

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, 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.



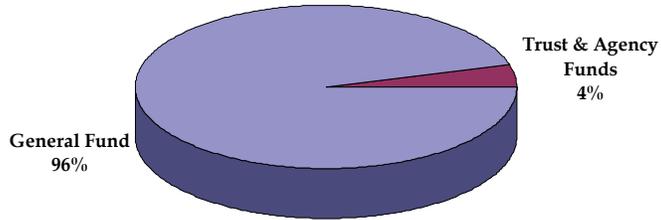
CENTRAL APPROPRIATIONS INCLUDE:

- Program Evaluation Service
- Payments for Tobacco Usage Prevention
- Personal Property Tax Relief
- Supplements to Employee Compensation
- Supplements to Employee Benefits
- Economic Development Assistance
- Base Realignment and Closure Assistance

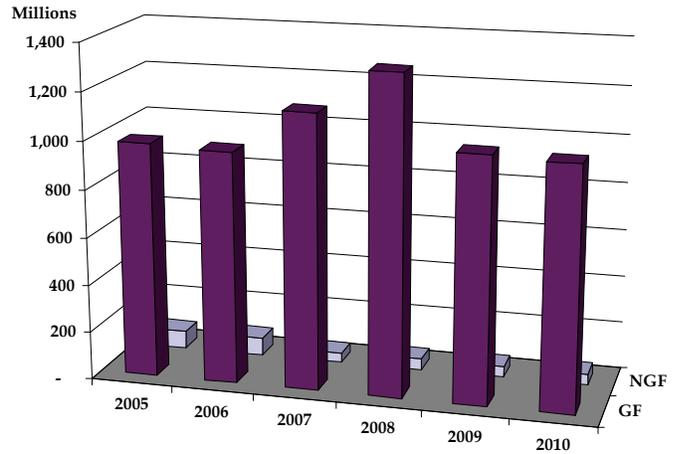




Financing of Central Appropriations* (Based on 2008 - 2010 Proposed Operating Budget)



Central Appropriations Operating Budget History



*Funds with totals less than 1% have not been included.

Central Appropriations

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Operating Budget History

	General Fund	Nongeneral Fund	Positions
2005 Appropriation	\$981,723,173	\$75,713,760	0.00
2006 Appropriation	\$968,386,841	\$76,662,113	0.00
2007 Appropriation	\$1,146,193,264	\$39,759,462	0.00
2008 Appropriation	\$1,324,296,745	\$46,313,093	0.00

New Operating Budget Summary

	General Fund	Nongeneral Fund	Positions
2009 Base Budget	\$1,324,296,745	\$46,313,093	0.00
2009 Addenda	(\$305,720,834)	\$45,118,336	0.00
2009 TOTAL	\$1,018,575,911	\$91,431,429	0.00
2010 Base Budget	\$1,324,296,745	\$46,313,093	0.00
2010 Addenda	(\$187,424,705)	\$45,304,917	0.00
2010 TOTAL	\$1,136,872,040	\$91,618,010	0.00

New Capital Outlay Budget Summary

	General Fund	Nongeneral Fund	Positions
2009 Addenda	\$0	\$26,500,000	0.00
2010 Addenda	\$50,000,000	\$0	0.00

Recommended Operating Budget Addenda

► **Distribute Central Appropriations amounts to agency budgets**

Adjusts the agency budget to reflect amounts moved from Central Appropriations to cover the cost of items such as the continuation of 2007 and 2008 salary and health insurance premium increases, as well as changes in retirement and disability contribution rates and other centrally funded items. For each year, a reduction of \$294.6 million (GF).

► **Remove incentive funding for the location of a research-related entity along the Interstate 81 corridor**

Removes one-time spending provided in paragraph R. of Item 462, Chapter 847, 2007 Acts of Assembly. This funding was for the provision of incentive payments for the location of a research-related entity. For each year, a reduction of \$12.0 million (GF).

► **Remove one-time spending for semiconductor education grants**

Removes one-time spending provided in paragraph M. of Item 462, Chapter 847, 2007 Acts of Assembly. This funding was for semiconductor manufacturing education in support of the Micron Technology Inc. expansion. For each year, a reduction of \$2.0 million (GF).

► **Remove miscellaneous one-time costs**

Removes funding for various one-time needs. For each year, a reduction of \$296,786 (GF).

► **Continue funding for the Governor's Development Opportunity Fund**

Continues funding for the Governor's Development Opportunity Fund at the same level that was funded for the 2006-08 biennium. For 2009, \$15.1 million (GF).

