



Central Appropriations

Overview

Central Appropriations serves two purposes. First, it acts as a “holding account” for funds used to supplement state agency appropriations. These funds are designated for a variety of purposes, including employee compensation, economic contingencies, economic development, employee health insurance premiums, state legal expenses, and personal property tax relief. Central Appropriations also acts as a “reversion clearing account” to accrue statewide savings for various actions. The Department of Planning and Budget administers Central Appropriations.

Recommended amendments:

- ▶ **Fund performance-based salary increase for state employees.** Additional funds to support an average 3.5 percent performance-based increase in the salaries of full-time state employees. The actual salary increase for individual employees will be based on their performance evaluations and could range from 0% to 8.75%. For 2002, \$38.3 million (GF).
- ▶ **Fund new compensation reform pay practices.** Additional funds to support new pay practices established by the findings of the Commission on Reform of the Classified Compensation Plan. These new pay practices for classified employees include both one-time actions such as bonuses or spot awards as well as base salary actions such as in-range adjustments. For 2002, \$5.1 million (GF).
- ▶ **Fund increased health benefit premiums for state employees.** Provides funds to state agencies to cover an increase in health insurance premiums for their employees. The rising cost of health care, in particular prescription drugs, has caused a continued increase in health premiums for both the private and government sectors. For 2002, \$15.3 million (GF).
- ▶ **Fund transition support for the three statewide elected offices.** Provides funds to assist the new Governor, Lieutenant Governor, and Attorney General with the expense of transition from the date of election in November 2000 to the date of inauguration in January 2002. Such support has been provided in each transition of these three offices in the past 22 years. For 2002, \$250,000 (GF).
- ▶ **Adjust deferred compensation match appropriation.** A technical adjustment in funding for the Commonwealth’s match to the state employee deferred compensation program. This adjustment aligns the funding for the cash match with the actual participation in the deferred compensation program. For 2001, a reduction of \$1.4 million (GF). For 2002, a reduction of \$3.6 million (GF).

- ▶ **Capture savings from changes in VRS contribution rates.** Reduces funding for retirement contributions as the result of a change in the retirement rates paid by state agencies on behalf of employees. Also included in this amount is funding to implement the Virginia Retirement System's policy of bringing underfunded plans up to 90 percent of actuarial full funding. For 2002, a reduction of \$8.9 million (GF).
- ▶ **Increase funding for economic contingency.** Increases the funds available for use in cases of unavoidable and unbudgeted increases in costs. In addition, these funds are used by the Commonwealth to address threats to life and property, take advantage of cost savings, and other such situations. For 2001, \$1.3 million (GF).
- ▶ **Securitize the Master Settlement Agreement with tobacco manufacturers.** Provides funds from the sale of the Master Settlement Agreement with tobacco product manufacturers. The proceeds will be deposited into three separate trust funds from which community development, health care, higher education, and economic development initiatives will be funded in future years. For 2002, \$460.6 million (GF) and \$701.1 million (NGF).
- ▶ **Produce executive management savings.** Savings to be achieved by: the delay of long-term care insurance funding, the capture of solar photovoltaic grant balances, the funding of the Commonwealth Health Research Fund with funds from the Master Settlement Agreement with tobacco manufacturers, the centralization of airline ticket procurement, the re-negotiation of the contract for electric power, and the implementation and expansion of service bureaus in the areas of shipping and payroll. For 2001, a savings of \$3.4 million (GF) and an increase of \$2.5 million (NGF). For 2002, a savings of \$7.1 million (GF) and an increase of \$2.5 million (NGF).
- ▶ **Adjust financial assistance from Tobacco Settlement for revised estimates.** A technical adjustment to the appropriation for the Tobacco Indemnification and Community Revitalization Fund and the Virginia Tobacco Settlement Fund for a revision to the estimate of the Commonwealth's allocation of the Master Settlement Agreement with tobacco manufacturers. For 2001, a reduction of \$4.7 million (NGF). For 2002, a reduction of \$7.7 million (NGF).
- ▶ **Implement central account adjustments.** Adjustments to properly distribute to agencies the amounts that were included in this central account in the 2000 Appropriation Act:
 - Achieve productivity savings.*** An adjustment to distribute to agencies the productivity savings called for by the 2000 Appropriation Act, which set aside savings totaling \$91.7 million statewide from the general fund. This adjustment reflects the distribution of the savings to the individual agencies and offsets the negative \$91.7 million appropriation in the 2000 Appropriation Act. For 2002, \$91.7 million (GF).
 - Effect other technical adjustments.*** Adjustments to reflect: the transfer of the appropriation for health insurance to Administration of Health Benefits, which is an account administered by the Department of Human Resource Management; the transfer of funds for the equal opportunity program for higher education to the Secretary of Education; the savings of over-budgeted personnel costs in the Departments of Corrections and Juvenile Justice; the transfer of funds to the Department of State Police for a salary increase for dispatchers; the savings associated with the reduction of retirement rates for public school teachers; the savings related to the suspension of performance indemnity bond and automobile liability premium payments; and the transfer of nongeneral fund appropriation to various institutions of higher education for the 2002 cost of the 2001 salary increase for employees. For 2002, an increase of \$10.0 million (GF) and a reduction of \$73.5 million (NGF).



