Consolidated Laboratory Services for savings of \$370,000 GF in FY 2004.
- **Convert Bureau of Capital Outlay Management to Internal Service Fund.** Pursuant to a 2002 legislative directive, the budget as introduced recommends replacing the Bureau's general fund support with nongeneral fund revenue by imposing fees for reviewing the architectural, mechanical and engineering specifications for new construction and renovation projects. GF reductions of \$1.0 million the first year and \$1.9 million the second year are included, with like increases in NGF revenues appropriated.

- ***Create Procurement Service Center.*** Includes language directing DGS to operate a procurement service to support the purchasing needs of agencies identified by DPB and DGS.
- ***Defer Passenger Vehicle Purchases.*** A Part 3 transfer captures NGF savings from permitting DGS’s fleet management division to purchase only those replacement vehicles required for law enforcement agencies. Savings estimated at \$2.7 million in FY 2003 and \$2.5 million in FY 2004 would be transferred to the general fund.
- **Department of Human Resource Management**
 - ***Governor’s October Reductions.*** Reduces appropriations by \$665,424 GF and \$323,970 NGF the first year and \$725,165 GF and \$334,070 NGF the second year, representing reductions of 12 percent in FY 2003 and 13 percent in FY 2004. The savings are generated through a variety of administrative and organizational efficiencies, including reduced advertising, travel, training, publications, technology, postage, office supply and equipment, membership, educational, consulting and related expenses. The savings require the elimination of five vacant positions and the layoff of three part-time employees.
 - ***Human Resources Service Center.*** Proposes the creation of a human resources service center to consolidate human resources activities for small agencies.
- **Administration of Health Insurance**
 - ***Increase Appropriation for Local Health Insurance Program.*** Provides an increase of \$25.0 million NGF the first year and \$35.0 million NGF the second year to this holding account for the health insurance program for localities. This is a technical adjustment to more accurately reflect increased premium income from localities.
- **Department of Veterans’ Affairs**
 - ***Governor’s October Reductions.*** Reduces appropriations by \$192,773 GF and \$9,300 NGF the first year \$257,363 GF and \$9,300 NGF the second year, representing reductions of 8.0 percent in FY 2003 and 10.4 percent in FY 2004. The majority of savings come from the elimination of five positions and 10 layoffs. Also

proposed is a 10-day furlough for all employees in FY 2003, and a number of administrative savings.

- ***Adjust NGF Appropriation to Reflect Cemetery Revenues.*** Proposes a technical amendment reducing the agency's NGF by \$800,000 each year to more accurately reflect plot and burial reimbursements from the federal Department of Veteran's Affairs. The number of burials performed at the Cemetery has not kept pace with initial projections.
- **State Board of Elections**
 - ***Governor's October Reductions.*** Reduces appropriations by \$337,149 GF the first year and \$308,513 GF the second year, representing reductions of 8.3 percent in FY 2003 and 7.8 percent in FY 2004. The reductions do not result in any position level reductions or layoffs. The savings strategies include decreased reimbursements for local electoral board salaries, reduced costs for distributing legal materials, printing, shipping, and contractors.
- **Virginia Public Broadcasting Board**
 - ***Transfer Board Responsibilities to Secretary of Administration.*** Recommends transferring the responsibilities of the VPBB to the Secretary of Administration effective July 1, 2003. The transfer would not impact funding for public broadcasting.
 - ***Governor's October Reductions.*** Reduces appropriations by \$1.1 million each year, representing reductions of 14.7 percent. The reductions are generated by reducing funding for contracts for K-12 instructional television, and community service grants for public television and public radio by 15 percent. Radio reading services for the blind were not impacted. The reductions do not result in any position reductions or layoffs.
- **Virginia Veterans Care Center Board of Trustees**
 - ***Increase NGF Appropriation to Reflect Public Management.*** Recommends adjusting the NGF appropriation supporting the Veterans Care Center's operations to reflect the transfer of responsibilities for the center from a private management company to the state. For FY 2003 this results in an increase of \$11.6 million NGF and 230 NGF positions. For FY 2004, an increase of \$11.6 million NGF.

- ***Governor's October Reductions.*** Reduces appropriations by \$34,383 NGF the first year and \$35,141 NGF the second year, representing reductions of 15 percent. The reductions are achieved by eliminating a vacant admissions position.