



Glossary of Terms

Activity-based budget

Funding necessary to continue an agency's approved ongoing activities. The activity-based budget does not include significant changes in the way the agency provides services. The activity-based budget is developed at the beginning of each biennial budget cycle.

For the 2002-2004 biennial budget, the activity-based budget for each agency includes central accounts adjustments and technical adjustments such as shifting funds between programs or subprograms, taking out one-time funding and annualizing partial-year funding. (See also "Central accounts adjustments," "Technical adjustments," and "Biennium.")

Amendment

Any change to a previously enacted Appropriation Act. A change can be a modification of existing language or amount, addition of new language or amount, or deletion of existing language or amount. An amendment can be proposed by the Governor in the introduced Budget Bill. All amendments, whether proposed by the Governor or made by the General Assembly, must be adopted by the General Assembly before they can become law.

This budget document includes a section showing the Governor's proposed amendments to the current budget for the 2000-2002 biennium. (See also "Caboose bill.")

Appropriation

The amount of spending legally authorized by the General Assembly. Only the General As-

sembly can appropriate funds. The Governor, however, has certain statutory authority to increase, decrease, or transfer funds during the implementation of the budget. The Governor's authority to make such changes is contained in Part Four (General Provisions) of the Appropriation Act.

Biennium

A two-year period used by the state for financial and budget purposes. It includes two fiscal years, running from July 1 in an even-numbered year to June 30 of the next even-numbered year. The current 2000-2002 biennium, for example, began on July 1, 2000, and will end June 30, 2002. The upcoming 2002-2004 biennium begins on July 1, 2002, and will end on June 30, 2004.

This budget document describes the Governor's proposals for the 2002-04 biennial budget, which will begin July 1, 2002, and will end June 30, 2004. (See also "Fiscal year.")

Bonds (See 'debt.')

Budget Bill

The bill is the legislation containing the Governor's proposal for the biennial appropriations of the state's revenues and unexpended balances. The bill is submitted by the Governor to the presiding officer of each house in the General Assembly session held in an even-numbered year. Traditionally, the Budget Bill for the biennial budget is assigned the bill number 30 (House Bill 30 and Senate Bill 30).

In the odd-year session, the Governor submits a Budget Bill containing his proposed amendments to the Appropriation Act enacted in the prior even-numbered year. No specific bill number is assigned to the Budget Bill in the odd year.

Caboose Bill

This is a budget bill that amends the biennium that is coming to a close. The Governor's proposed amendments to the current 2000-2002 biennium is submitted in a "caboose bill." Traditionally, the "caboose bill" is assigned the bill number 29 (House Bill 29 and Senate Bill 29). (See also "Biennium," and "Budget Bill.")

Capital budget

The state has two types of budgets, an operating budget and a capital budget. The state's capital budget deals with large, non-recurring expenditures of funds to purchase, construct, or renovate fixed assets such as land, buildings, and other physical plants, or equipment costing more than \$250,000 to construct or \$500,000 to improve.

Examples are the construction of a building, renovations to a water supply system, or the installation of a new sewage system. A capital budget appropriation is limited to the cost of a project and may be expended over a long period until the project is completed. (See also "Operating budget.")

Central accounts adjustments

Some budgeted amounts may be placed for convenience in Central Appropriations, which acts as a central "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 may be used for convenience as a "reversion clearing account" to accrue statewide savings for various actions.

Amounts placed in a central account must later be distributed to the individual agencies as adjustments to the budget.

A number of these central accounts adjustments were included in the activity-based budgets in the Governor's recommended executive budget for the 2002-2004 biennium. They include:

- ▶ the capture of additional savings from reduced telecommunications rates as a result of a new state contract with MCI-Worldcom,
- ▶ the transfer of funding to agencies for the increased employer cost of health insurance premiums for state employees in fiscal year 2002,
- ▶ the transfer of funds for the annualized cost of the 2001 salary increases for state and state-supported local employees,
- ▶ an adjustment to reflect a change in the retiree health credit rate,
- ▶ an adjustment to reflect a reduction in the contribution rates agencies must pay the Virginia Retirement System toward retirement for state employees, and
- ▶ the transfer of funds to match the contributions of qualified state employees who participated in the Commonwealth's deferred compensation program.

(See also "Technical adjustments.")

Classified position

A position in the state's classified plan subject to the provisions of the Virginia Personnel Act and state personnel regulations.

Certain state officials and employees (listed in Section 2.1-116 of the Code of Virginia) are exempt from the act and serve at the pleasure of the Governor or other appointing authority. (See also "Position level," "Full-time equivalent," and "Wage employee.")

Debt

All long-term credit obligations of a state agency, whether or not backed by the full faith and credit of the Commonwealth, and all interest-bearing short-term obligations. Debt includes revenue bonds, general obligation bonds,

notes, and interest-bearing warrants, but excludes loans that do not bear interest or amounts held in trust.

The major types of debt are referred to by the sections of Article X of the Virginia Constitution that authorized them:

Section 9(a) Debt. Debt incurred under Section 9(a) may be issued to meet emergencies, to redeem previous debt, or, on a short-term basis, to meet casual deficits in revenue or in anticipation of collection of revenues.

Section 9(b) Debt. Debt incurred under Section 9(b) is long-term general obligation debt for capital projects. It must be authorized by a majority vote of each house of the General Assembly and approved in a referendum by the citizens of the Commonwealth. The source of funds for repaying this debt is general fund revenues of the Commonwealth.

