

## Commerce and Trade

The amendments approved by the General Assembly for Commerce and Trade agencies result in a net reduction of \$39.0 million GF and \$2.7 million NGF for the biennium. About 62.0 FTE positions are eliminated.

Spending amendments fall into one of two categories – new spending or restorations. There are three new spending amendments. Two amendments totaling \$247,378 GF are approved for the Department of Labor and Industry to respond to federal OSHA requirements and to relocate the agency’s Richmond regional office from Main Street Station. The General Assembly also approved a \$500,000 GF amendment for the Virginia Tourism Authority to boost its advertising efforts.

For nongeneral funds, the General Assembly endorsed the Governor’s recommendation to increase fees totaling some \$1.5 million for the Department of Agriculture and Consumer Services and the Department of Mines, Minerals and Energy.

In addition to these spending amounts, \$1.5 million GF is in Central Appropriations to pay indemnity to contract poultry growers and independent egg producers for losses associated with the avian influenza outbreak earlier this year.

Concerning restoration spending, General Assembly amendments totaling \$2.1 million provide funds for the Departments of Agriculture and Consumer Services, Housing and Community Development, and the Virginia Tourism Authority.

Most of the reductions are tied to the Governor’s October Plan -- \$23.1 million GF and \$4.6 million NGF. Other major reductions include \$5.0 million from the Virginia Economic Development Partnership for the Virginia Advanced Shipbuilding and Carrier Integration Center; \$2.4 million from the Department of Mines, Minerals and Energy for the Solar Photovoltaic Manufacturing Incentive Grant Program; and \$500,000 from the Department of Business Assistance remaining from the department’s transfer of the Small Business Development Centers to George Mason University.

There is also a \$500,000 reduction in Central Appropriations representing the savings from a consolidation of economic development agencies.

In addition, the proposal to sell the state’s portfolio of outstanding loans and other assets comprising the Virginia Housing Partnership Revolving Loan

Fund to the Virginia Housing Development Authority was approved. The one-time revenue item will garner \$40.8 million for the general fund in FY 2003.

- **Secretary of Commerce and Trade**

- ***Economic Development Agency Consolidation.*** Language in the Economic Contingency portion of Central Appropriations directs the Secretary to prepare an agency reorganization plan to consolidate the Departments of Business Assistance and Minority Business Enterprise, the A.L. Philpott Manufacturing Extension Partnership, and the Virginia-Israel Advisory Board into a single agency. The Secretary is to submit the plan by December 22, 2003. The budget assumes the consolidation will result in a \$500,000 savings.

- **Department of Agriculture and Consumer Services**

- ***Meat and Poultry Inspections.*** Restores funding of \$31,396 GF the first year and \$1.0 GF million and 49.0 FTE positions the second year to preserve the state inspection program. The department inspects some 33 meat plants under the Federal-State Cooperative Inspection Program, 99 custom-exempt and some 26 additional plants under state law.
- ***October Reductions.*** Reduces spending in the first year by \$2.8 million and \$1.5 million the second year. Most of the reduction strategies supplant general fund dollars with nongeneral fund revenues; reduce or eliminate operating support, travel, and equipment purchases; or reduce client services.
- ***Weights & Measure Inspection Fee.*** Adopts a \$9 fee, which is a 10 percent reduction from the fee proposed in the introduced budget bill, beginning in FY 2004 on all businesses and governmental entities falling under Virginia's weights and measures regulations for each device subject to inspection. There is a general fund savings of \$650,000 and a nongeneral fund increase equal to the reduction. Budget language requires the agency to report to the General Assembly on the department's efforts to implement the fee program.
- ***Milk Commission.*** Includes \$755,801 NGF and 10.00 FTE positions the second year from the Milk Commission. The transfer of duties and appropriations is a recommendation of the Commission on Efficiency and Effectiveness. Budget language calls for the

Secretary of Commerce and Trade to approve a consolidation plan for submittal to the House Appropriations and Senate Finance Committees. The language also clarifies legislative intent concerning proposed legislation in the 2004 Session to make permanent the consolidation.