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Detail Tables

	Fiscal Year 2001			Fiscal Year 2002		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
2000-2002 legislative appropriation	656,566,134	142,335,967	798,902,101	847,233,296	181,344,746	1,028,578,042
Central accounts adjustments:						
▶ Productivity savings	0	0	0	91,728,481	0	91,728,481
▶ Other technical adjustments	0	0	0	10,030,683	(73,496,841)	(63,466,158)
Subtotal central accounts adjustments	0	0	0	101,759,164	(73,496,841)	28,262,323
Recommended amendments:						
▶ Fund increased health benefit premiums for state employees	0	0	0	15,301,481	0	15,301,481
▶ Fund new compensation reform pay practices	0	0	0	5,108,872	0	5,108,872
▶ Fund performance-based salary increase for state employees	0	0	0	38,283,699	0	38,283,699
▶ Fund transition support for the three state-wide elected offices	0	0	0	250,000	0	250,000
▶ Capture savings from changes in VRS contribution rates	0	0	0	(8,929,743)	0	(8,929,743)
▶ Increase funding for economic contingency	1,300,000	0	1,300,000	0	0	0
▶ Adjust deferred compensation match appropriation	(1,413,754)	0	(1,413,754)	(3,586,246)	0	(3,586,246)
▶ Securitize the Master Settlement Agreement with tobacco manufacturers	0	0	0	460,611,525	701,111,425	1,161,722,950
▶ Adjust financial assistance from Tobacco Settlement for revised estimates	0	(4,734,515)	(4,734,515)	0	(7,741,253)	(7,741,253)
▶ Produce executive management savings	(3,400,000)	2,500,000	(900,000)	(7,075,000)	2,500,000	(4,575,000)
Total recommended amendments	(3,513,754)	(2,234,515)	(5,748,269)	499,964,588	695,870,172	1,195,834,760
Total recommended funding	653,052,380	140,101,452	793,153,832	1,448,957,048	803,718,077	2,252,675,125
% change over legislative appropriation	(0.54%)	(1.57%)	(0.72%)	71.02%	343.20%	119.01%
Position Level:						
2000-2002 legislative appropriation	5.00	0	5.00	5.00	0	5.00
Recommended amendments	0	0	0	0	0	0
Total recommended positions	5.00	0	5.00	5.00	0	5.00
TOTAL FOR CENTRAL APPROPRIATIONS						
Grand total recommended funds	653,052,380	140,101,452	793,153,832	1,448,957,048	803,718,077	2,252,675,125
Grand total recommended positions	5.00	0	5.00	5.00	0	5.00