Section 9(c) Debt. Debt incurred under Section 9(c) is long-term general obligation debt for revenue-producing capital projects. This debt is issued as “double barreled” bonds, which are backed by both the revenues of the projects and the full faith and credit of the Commonwealth. Issuance of Section 9(c) debt requires a two-thirds vote of each house of the General Assembly and certification by the Governor that net revenues will be sufficient to meet principal and interest payments on the debt. Should project revenues prove insufficient, the state’s full faith and credit is pledged to repay the debt.

Section 9(d) Debt. Debt authorized under Section 9(d) is appropriation- and revenue-backed debt. It is considered nongeneral obligation debt, because it is not backed by the full faith and credit of the Commonwealth. The issuance of this debt is authorized by general law and may be repaid from a number of sources, including appropriations of general and nongeneral fund revenues by the General Assembly, revenues of self-supporting enterprise systems, or payments from local governments.

Fiscal year

The calendar on which the state operates for financial and budget purposes. Virginia’s fiscal year begins on July 1 and ends on June 30. The current fiscal year, 2002, began on July 1, 2001,

and will continue until June 30, 2002. (*See also “Biennium.”*)

Full-time equivalent (FTE)

A method of calculating employment and enrollment to adjust for part-time or part-year participation.

For classified personnel, one FTE equals 2,080 hours worked in a year. Part-time or part-year employees are factored according to the share of the full 2,080-hour work year they are employed. A seasonal employee who works only 20 hours per week for six months, for example, would count as 0.25 FTE.

FTE is also used to measure and express student enrollment and attendance at institutions of higher education. (*See also “Classified position,” “Position level,” and “Wage employee.”*)

General fund (GF)

Revenues are deposited into the state’s general fund if they are not designated for a particular purpose. General fund revenues are derived from general taxes paid by Virginia citizens and businesses, such as the corporate and personal income tax. Lottery profits are also a revenue source of the general fund. Slightly less than half of the state’s revenues go into the general fund.

Because these revenues can be used for a variety of governmental programs, this is the fund that the Governor and General Assembly have the most discretion to spend.

Nongeneral funds (NGF)

Revenues are deposited into one of the state’s nongeneral funds if law earmarks them for a specific purpose. For example, federal grants are mandated for specific programs or activities, and motor vehicle and gasoline taxes are dedicated for transportation programs. Another example of nongeneral fund revenue is student tuition and fees, which support higher education.

Operating budget

The state has two types of budgets, an operating budget and a capital budget. The operat-

ing budget shows spending related to the ongoing operations of the programs, services, and activities of state agencies. An operating budget appropriation is limited to the costs of operation during each year of a biennium.

Operating costs include such expenses as personal services (salaries and benefits for classified employees and hourly workers), contractual services, and supplies. These expenses are, for the most part, recurring costs of providing state services. (See also “Capital budget.”)

Productivity savings

In his proposed budget for the 2000-2002 biennium, Governor Gilmore recommended that state agencies find a total of \$91.7 million in “productivity savings” during the biennium. It was his belief that, like the private sector, state government could improve the way it does business and provide better service to taxpayers by increasing use of technology and other efficiencies to achieve greater productivity. The 2000 General Assembly accepted the Governor’s recommendation, and the \$91.7 million in savings was included in a central account in the 2000 Appropriation Act.

All agencies of the Executive Branch, except institutions of higher education, were then asked to develop plans containing specific strategies to achieve productivity savings. Agencies generated hundreds of innovative strategies for increasing productivity and reducing the cost of government. As required by the 2000 Appropriation Act, Governor Gilmore presented these plans to the General Assembly in October 2000. Details of the productivity savings strategies for each agency can be found on the web site of the Department of Planning and Budget at www.dpb.state.va.us/budget/00-02/finalreport.pdf.

In Governor Gilmore’s proposed amendments to the 2000-2002 budget, the \$91.7 million in savings that was included in a central account is distributed to the individual agencies through specific amendments.

Position level

The maximum number of full-time equivalent employees that a state agency is authorized to employ.

An agency’s total number of employees may not exceed the position level unless specifically permitted by language in the Appropriation Act. However, an agency’s actual employment at any given time may be less, since some positions may be vacant. Contractual or wage employees, which agencies use for tasks of limited duration or seasonal nature, are not counted in the position level. However, for institutions of higher education, position level includes adjunct faculty. (See also “Full-time equivalent,” “Classified employee,” and “Wage employee.”)

Program

Virginia’s budget is based on a program structure, a mechanism for conveniently and uniformly identifying and organizing the state’s activities and services. Under this structure, services that the state provides are classified as items in descending levels as “programs” and “subprograms.” A program is a distinct organization of resources by a state agency directed toward a specific objective such as developing or preserving a public resource, preventing or eliminating a public problem, improving or maintaining a condition affecting the public. (See also “Subprogram.”)

Subprogram

A subprogram is a component or subdivision of a program. (See also “Program.”)

Technical adjustments

Technical adjustments are “housekeeping adjustments” to an agency’s budget that do not involve policy changes. Such adjustments include shifting funds between programs or subprograms, taking out one-time funding, annualizing partial-year funding, continuing increases in employee salaries into the next year, and changing rates for the state’s share of employee benefits such as health insurance.

Some technical adjustments reflect amounts that are put in a central holding account for convenience during development of the biennial budget, and must later be distributed to the individual agencies as amendments to the budget. (See also “Central accounts adjustments.”)

Wage employee or hourly position (P-14)

An employee working on a per-hour basis. Is considered to be a wage employee or working in an hourly position. Agencies are allowed to hire a wage employee for up to 1,500 hours within a year. Agencies generally use wage employees (called P-14 positions) for tasks of limited duration or seasonal nature. Wage employees are not eligible for most state fringe benefits such as health insurance, sick and annual leave, and so forth. (See also "Position level," "Classified position," and "Full-time equivalent.")