

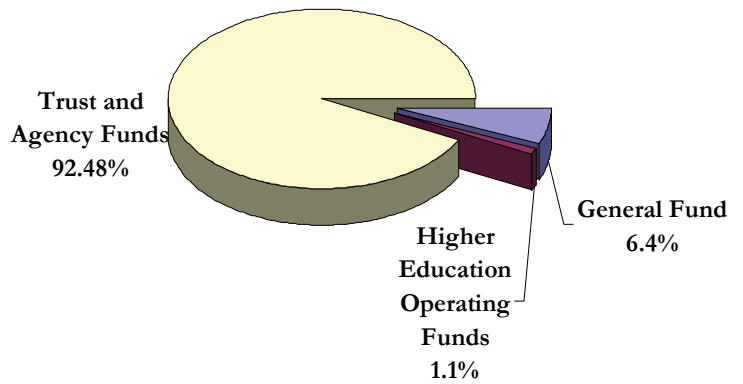
CENTRAL APPROPRIATIONS

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, and state legal expenses. 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.

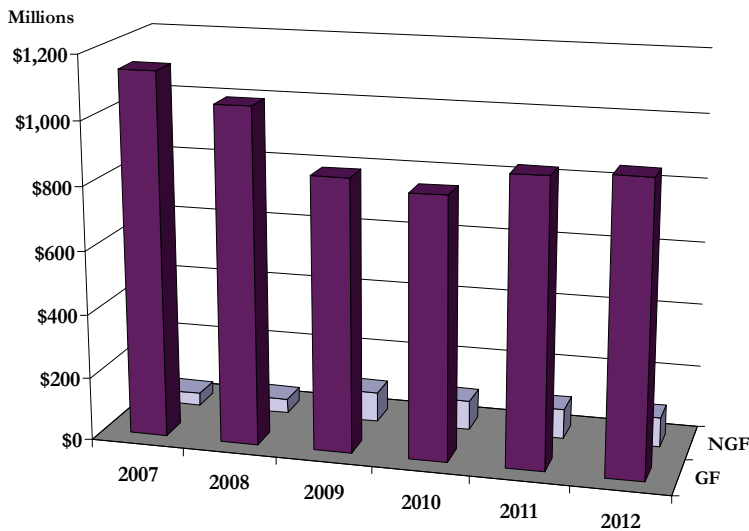


CENTRAL APPROPRIATIONS INCLUDE:	
○	Program Evaluation Service
○	Payments for Tobacco Usage Prevention
○	Supplements to Employee Compensation
○	Supplements to Employee Benefits
○	Economic Development Assistance
○	Base Realignment and Closure Assistance

FINANCING OF CENTRAL APPROPRIATIONS 2010-2012 BIENNIAL OPERATING BUDGET



CENTRAL APPROPRIATIONS OPERATING BUDGET HISTORY



Central Appropriations

Central Appropriations acts as a “holding account” for funds used to supplement state agency appropriations.

Operating Budget Summary

	General Fund	Nongeneral Fund	Personnel Cost
2007	\$1,146,193,264	\$39,759,462	\$107,978,227
2008	\$1,053,952,506	\$46,313,093	\$153,797,930
2009	\$856,578,586	\$94,829,186	(\$12,778,307)
2010	\$823,054,992	\$93,736,553	(\$75,624,589)
2011 Base	\$823,054,992	\$93,736,553	(\$75,624,589)
2011 Addenda	(\$849,378,783)	(\$3,402,964)	\$37,354,448
2011 TOTAL	(\$26,323,791)	\$90,333,589	(\$38,270,141)
2012 Base	\$823,054,992	\$93,736,553	(\$75,624,589)
2012 Addenda	(\$808,980,779)	(\$5,377,353)	\$86,665,789
2012 TOTAL	\$14,074,213	\$88,359,200	\$11,041,200

Authorized Position Summary

	General Fund	Nongeneral Fund	Total Positions
2007	0.00	0.00	0.00
2008	0.00	0.00	0.00
2009	0.00	0.00	0.00
2010	0.00	0.00	0.00
2011 Base	0.00	0.00	0.00
2011 Addenda	0.00	0.00	0.00
2011 TOTAL	0.00	0.00	0.00
2012 Base	0.00	0.00	0.00
2012 Addenda	0.00	0.00	0.00
2012 TOTAL	0.00	0.00	0.00

Capital Budget Summary

	General Fund	Nongeneral Fund	Bond Proceeds
2011 Addenda	\$15,000,000	\$0	\$110,976,000
2012 Addenda	\$0	\$0	\$1,137,588,000

Recommended Operating Budget Addenda

► Distribute Central Appropriations amounts to agency budgets

Transfers reversions and other amounts previously included in Central Appropriations to cover the cost of items such as changes in retirement and other benefit contribution rates, as well as the distribution of other centrally funded items.

