



# Central Appropriations

## Overview

**C**entral 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 and benefits, economic contingencies, economic development, insurance premiums, state legal expenses, and the Virginia Plan for Equal Opportunity. Central Appropriations can also act as a "reversion clearing account" to accrue statewide savings for various actions. The Department of Planning and Budget administers Central Appropriations.

When Governor Gilmore took office, he promised to deliver meaningful tax relief to the citizens of Virginia. The Personal Property Tax Relief Act of 1998, which eliminates the car tax on approximately 90 percent of all Virginia vehicles during a five-year period, was the largest tax relief measure in the history of the Commonwealth. Funds are included in Central Appropriations to continue the personal property tax relief plan in the 2000-02 biennium.

The Governor's proposed budget contains several components in Central Appropriations directed at employee compensation. The Governor recommends funds to provide a 2.4 percent salary increase to state employees on November 25, 2000, and to state-supported local employees on December 1, 2000. Funds are also included to implement the recommendations of the Reform Commission on the Classified Pay Plan and to cover the increased cost to state agencies of providing health insurance coverage for state employees in 2001. Finally, the Governor recommends funds to continue the current \$10 per pay period match for employee contributions to the state's deferred compensation program.

The recommended budget amounts for Central Appropriations also continue Virginia's strong economic development efforts by including \$30.0 million to attract businesses to locate or expand in Virginia. In addition, \$2.0 million is recommended for the Governor's Motion Picture Opportunity Fund and \$6.0 million to establish regional visitor centers around the state.

The many initiatives proposed in this budget are in large part designed to enhance the services provided to the Commonwealth's citizens while also increasing the productivity and effi-

ciency of state government. The Governor's dedication to improve the efficiency of state government does not, however, end with these initiatives. Therefore, the Governor proposed that a productivity savings account be established amounting to \$91.2 million. The Governor is also asking state agencies to develop a plan for achieving further increases in productivity during the 2000-02 biennium. These plans will include the resulting efficiency savings from the increased use of technology and other productivity enhancing methods. For example, one proposed productivity enhancing initiative is the implementation of a statewide electronic commerce system for state agencies and institutions. This system will allow agencies to purchase on-line the goods and services they need to sustain operations. This will eliminate the duplicative steps currently required by state government procurement, thus resulting in increased productivity for all state agencies. In addition, there are various other items in this budget, which involve using the Internet to provide services to citizens. As the use of such means of service delivery increases, the efficiency of the state agencies and institutions involved will also increase.

**Recommended changes:**

- ▶ **Fund salary increases for state employees.** Additional funds to support a 2.4 percent increase in the salaries of state classified employees and appointees. This increase corresponds to projected inflationary trends. For 2001, \$14.6 million (GF). For 2002, \$36.8 million (GF).
- ▶ **Fund salary increases for state-supported local employees.** Additional funds to support a 2.4 percent increase in the salaries of state-supported local employees. State-supported local employees include constitutional officers, local social services employees, local election board employees, local health employees, local juvenile justice workers, and others. For 2001, \$9.1 million (GF). For 2002, \$15.7 million (GF).
- ▶ **Fund cash match for employees in the deferred compensation program.** Provides up to \$10-per-pay-period match for state employees who participate in the Commonwealth's deferred compensation program. The objective of the cash match is to encourage more employees to supplement their Virginia Retirement System and Social Security benefits. In each year, \$8.6 million (GF).
- ▶ **Fund an increase in state employee health insurance premiums.** 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 an increase in health premiums for both the private and government sectors. For 2001, \$17.9 million (GF). For 2002, \$14.4 million (GF).
- ▶ **Support implementation of new pay structure.** Provides funds to help the Department of Personnel and Training assist state agencies in implementing the recommendations of the Commission on the Reform of the Classified Compensation System. The recommended new pay plan will give agencies greater flexibility in pay practices, which will enable the Commonwealth to better attract and retain qualified employees. For 2001, \$1.2 million (GF) and five positions. For 2002, \$800,790 (GF).
- ▶ **Provide funding for the Governor's Opportunity Fund.** Additional funds for the Governor's Opportunity Fund, which was established as a "deal closing" fund in 1992 to help create jobs and generate investment by attracting new industry and assisting in the expansion of existing industry. The fund is a key component of the Commonwealth's economic development marketing effort. Since the fund's inception through the end of 1999, a total of \$71.0 million has been either

paid out or committed to localities. These projects have resulted in \$4.6 billion in investment and more than 47,500 new jobs. For 2001, \$30.0 million (GF).