- ***Coyote Control Program.*** Restores general fund support of \$35,000 for the program in the second year. The restored funds will leverage federal dollars.

- **Department of Business Assistance**

- ***Industrial Training.*** Reduces general fund support for this activity by \$1.3 million each year, leaving \$7.7 million each year.
- ***Small Business Development Center Program.*** Reduces general fund assistance for the state network of 30 small business assistance centers by \$422,000 the first year and by \$1.1 million NGF. In the second year, the reductions are \$1.1 million GF and \$2.2 million NGF. The department will lay off four employees. George Mason University has assumed the responsibility for the program with the federal Small Business Administration.
- ***Incubator Grant Program.*** Reduces the second year general fund appropriation by \$150,000, leaving \$410,000 for the program.
- ***Virginia-Israel Advisory Board.*** Provides \$148,700 GF the second year to continue the Board's marketing and development activities.
- ***Workforce Retraining Fund.*** Budget language authorizes the deposit of unexpended balances from the worker training program to the Workforce Retraining Fund to carry out the purposes of Senate Bill 695 (2003 Session).

- **Department of Housing and Community Development**

- ***Homeless Programs.*** Reduces assistance for the Homeless Intervention Program and the Homeless Shelter Expansion Program by \$784,900 GF the first year. In the second year, General Assembly actions reduce the proposed cut of \$625,900 GF to \$125,900 GF.
- ***Industrial Site Development Program.*** Eliminates the \$1.7 million GF program in the second year.

- **Regional Workforce Services.** Eliminates funding for workforce grants to regional partnerships saving \$2.0 million GF each year.
- **Commission on Local Government.** Includes \$398,399 GF and 3.00 FTE positions the second year from the Commission on Local Government. The transfer of duties and appropriations is a recommendation of the Commission on Efficiency and Effectiveness. The consolidation saves \$183,774 and three positions. Budget language elsewhere in the budget continues the Commission on Local Government as a commission within the Department of Housing and Community Development.
- **Virginia Housing Partnership Revolving Loan Fund.** Authorizes the sale of the Fund’s assets to the Virginia Housing Development Authority (VHDA) for \$40.8 million with the proceeds designated for transfer to the general fund. The estimated price is less than half of the portfolio’s book value, and is based on VHDA analysis. Budget language requires a third-party to review the underwriting of the portfolio and the Secretary of Commerce and Trade to provide the General Assembly an opportunity to review the sale agreement between VHDA and the department prior to implementation. The fund assists low-income families by providing affordable mortgages for both single-family and multi-family housing.
- **October Reductions.** Reduces spending in the first year by \$1.0 million GF, and second year spending by \$712,466 GF and 4.00 FTE positions. Most of the savings are attributed to a reduction in grants to such programs as the Virginia Enterprise Initiative (\$550,000), Planning District Commissions (\$350,000), and the Indoor Plumbing and Rehabilitation Program (\$300,000).
- **Virginia Enterprise Initiative Program.** Reduces general fund spending for the program by \$500,000 in the second year, leaving \$500,000 for VEI activities.
- **Department of Forestry**
  - **Reforestation of Timberlands.** Eliminates the general fund support for the program in the second year to save \$490,000.
  - **October Reductions.** Reduces spending in the first year by \$804,555 GF and by \$8,465 NGF and by \$1,416,640 GF and \$173,759 NGF and 17.62 FTE positions in the second year. Most of the savings are in

the areas of personnel, training, and lease/purchase of fire suppression equipment.

