

**Key Features of the Budget
As Proposed by the Senate Finance Committee
(February 22, 2004)**

- Through the resources provided by the Virginia Investment Act (SB 635 and SB 465), the proposed Senate budget makes critical investments in core state services, and takes concrete steps to address the concerns of the rating agencies regarding Virginia's fiscal health.
- Specific actions and areas of investment include:
 - Rebuilding the Rainy Day Fund;
 - Public and Higher Education;
 - Health and Human Resources;
 - Public Safety;
 - Transportation;
 - Natural Resources;
 - Virginia's Court System;
 - Capital Outlay and Deferred Maintenance; and,
 - Employee Compensation.

Rebuilding the Rainy Day Fund

- Provides \$100 million GF in FY 2004 and another \$100 million GF in FY 2006 as additional deposits to the Rainy Day Fund.
- When these two actions are combined with the additional \$128.5 million in FY 2004 and the \$87 million in FY 2006 from the budget as introduced, the Rainy Day Fund will rise to over half a billion dollars by the end of the 2004-06 biennium.

Public Education

- Provides \$983.4 million over the amounts recommended in the budget, as introduced, to reduce the pressure on local real estate taxes by stepping up to the plate on Standards of Quality (SOQ) costs.
 - Fully funds the “re-benchmarking” of the SOQ for the 2004-06 biennium, including over \$400 million to restore the proposed deduction of certain federal and local revenues from the SOQ calculations.
 - Provides almost \$600 million over and above the budget as introduced to address recommendations by the Board of Education and JLARC.
- Recommended SOQ funding revisions include recognizing elementary resource teachers, required daily planning periods for middle and high school teachers, instructional and support positions to get the best results from our investment in new technology, and fully-funding the Northern Virginia cost of competing adjustment.
 - The changes in the standards translate into an additional 8 instructional positions per 1,000 students.
 - This action bridges the gap between the standards (as last reviewed by the Board in 1988) and current practice in the classroom.
- For the Virginia Preschool Initiative, recognizes all at-risk four-year-olds at current costs.

Higher Education

- Provides over \$100 million per year for base adequacy, which means adding the needed resources for core academic programs at our state colleges and universities:
 - To slow the growth in tuition;
 - To serve an increasing number of students;
 - To enable students in four-year programs to actually finish their courses in four years; and,
 - To maintain rigorous, high-quality academic programs.
- Provides \$12.3 million in FY 2006 to recognize enrollment growth.
- Provides an additional \$3.3 million each year above the budget as introduced, for student financial aid.
 - Moves all of the colleges and universities up to at least 35 percent of need -- closer to the goal of meeting at least 50 percent of student need at all institutions.
- Provides a faculty salary increase of 3.0 percent (as of November 25, 2004), with authority for the institutions to increase salaries up to 4.5 percent using nongeneral funds.
 - Gets the colleges and universities back on track towards meeting the goal of providing salaries at the 60th percentile of their peer groups, over a six-year period.
- Raises Tuition Assistance (TAG) Grants to \$2,500 for undergraduates and \$2,000 for graduate students at Virginia's independent colleges.

- Provides targeted funding to support research and economic development activities.

Health and Human Resources

- Provides a significant increase in state support for services for the disabled.
- Includes new investments in community-based Medicaid waiver programs in three ways:
 - First, provides \$44.0 million to expand the existing Mental Retardation waiver program so an additional 880 persons currently living at home (or in group homes) will be able to receive individualized training and habilitation services.
 - Second, provides \$5.8 million to create a new but less-intensive program called the Day Support waiver, to provide services such as independent living skills for 600 mentally retarded persons living at home with parents or siblings, while at the same time providing respite for the care-givers; and,
 - Third, provides \$4.2 million to add 150 Developmentally Disabled waivers for individuals age six and up who have, for example, autism or cerebral palsy. Services include in-home care and personal assistance.
- Provides critical rate increases for providers, including:
 - \$8.2 million for a three percent increase for mental retardation services provided by group homes or individual providers;

- \$6.0 million for a ten percent increase for home care services provided to the elderly and disabled;
 - \$11.5 million to increase reimbursements for in-patient hospital services from 75 to 79 percent of cost;
 - \$5.4 million to increase nursing home reimbursements to \$4.66 per patient per day; and
 - \$6.4 million to increase by 7.5 percent payments to auxiliary grant homes.
- Provides \$5.3 million to restore services to the physically disabled, including Centers for Independent Living, brain-injury services, and sheltered workshops.
 - Provides \$3.2 million for services provided by Area Agencies on Aging, including congregate and home-delivered meals, case management, and other locally-determined services.
 - Provides \$2.0 million for Community Action Agencies.