- ▶ **Provide funding for the Governor's Motion Picture Opportunity Fund.** Funding for the Governor's Motion Picture Opportunity Fund. The fund will be used to help attract film production to Virginia by awarding grants for feature films, children's programming, documentaries, television series, or other television programming produced in the Commonwealth. This funding will help stimulate investment, employment, and growth in the film and video industry, and also will help promote recognition of Virginia's locations, skilled labor pool, and creative talent. For each year, \$1.0 million (GF).
- ▶ **Establish regional visitor centers.** Provides funds to enter into public-private partnerships to establish regional visitor centers around the state. The regional visitor centers will be state-of-the-art facilities using the latest technology to showcase regional and statewide attractions. *The Virginia Visitor Service Facilities Plan* envisions a total of eight or more regional visitor centers by 2006 to prepare for the 400th anniversary of the 1607 settlement at Jamestown. For 2001, \$6.0 million (GF).
- ▶ **Provide funding for the Workforce Training Access Fund.** Funding for a statewide workforce training loan program focusing on technology-related training. Under the program, a national student loan marketing association will originate, fund, and service workforce training loans to people enrolled in workforce training courses and programs that the Statewide Workforce Training Council certifies as meeting technology training needs of business and industry in the Commonwealth. The assets of the fund will be used to guarantee such workforce training loans. For each year, \$250,000 (GF).
- ▶ **Transfer school construction funds.** Transfers school construction funds to Direct Aid to Public Education. The 1998 General Assembly appropriated funds in Central Appropriations for school construction. These funds must be administratively transferred to Direct Aid to Public Education each year. This proposal eliminates the need for the administrative transfer. For each year, a reduction of \$55.0 million (GF).
- ▶ **Withhold productivity savings.** Withholds savings from agencies due to increased productivity resulting from the use of technology and other efficiency improving methods. Each agency in the Executive Department, except the institutions of higher education, shall develop a plan for achieving increased productivity in the 2000-02 biennium. For 2002, a reduction of \$91.7 million (GF).
- ▶ **Continue the premium holiday for automobile liability premiums.** Continues the automobile liability premium holiday for state agencies that began in fiscal year 2000. The automobile liability program has sufficient balances to cover the program expenses for the 2000-02 biennium; therefore, state agencies will not be required to make premium payments. For each year, a reduction of \$1.2 million (GF).
- ▶ **Institute a premium holiday on performance indemnity bond premiums.** Institutes a premium holiday on the indemnity insurance paid by agencies on behalf of agency heads and other officers. The indemnity program has sufficient balances to cover the program expenses for the 2000-02 biennium; therefore, state agencies will not be required to make premium payments. For each year, a reduction of \$99,320 (GF).

- ▶ **Provide appropriation for Tobacco Settlement funds.** An additional nongeneral fund appropriation for funds received from the Tobacco Settlement. The funds will be deposited into the Tobacco Indemnification and Community Revitalization Fund (\$64.4 million in 2001 and \$79.0 million in 2002) and the Virginia Tobacco Settlement Fund (\$12.9 million in 2001 and \$15.8 million in 2002). For 2001, \$77.3 million (NGF). For 2002, \$94.8 million (NGF).



# Central Appropriations

## Detail Tables

	Fiscal Year 2001			Fiscal Year 2002		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
<b>CENTRAL APPROPRIATIONS</b>						
<b>FY 2000 appropriation</b>	514,671,686	66,711,575	581,383,261	514,671,686	66,711,575	581,383,261
Technical adjustments to base	(175,444,614)	(1,711,575)	(177,156,189)	(178,444,614)	(1,711,575)	(180,156,189)
Adjusted base budget	339,227,072	65,000,000	404,227,072	336,227,072	65,000,000	401,227,072
<b>Recommended funding changes:</b>						
▶ Transfer school construction funds from Central Appropriations to Direct Aid to Public Education	(55,000,000)	0	(55,000,000)	(55,000,000)	0	(55,000,000)
▶ Provide funding for the Governor's Opportunity Fund	30,000,000	0	30,000,000	0	0	0
▶ Provide funding for the Governor's Motion Picture Opportunity Fund	1,000,000	0	1,000,000	1,000,000	0	1,000,000
▶ Fund salary increases for state employees	14,612,941	0	14,612,941	36,807,943	0	36,807,943
▶ Fund cash match for employees in deferred compensation program	8,640,628	0	8,640,628	8,640,628	0	8,640,628
▶ Establish regional visitor centers	6,000,000	0	6,000,000	0	0	0
▶ Fund an increase in state employee health insurance premiums	17,940,427	0	17,940,427	14,353,835	0	14,353,835
▶ Support implementation of new pay structure	1,181,237	0	1,181,237	800,790	0	800,790
▶ Provide funding for the Workforce Training Access Fund	250,000	0	250,000	250,000	0	250,000
▶ Continue personal property tax relief	297,554,157	0	297,554,157	580,565,668	0	580,565,668
▶ Fund salary increases for state supported local employees	9,129,790	0	9,129,790	15,720,128	0	15,720,128
▶ Withhold productivity savings	0	0	0	(91,728,481)	0	(91,728,481)
▶ Continue the premium holiday for automobile liability premiums	(1,207,116)	0	(1,207,116)	(1,207,116)	0	(1,207,116)
▶ Institute a premium holiday on performance indemnity bond premiums	(99,320)	0	(99,320)	(99,320)	0	(99,320)
▶ Provide appropriation for tobacco settlement funds	0	77,335,967	77,335,967	0	94,847,905	94,847,905
<b>Total recommended funding changes</b>	330,002,744	77,335,967	407,338,711	510,104,075	94,847,905	604,951,980
<b>Total recommended funding</b>	669,229,816	142,335,967	811,565,783	846,331,147	159,847,905	1,006,179,052
Percent change	30.03%	113.36%	39.59%	64.44%	139.61%	73.07%
<b>Position level:</b>						
<b>FY 2000 appropriation</b>	5.00	0	5.00	5.00	0	5.00
Recommended position level changes	0	0	0	0	0	0
<b>Total recommended positions</b>	5.00	0	5.00	5.00	0	5.00

	Fiscal Year 2001			Fiscal Year 2002		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
<b>TOTAL FOR CENTRAL APPROPRIATIONS</b>						
Grand total recommended funds	669,229,816	142,335,967	811,565,783	846,331,147	159,847,905	1,006,179,052
Grand total recommended positions	5.00	0	5.00	5.00	0	5.00