► **Transfer ongoing funding for the impact of HB 2749 & SB 1071 to applicable agency budgets**

Transfers funding included Central Appropriations for the impact of HB2749 & SB1071 to the Department of State Police. For each year, a reduction of \$325,283 (GF).

► **Distribute faculty salary increase funds to higher education institutions**

Moves the one percent amount included in Central Appropriations for faculty salary increases to the institutions of higher education. For each year, a reduction of \$4.3 million (GF).

► **Transfer Higher Education Tuition Incentive Fund to higher education institutions**

Transfers funds from Central Appropriations to individual institution's budgets for meeting the FY 2008 Tuition Incentive Fund requirements. For each year, a reduction of \$7.2 million (GF).

► **Remove one-time costs for various economic development grants**

Removes one-time spending for various economic development grants including the Virginia Investment Partnership grants, semiconductor manufacturing performance grants, and base realignment and closure assistance. For each year, a reduction of \$36.6 million (GF).

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

Makes adjustments to funding for the estimated total payment to individual institutions of higher education of the interest earned on tuition and fees and other nongeneral fund Education and General Revenues deposited to the state treasury and of 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 §23-9.6:1.01, Code of Virginia, have been successfully achieved by the individual institutions of higher education. FY 2010 funding requirements will be addressed in the 2009 budget. For 2009, \$4.0 million (GF). For 2010, a decrease of \$12.7 million (GF).

► **Adjust appropriation for the Tobacco Indemnification and Community Revitalization and Virginia Tobacco Settlement Funds**

Increases the nongeneral fund appropriation for the Tobacco Indemnification and Community Revitalization Fund and the Virginia Tobacco Settlement Fund to reflect the securitization of Tobacco Master Settlement Agreement amounts. For 2009, \$45.1 million (NGF). For 2010, \$45.3 million (NGF).

► **Provide funding for the cost of increase state employee workers compensation premiums**

Provides the net general fund increase required to cover the cost of 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. For 2009, \$1.1 million (GF). For 2010, \$1.7 million (GF).

► **Provide funding for changes in employer contributions for state employee retirement**

Funds state retirement contributions for 2009 and 2010 based upon a valuation of fund assets and liabilities as of June 30, 2007, assuming a 24-year funding period, an eight percent investment return, and a three percent retiree cost of living adjustment. This results in contribution rate changes for the State Police Retirement System (SPORS), Virginia Law Officers Retirement System (VaLORS), Judicial Retirement System (JRS), and state employee retirement. For 2009, \$4.4 million (GF). For 2010, \$4.6 million (GF).

► **Provide funding for changes in the reimbursement for Constitutional Officer retirement**

Provides funding for an increase in reimbursements to localities for Constitutional Officer retirement. Reimbursement for Constitutional Officer retirement is based in part on the retirement rate for state employees. Changes in the retirement rate for state employee has resulted in the need to increase the reimbursement to Constitutional Officers. For each year, \$1.6 million (GF).

► **Capture savings associated with changes in the employer contribution rates for state employee group life, sickness and disability, and retiree health credit programs**

Captures savings resulting from a net reduction in required funding for state employee sickness and disability insurance, group life insurance, and the state employee retiree health care credit. The latest valuation of program assets and liabilities resulted employer contribution rates that yield these savings. For 2009, a decrease of \$2.9 million (GF). For 2010, a decrease of \$3.0 million (GF).

► **Capture savings associated with the reduction in the group life contribution rate for Constitutional Officers**

Captures savings in Constitutional Officer reimbursements resulting from a reduction in contribution rates for the public employee group life insurance program administered by the Virginia Retirement System. The latest valuation of program assets and liabilities resulted in a reduction in rates paid by public employers for this coverage. For each year, a reduction of \$191,054 (GF).

► **Provide funding for the increased cost of state employee health insurance**

Provides funds to state agencies to cover the general fund share of the increase in health insurance premiums for their employees resulting from an anticipated rise in the cost of health care and the enhancement of employee wellness benefits. Funding is also provided to continue the phase-in of the Commonwealth's additional contribution to the state employee health insurance program to move from the current pay-as-you-go funding towards an actuarially calculated annual required contribution. Government reporting standards for Other Post Employment Benefits require full actuarially determined funding or recognition of the liabilities associated with under-funding. For 2009, \$19.1 million (GF). For 2010, \$14.8 million (GF).