	FY 2011	FY 2012
General Fund	\$88,586,618	\$88,586,618

► Remove funding for transition support

Removes funding in the base budget included for transition support. This funding was intended to support the transition of the newly elected Governor, Lieutenant Governor, and Attorney General. This funding will no longer be needed in FY 2011 and FY 2012.

	FY 2011	FY 2012
General Fund	(\$628,965)	(\$628,965)

► Provide funding for the state employee health insurance program

Provides funding for employer premium increases for state employee health insurance. Cost increases are the result of an increase in the projected cost of health care and the need to replace income levels that have been funded in the past two years through reductions in health insurance fund balances. During the 2008-10 biennium, the majority of increases in cost for the state employee health insurance plan were absorbed with the use of one-time funding in the form of excess health insurance balances which now have been depleted.

	FY 2011	FY 2012
General Fund	\$23,550,545	\$61,017,567

► Provide funding for increases in the cost of state employee retirement

Provides the estimated funding level required to support changes in the retirement contributions paid on behalf of state employees for retirement. The funded employer contribution rates are calculated assuming an average annual return of eight percent and an amortization period of 30 years which is consistent with the methodology used to fund retirement rates for the past several years.

	FY 2011	FY 2012
General Fund	\$7,213,365	\$7,526,975
Revenue/Transfers	\$235,953	\$246,213

► Modify funding for changes in other post employment benefit programs for state employees

Provides the funding level required to support rates for state employee retiree health credit, group life, and sickness and disability coverage calculated assuming an eight percent investment return and a 30 year amortization period.

	FY 2011	FY 2012
General Fund	(\$983,313)	(\$1,026,049)
Revenue/Transfers	\$4,255,005	\$4,439,969

► Fund changes in state employee workers compensation premiums

Provides funding for changes in the premiums paid by state agencies on behalf of their employees for workers compensation insurance. Agencies that experience savings will retain one-half of the general fund savings resulting from their premium reductions while agencies that experience premium increases will receive one-half of the general fund share of the increase.

	FY 2011	FY 2012
General Fund	\$3,077,123	\$3,692,986

► Update the estimated Master Settlement Agreement (MSA) revenue that will be deposited in the Virginia Tobacco Settlement Fund

Revises estimated Virginia Tobacco Settlement Fund payments to reflect updated MSA revenues and the diversion of 1.5 percent of MSA funds (approximately \$2.0 million each year) to cover the cost of insuring lower income children. The fund, administered by the Virginia Foundation for Healthy Youth, currently receives ten percent of Virginia’s MSA payment to prevent youth smoking and childhood obesity. This action would lower the fund’s payment by 15 percent.

	FY 2011	FY 2012
Nongeneral Fund	(\$3,402,964)	(\$3,258,810)

Central Appropriations (Continued)

► **Eliminate aid to locality reductions**

Removes the locally elected reductions previously included in Cental Appropriations.

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	\$50,000,000	\$50,000,000

► **Defer funding for higher education interest earnings and credit card rebates until the second year**

Defers funding for higher education interest earnings and credit card rebates until the next General Assembly Session to allow for potential improvement in Virginia's economy.

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	\$0	(\$8,280,645)
Nongeneral Fund	\$0	(\$2,118,543)

► **Reduce administrative expenses for statewide purchase and supply system**

Captures savings associated with the reduction of agency charges on statewide purchase and supply system (eVA) purchases from one percent to eight tenths of one percent. This savings strategy is in addition to an approved FY 2010 strategy, which reduces agency charges from one percent to one tenth of one percent.

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	(\$186,355)	(\$186,355)
Revenue/Transfers	\$164,885	\$164,885

► **Reduce agency rates for administration of annual leases**

Reduces rates charged to agencies served by the Division of Real Estate Services of the Department of General Services. Specifically, this action reduces administrative fees charged to agencies under the Master Lease plan by one percent (from five percent to four percent) and reduces fees charged to agencies not included in the Master Lease Plan by one quarter of one percent (from three and a quarter percent to three percent).

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	(\$80,632)	(\$80,632)

► **Adjust funding for the Productivity Investment Fund**

Adjusts the appropriation for the Productivity Investment Fund. In addition to the \$500,000 general fund remaining after this action, funding for productivity investment projects will come from a line of credit. The source of the pay-back for the line of credit will be savings generated from the projects funded.

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	(\$132,000)	(\$632,000)

► **Suspend the deferred compensation cash match program**

Suspends the cash match program on state employee deferred compensation accounts. Currently, employees can receive up to \$20 per pay period or \$480 per year in matching amounts provided by state agencies.

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	(\$11,855,589)	(\$11,855,589)
Revenue/Transfers	\$6,983,263	\$6,983,263

► **Implement pharmacy benefit changes in the state employee health insurance program**

Implements a 90-day maintenance drug network and eliminates coverage for non-sedating antihistamines and erectile dysfunction drugs.

