

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:

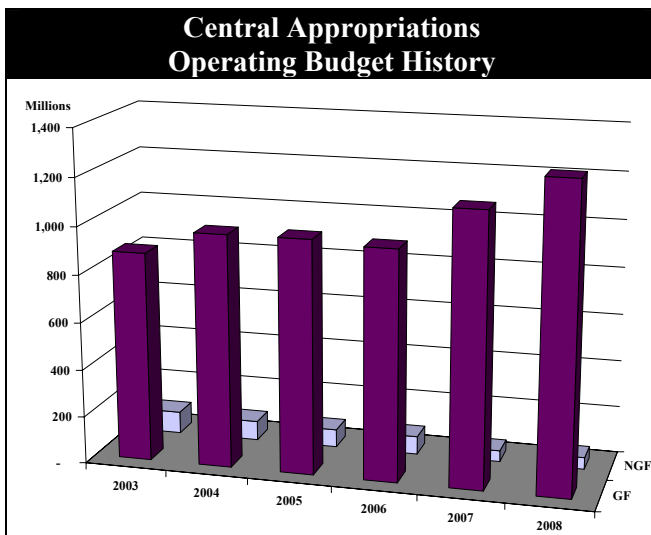
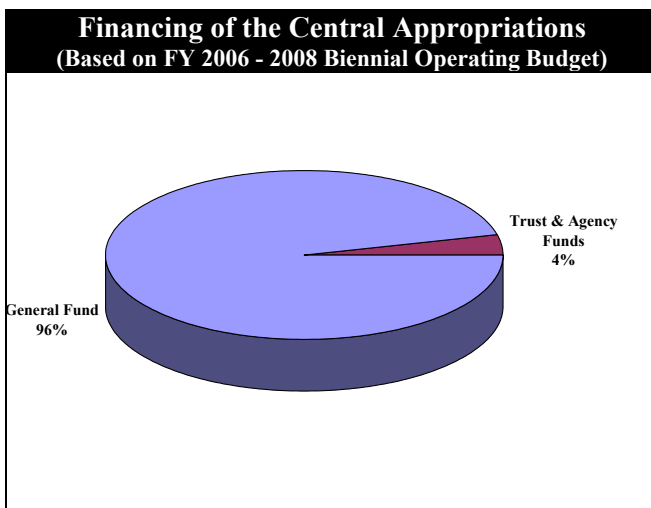
- Program Evaluation Service
- Payments for Tobacco Usage Prevention
- Personal Property Tax Relief
- Supplements to Employee Compensation
- Supplements to Employee Benefits
- Governor’s Opportunity Fund
- Economic Development Assistance
- Base Realignment and Closure Assistance

CENTRAL APPROPRIATIONS:

The Governor’s budget retains funding to increase the salaries of Virginia’s state supported public employees. State employees will receive a three percent increase effective November 25, 2007. State supported local employees, to include constitutional officers, local social services employees, local election board employees, local health employees, local juvenile justice workers, Community Services Board employees, and others, will receive a three percent salary increase effective December 1, 2006. This action is necessary to allow the Commonwealth to attract and retain an educated, dedicated, and motivated workforce. Salary increases for faculty are included in the budgets of higher education institutions and public school teacher salary increases are included in Direct Aid to Public Education.

The introduced budget also provides \$9.8 million in funding for the general fund share of employee health insurance premiums increases for state employees. This funding addresses increases in utilization and costs, and provides enhanced wellness coverage for state employees and their dependents. In addition, the Governor’s budget provides \$10 million in funding to begin the process of bringing funding for state employee benefits in compliance with new government accounting standards for post-employment benefits. Specifically, the budget begins a five-year phase-in of the increased annual contributions required for the state employee health insurance program and the Virginia Sickness and Disability program and fully funds the obligation for the state employee group life and retiree health credit programs.

In addition to public employee compensation and benefits, the Governor’s proposed funding measures in Central Appropriations include \$18 million to boost economic development in the Commonwealth through increasing funding for the Governor’s Development Opportunity Fund, creating incentives to attract research facilities to Virginia, and providing funding for the Southwest Virginia Technology Development Center.



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

Central Appropriations

Mission Statement:

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

Customers Served:

Governor ♦ General Assembly ♦ State Agencies

Operating Budget History:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2003	\$881,599,937	\$92,662,616	\$974,262,553	\$15,161,572	\$959,100,981	0.00
FY 2004	\$979,554,781	\$81,140,324	\$1,060,695,105	(\$11,969,354)	\$1,072,664,459	0.00
FY 2005	\$981,723,173	\$75,713,760	\$1,057,436,933	\$55,687,804	\$1,001,749,129	0.00
FY 2006	\$965,446,324	\$76,662,113	\$1,042,108,437	\$165,200,322	\$876,908,115	0.00

New Operating Budget Summary:

	General Fund	Nongeneral Fund	TOTAL	Personnel Costs	Other Costs	Positions
FY 2007 Appropriation	\$1,140,524,427	\$46,971,974	\$1,187,496,401	\$107,978,227	\$1,079,518,174	0.00
FY 2007 Amendments	\$10,668,837	(\$7,212,512)	\$3,456,325	\$0	\$3,456,325	0.00
FY 2007 TOTAL	\$1,151,193,264	\$39,759,462	\$1,190,952,726	\$107,978,227	\$1,082,974,499	0.00
FY 2008 Appropriation	\$1,279,736,679	\$49,912,436	\$1,329,649,115	\$155,236,889	\$1,174,412,226	0.00
FY 2008 Amendments	\$16,755,905	(\$3,599,343)	\$13,156,562	(\$1,438,959)	\$14,595,521	0.00
FY 2008 TOTAL	\$1,296,492,584	\$46,313,093	\$1,342,805,677	\$153,797,930	\$1,189,007,747	0.00

Recommended Operating Budget Amendments

► Move funding set-aside for public teacher salary increase to Direct Aid to Public Education

Moves the funding reserved for 2008 public school teacher salary increases contained in Central Appropriations to Direct Aid to Public Education. A companion amendment in Direct Aid to Public Education increases the budget in that agency for public school teacher salary increases. For 2008, a decrease of \$22.0 million (GF).