► **Provide funding for changes in Seat of Government rent charges**

Adjusts funding to reflect changes in operating costs related to services and charges for the rental plan at the seat of government including increased energy costs. This adjustment also reflects in space needs for agencies occupying rental space

at the seat of government. For 2009, \$1.2 million (GF). For 2010, \$1.1 million (GF).

► **Provide funding for an unbudgeted increase in information technology rates**

Provides general fund assistance to affected agencies for the unbudgeted and increased costs associated with the new decentralized rates structure implemented in late FY 2007 by the Virginia Information Technologies Agency. For each year, \$9.5 million (GF).

► **Provide a salary increase for state employees**

Provides the general fund share of a three percent increase in the salaries of classified and other salaried state employees on July 1, 2009. For 2010, \$65.9 million (GF).

► **Provide a salary increase for state supported local employees**

Provides funds to support a three percent increase in the salaries of state-supported local employees on July 1, 2009. State-supported local employees include constitutional officers, local social services employees, local election board employees, local health employees, local juvenile justice workers, Community Services Board employees, and others. For 2010, \$29.7 million (GF).

► **Provide a salary increase for faculty at public institutions of education**

Provides the general fund share of an average three percent increase in the salaries and pay of faculty at Virginia's institutions of higher education effective July 1, 2009. For 2010, \$26.6 million (GF).

► **Continue 2008 budget reductions**

Continues the budget reductions included in the Governor's 2008 reduction plan into the 2008-10 biennium. For each year, a reduction of \$50,000 (GF).

► **Provide additional funding for the Productivity Investment Fund**

Provides additional support for the Productivity Investment Fund. This fund is used to promote effectiveness and efficiency in state government. For 2010, \$1.5 million (GF).

► **Transfer the Governor's Development Opportunity Fund to the Office of Commerce and Trade**

Moves existing funding for the Governor's Development Opportunity Fund to Office of Commerce and Trade. The fund provides either grants or loans to localities to assist in the creation of new jobs and investment in accordance with criteria established by legislation. For 2009, a decrease of \$15.1 million (GF).

► **Provide additional funding for SRI International**

Provides funding for the state's final payments to SRI International, an independent, nonprofit research institute establishing its new Center for Advanced Drug Research in the Rockingham Center for Research and Technology in Rockingham County under the provisions of a grant program established by the 2007 General Assembly. The grant program, in accordance with § 2.2-2240.1, Code of Virginia, is intended to promote research, development, and commercialization of products. For 2009, \$5.0 million (GF). For 2010, \$2.0 million (GF).

► **Provide incentive to Rolls-Royce to Virginia**

Provides funding to attract Rolls-Royce, a world-leading

Central Appropriations (Continued)

provider of power systems and services for use on land, at sea and in the air, to Prince George County. The company will build a state-of-the-art aeroengine facility in Prince George County, initially investing \$100 million to establish an assembly and test facility for its civil aerospace operations. Over time, the company has options to invest up to \$500 million to support future advanced manufacturing as opportunities arise for its defense and civil aerospace businesses. The projects will create 500 new jobs. This incentive package includes funding for a variety of components, including a higher education grant. For 2009, \$1.3 million (GF). For 2010, \$9.4 million (GF).

► **Continue funding for the Military Strategic Response Fund**

Provides funding to continue to assist Virginia localities affected by the base realignment and closure process. This funding, which will be used to match local and other funds, can be used for infrastructure, environmental clean-up, workforce training, and related non-recurring costs for localities that may lose or gain personnel and facilities from the realignment. In allocating funds from this program, priority will be given first to any locality in which a United States Navy Master Jet Base is located and to assist in the retention of the Defense Advanced Research Projects Agency. For 2009, \$7.5 million (GF). For 2010, \$17.5 million (GF).

► **Add language to permit flexibility in the use of encroachment funding**

A language amendment to provide flexibility to use funding currently allocated toward addressing encroachment issues surrounding Master Jet Bases or an auxiliary landing field in connection with flight operations arising from such Master Jet Bases to mitigate adverse affects on any military operations caused by encroachment of incompatible land uses.

Recommended Capital Outlay Addenda

► **Provide supplemental funding for previously authorized capital projects**

Provides Virginia College Building Authority bond proceeds for various previously authorized capital projects at institutions of higher education. Additional funding is required as the result of changes in process for materials and construction. For the biennium, \$26.5 million (NGF).

► **Provide funding for maintenance reserve**

Provides funds to be distributed to agencies that maintain state-owned facilities. Funds will be used for approved maintenance reserve projects and deferred maintenance needs that are critical to the continued use of a building, system, or equipment. For the biennium, \$50.0 million (GF).