Public Safety

- Authorizes a new 1,024-bed medium-security prison in Tazewell County, and a second new prison in Pittsylvania County.
- Authorizes plans for a third new prison in the Mount Rogers Planning District, in Southwest Virginia.
- Provides full funding for 100 new correctional officers and 25 new probation officers; restores 15 prison psychologists; and provides funding to fill eight juvenile probation officer positions held vacant due to budget cuts.

- Provides fast-track authority for new jail construction projects to be approved by the Board of Corrections.
- Meets the state obligation to pay for the costs of maintaining prisoners in our local and regional jails, by restoring \$26.4 million for prisoner per diems.
- Provides \$2.2 million each year to expand local community corrections and pre-trial release programs.
- Authorizes \$159.3 million in tax-supported bond financing for the first phase of the Statewide Agencies Radio System (STARS), to bring Virginia's public safety communications system for our first responders into the 21st century.

Transportation

- Since 1986, vehicle miles traveled by Virginians have increased 79 percent while the population has grown only 26 percent. At the same time, the number of registered vehicles has increased 53 percent.
 - For the first time in recent memory, the road maintenance budget will exceed new construction dollars. Maintenance costs grow each year as 200 miles of subdivision roads are taken into the state road system.
 - The "buying power" of transportation dollars has dropped 40 percent since 1986 because of inflation.
- The proposed changes to the budget provide \$1.6 billion in new funds for transportation for the 2004-06 biennium, including:

- Almost \$1.3 billion for highway construction;
 - An additional \$177.2 million for mass transit;
 - An additional \$50.6 million to make our Virginia ports more competitive; and,
 - An additional \$28.9 million for Virginia's airports.
- Restricts the use of all special transportation revenues for transportation purposes only.
 - The new transportation dollars will boost economic development, address overcrowded highways and county roads, and improve the quality of life for the traveling public.

Natural Resources

- Allocates a total of \$30 million each year, including \$15 million each year to the Water Quality Improvement Fund and \$15 million each year to the Virginia Land Conservation Fund.
- The additional funding will achieve the following results:
 - Assure that 2,000 tons of nutrients will be prevented from washing into Virginia waters annually;
 - Guarantee that 457,000 tons of topsoil will not erode, mostly into the Chesapeake Bay; and,
 - Preserve 15,000 acres of land each year.
- Adds funds to strengthen three important services:
 - Restores 14 state park rangers;

- Restores ten marine police officers; and,
- Restores general funds for water and waste permit programs in the Department of Environmental Quality.

Virginia's Court System

- Strengthens the judicial system with 49 positions for the District Courts and 323 positions for the Circuit Courts.
- Strengthens the Public Defender System by adding 69 new positions and upgrading computer technology.

Capital Outlay and Deferred Maintenance

- Moves aggressively to address the \$1.0 billion backlog in deferred maintenance in our state facilities:
 - For the short term, provides \$125 million for a new Capital Repair and Improvements Fund, through a mix of general funds and bonds, to begin to address the problem immediately; and,
 - For the long term, authorizes creation of a Capital Repair and Improvements Revolving Fund, to provide a permanent source of funds to maintain our public buildings (with an initial deposit of \$25 million).
- Provides an additional \$22 million in tax-supported bond financing to fully fund the restoration of the Virginia State Capitol.

Employee Compensation

- Addresses state employee compensation in the first year rather than deferring increases until 2005.
 - Provides a 3.0 percent salary increase for state classified and state-supported local employees, effective November 25, 2004.
 - Provides a 3.0 percent salary increase for college faculty (with authority for the colleges and universities to increase salaries up to 4.5 percent using nongeneral funds), effective November 25, 2004.
- Strengthens public safety by providing competitive salaries for State Police, Capitol Police, and deputy sheriffs.

Summary of Budget Measures

- The proposed changes include general fund appropriations of \$572.2 million in FY 2005 and \$401.7 million in FY 2006, above SB 30 as introduced.
- Also provides for transportation an additional \$754.9 million in nongeneral funds in FY 2005, and \$797.4 million in FY 2006.