► Move reversion for Public School Teacher benefit rate changes to Direct Aid to Public Education

Moves the reduction for changes in the contribution rates for public school teacher group life insurance and retiree health care credit contained in Central Appropriations to Direct Aid to Public Education. A companion amendment in Direct Aid to Public Education reduces the budget for that agency by the same amount. For 2007, \$2.9 million (GF). For 2008, \$2.9 million (GF).

► Move funding set-aside for faculty salary increases to institutions of higher education

Moves the funding reserved for 2008 faculty salary increases contained in Central Appropriations to institutions of higher education. Companion amendments in the various higher education institutions increases the budget in those agencies for faculty salary increases. For 2008, a decrease of \$12.9 million (GF).

► Adjust appropriation of tobacco Master Settlement Agreement funds

A technical amendment to adjust the appropriation of tobacco Master Settlement Agreement revenue to account for potential changes in payments by participating manufacturers. For 2007, a decrease of \$7.2 million (NGF). For 2008, a decrease of \$3.6 million (NGF).

Recommended Operating Budget Amendments

► Provide contingent funding for outside legal counsel and for enforcement of the 1998 Tobacco Master Settlement Agreement

Provides contingent funds to pay for the general fund share of unbudgeted legal costs in the Office of the Attorney General (OAG) for courthouse renovation cases and for enforcement of the 1998 Tobacco Master Settlement Agreement (MSA). The 2006 session of the General Assembly required the OAG to receive Central Appropriation dollars to pay outside counsel for court renovation cases, but funds were not appropriated. Also, the contingent funds support the 40 percent general fund share of any unbudgeted activities for enforcement of the MSA. The remaining 60 percent of total costs will be paid by the Tobacco Indemnification and Community Rehabilitation Fund or the Virginia Tobacco Settlement Fund per Item 458 and §3-1.01Q of the appropriation act. For 2008, \$200,000 (GF).

► Fund the increased cost of state employee health insurance coverage

Provides funds to state agencies to cover the general fund share of the increase in FY 2008 health insurance premiums for their employees caused by the continued rise in the cost of health care and the enhancement of employee wellness benefits. For 2008, \$9.8 million (GF).

► Fund Other Post Employment Benefits reporting costs for the state employee health insurance program

Provides for the general fund costs associated with Commonwealth's additional contribution to the state employee health insurance program to move from the current pay-as-you-go funding towards the actuarially calculated annual required contribution. New government reporting standards for Other Post Employment Benefits require full actuarially determined funding or recognition of the liabilities associated with under-funding. The funded amount represents the start of a planned five-year phase-in towards the full required annual actuarially determined contribution. This additional required contribution will be paid through an increase in employer and employee premiums for health insurance. For 2008, \$6.3 million (GF).

► Fund Retirement System-related Other Post Retirement Benefit reporting costs

Provides for the general fund costs associated with Commonwealth's required annual contribution to the state employee sickness and disability program, group life program, and the retiree health credit program based on the most recent actuarial program valuations. The funded amount represents the start of a planned five-year phase-in towards the full required annual contribution for the sickness and disability program and reflects the full funding of the required contribution for group life and the retiree health credit. For 2008, \$3.7 million (GF).

► Fund additional security and other incidental costs associated with the Jamestown 2007 Celebration

Provides funding for additional security and other costs not currently budgeted. These costs result from additional needs associated with the Jamestown 2007 Celebration and related events. For 2007, \$1.8 million (GF).

► Provide a three percent salary increase for state and state supported local employees

Provides the additional general fund amount required for a three percent salary increase for state employees and state-supported local employees. This salary increase will be effective November 25, 2007, for state employees and December 1, 2007, for state supported local employees. For 2008, \$650,000 (GF).

► Fund new geospatial information services rates

Provide funding for impacted state agencies to cover unplanned costs associated with the implementation of new geospatial and base mapping service charges by the Virginia Information Technologies Agency. For 2008, \$713,113 (GF).

Recommended Operating Budget Amendments

► Provide additional funding to attract research facility to Virginia

Provides additional funding for an incentive for the location of a research-related entity along the Interstate 81 corridor. \$3.0 million was provided in 2007. For 2008, \$12.0 million (GF).

► Provide additional funding for the Governor's Development Opportunity Fund

Provides additional funding for the Governor's Development Opportunity Fund (GOF). The GOF is a critical economic development tool. The deal-closing fund, as it is often called, provides either grants or loans to localities to enable the Commonwealth to compete for major new investment and jobs with other states and countries. Since the fund's inception, 366 grants have been awarded, generating over \$13.7 billion in investment and creating more than 91,000 jobs. For 2007, \$5.0 million (GF).

► Fund the Southwest Virginia Technology Development Center

Provides funding to the Russell County Industrial Development Authority for the ongoing construction of the Southwest Virginia Technology Development Center in Russell County. For 2007, \$1.0 million (GF).

► Provide additional funding for the Governor's economic contingency fund

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 2008, \$2.5 million (GF).

► Fund higher education interest payments and rebates for credit card purchases

Provides 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. For 2008, \$12.7 million (GF).