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	(\$3,269,517)	(\$3,505,106)

► **Modify the retirement cost of living adjustment formula and retirement age for future state employees**

Implements an increase in the minimum retirement age and modifies the cost of living adjustment formula for future employees. The cost of living adjustment is the annual increase given to retirees and is based on consumer price index (CPI) changes. Currently, the cost of living adjustment formula guarantees an increase of one percent for each percent increase in CPI up to three percent, plus one-half percent for each additional percent increase in CPI, for a maximum total increase of five percent for retirees. The new formula will apply only to employees who begin work after July 1, 2010 and guarantees an increase of one percent for each percent increase in CPI up to two percent, plus one-half percent for each additional percent increase in CPI, for a maximum total increase of six percent. The current minimum retirement age is 50 for employees covered under the Virginia Retirement System. The new minimum retirement age for employees who begin work after July 1, 2010 will be 55.

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	(\$374,252)	(\$390,520)
Revenue/Transfers	\$22,683	\$23,669

► **Require state employees to pay a portion of retirement contributions**

Requires state employees to begin paying a portion of the current five percent employee retirement contribution which is currently paid by state agencies. Specifically, state employees will pay on a pre-tax basis, one percent in FY 2011 and two percent in FY 2012.

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	(\$18,288,833)	(\$37,372,867)
Revenue/Transfers	\$12,045,046	\$24,613,806

► **Require state employees enrolled in optional retirement plans to pay a portion of contributions**

Requires state employees enrolled in optional retirement programs to begin paying a portion of the current 10.40 percent employee retirement contribution which is currently paid by state agencies. Specifically, state employees will pay on a pre-tax basis, one percent in FY 2011 and two percent in FY 2012.

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	(\$3,448,141)	(\$7,046,197)
Revenue/Transfers	\$3,923,914	\$8,018,435

► **Eliminate reimbursements for personal property tax relief**

Eliminates funding for reimbursements to localities for personal property tax relief on automobiles. In a separate bill, the Governor will propose elimination of the tax on personal use vehicles and replacement of those local revenues and state reimbursement with another revenue source

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	(\$950,000,000)	(\$950,000,000)

Central Appropriations (Continued)

► **Record expenditures for fourth quarter retirement system payment in the following fiscal year**

Records expenditures for fourth quarter payment of amounts to VRS for retirement in July 2011 (beginning of FY 2012) and July 2012 (beginning of FY 2012).

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	(\$33,891,529)	\$0

► **Provide funding for the Governor's Economic Contingency Fund**

Restores funding for the Governor's economic contingency fund. This fund is used to provide for the unbudgeted cost of emergent situations and to provide funding for efforts that will result in a favorable economic return for the Commonwealth.

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	\$1,200,000	\$1,200,000

► **Adjust funding for higher education interest earnings and credit card rebates**

Adjusts funding for the estimated total payment to individual institutions of higher education of the interest earned on tuition and fees and other nongeneral fund Educational and General Revenues deposited to the state treasury and a pro rata amount of the rebate paid to the Commonwealth on credit card purchases not exceeding \$5,000 during the previous fiscal year, upon certification by the State Council of Higher Education of Virginia that all available performance benchmarks described in §23-9.6.01, Code of Virginia, have successfully achieved by the individual institutions of higher education.

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	\$132,692	\$0

► **Provide funding for energy conservation projects**

Provides Virginia Public Building Authority bond financing for various capital outlay projects designed to result in the conservation of energy.

	<u>FY 2011</u>	<u>FY 2012</u>
Bond Proceeds	\$35,200,000	\$0

► **Provide funding for previously authorized projects**

Provides Virginia College Building Authority bond funding for various projects at public institutions of higher education.

	<u>FY 2011</u>	<u>FY 2012</u>
Bond Proceeds	\$0	\$1,087,588,000

Recommended Capital Budget Addenda

► **Restore maintenance reserve amounts previously reverted for maintenance reserve projects**

Restores the reversion executed at the end of FY 2010 pursuant to Paragraph T of § 2-0, Chapter 781. This action removed general fund amounts in various maintenance reserve projects with the intention of replacing the amounts with Federal Stimulus dollars. It was later determined that Federal Stimulus dollars could not be used for that purpose.

	<u>FY 2011</u>	<u>FY 2012</u>
General Fund	\$15,000,000	\$0

► **Provide funding for maintenance reserve**

Provides Virginia Public Building Authority and Virginia College Building Authority bond financing for the cost of maintenance reserve projects for state agencies and institutions of higher education.

	<u>FY 2011</u>	<u>FY 2012</u>
Bond Proceeds	\$50,000,000	\$50,000,000

► **Provide equipment funding for previously authorized projects**

Provides Virginia College Building Authority financing to cover the cost of equipment for various projects at public institutions of higher education.

	<u>FY 2011</u>	<u>FY 2012</u>
Bond Proceeds	\$25,776,000	\$0