- **Virginia Economic Development Partnership**
  - **Marketing Missions and Industry Shows.** Reduces general fund support for trade shows and events by \$235,860 each year. VEDP would not participate in 14 of the 70 planned business development shows and events and two of the 17 planned international trade shows and events.
  - **Staffing Level.** Reduces general fund support by \$307,398 the first year, and \$992,362 the second year, eliminating 5 vacant positions, laying off 7 professionals, 4 support positions, and 1 part-time classified position. None of the professional positions are project managers.
  - **October Reductions.** Reduces the general fund appropriation by \$692,518 the first year and \$681,388 the second year. The savings are based on reductions to program activities affecting marketing, communications, travel, and training.
  - **Virginia Advanced Shipbuilding and Carrier Integration Center (VASCIC).** Eliminates the second year appropriation of \$5.0 million GF. The state provided \$58.0 million GF to construct the Center.
- **Department of Labor and Industry**
  - **Federal OSHA Standards.** Provides \$114,908 GF and \$114,908 NGF and 5.00 FTE positions the second year to fully fund the state's mandated share of support for positions to monitor compliance with federal health and safety program benchmark standards.
  - **Richmond Regional Office.** Increases second year spending by \$132,470 GF and \$471,330 NGF to relocate the department's staff from the Main Street Station facility.
  - **Civil Penalties.** Adopts budget language to override the *Code* to permit the agency to retain up to \$107,000 in civil penalties assessed to enforce regulations. The moneys are to match federal grants for the voluntary compliance program.
  - **October Reductions.** Reduces the general fund by \$532,224 GF and \$18,868 NGF the first year and \$843,259 GF and \$21,357 NGF and 13.00 FTE positions in the second year. Most of the savings are

related to turnover/vacancy, supplanting of general funds with federal dollars, and reductions in operating costs.

- **Department of Minority Business Enterprise**
  - **Assessment of Minority Businesses.** Includes budget language directing the department along with the Departments of General Services and Transportation and the VEC to analyze the availability of minority business enterprises in Virginia and the utilization of these businesses by the public and private sectors in the acquisition of goods and services. Authorizes the department to solicit funds to pay for the analysis and the Department of Planning and Budget to establish a nongeneral fund appropriation for such revenues.
  
- **Virginia Tourism Authority**
  - **Cooperative Advertising Program.** Reduces the general fund appropriation by \$1.2 million the first year, and eliminates spending in the second year to save \$3.2 million.
  
  - **Tourism Marketing.** Eliminates the authority’s tourism development division, which provides technical services to regions and localities for tourism attractions and events. General fund savings are \$49,800 the first year and \$485,842 the second year.
  
  - **Tourism Advertising.** Provides \$500,000 GF the second year to support the authority’s core advertising program.
  
  - **Special Allocations.** Restores general fund support of \$150,000 the second year for the Tredegar National Civil War Center; \$200,000 the second year for the “See Virginia First” campaign operated by the Virginia Association of Broadcasters; and \$50,000 the second year for the African-American Heritage Trails. Also provides \$93,500 GF the second year for the Outdoor Advertising Association of Virginia for the “See Virginia First” campaign. Budget language requires the Association to match the state dollars at a ratio of at least 2 nonstate dollars for every state dollar of support.
  
  - **October Reductions.** Reduces spending in the first year by \$158,311 GF and \$239,305 GF the second year. The savings are from reducing or eliminating contractual services; moving the Washington, D.C. office to a less-expensive Northern Virginia

location; and eliminating the vacant director of marketing and promotion position.

- **Department of Mines, Minerals and Energy**
  - ***Solar Photovoltaic Manufacturing Incentive Grant Program.*** Reduces the second year general fund appropriation by \$2.4 million. Budget language authorizes the use of carry forward balances to meet any program costs in fiscal year 2004. The October Reductions reduced the program by an additional \$405,000 GF the second year.
  - ***Permit and License Fees.*** Includes \$835,859 NGF the second year for fee increases related to coal mining permits; gas and oil, and mineral mining permit, license, and board petition fees; and coal license and training fees. A corresponding general fund reduction of \$835,859 was also adopted.
  - ***October Reductions.*** Reduces spending in the first year by \$260,263 GF and \$765,582 GF and 7.00 FTE positions the second year. Most of the savings are tied to personnel actions and the supplanting of general fund dollars.