



Central Appropriations

Summary

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.

Recommended funding changes:

- ▶ **Continue personal property tax relief.** Continues car tax reimbursement to local governments at the 70 percent level for tax year 2003 and fully eliminates the car tax for vehicles under \$20,000 in tax year 2004. This translates into a 70 percent reimbursement rate to localities for all of fiscal year 2003 and the first half of fiscal year 2004, moving up to 100 percent for the second half of fiscal year 2004. For 2003, a savings of \$36.2 million (GF). For 2004, an increase of \$111.3 million (GF).
- ▶ **Fund performance-based salary increase for state employees.** Provides the general fund share of an average two percent performance-based increase in the salaries of full-time state employees on November 25, 2002. The actual salary increase for individual employees will be based on their performance evaluations and could range from zero to five percent. For 2003, \$23.0 million (GF). For 2004, \$42.4 million (GF).
- ▶ **Fund salary increases for state-supported local employees.** Additional funds to support a two percent increase in the salaries of state-supported local employees on December 1, 2002. 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 2003, \$7.8 million (GF). For 2004, \$13.3 million (GF).
- ▶ **Fund increased health benefit premiums for state employees.** Provides funds to state agencies to cover an increase in health insurance premiums for their employees. The rising cost of health care has caused a continued increase in health premiums for both the private and government sectors. For 2003, \$24.5 million (GF). For 2004, \$24.0 million (GF).
- ▶ **Fund anti-terrorism response initiatives.** Creates a central source of funding to respond to terrorist events or an emergency arising from other-than-natural disasters. Funds can be used for a variety of purposes including mitigation of hazardous materials, search and rescue operations, and

other security and emergency preparedness-related activities. For 2003, \$5.0 million (GF) and 50 positions (GF). For 2004, \$7.8 million (GF) and an additional 50 positions (GF).

- ▶ **Fund the increased cost of the retiree health credit for state employees.** Provides funds to cover an increase in the contribution rate for the retiree health care credit paid by state agencies on behalf of their employees. The retiree health care credit is a monthly benefit that employees receive after retirement. This benefit helps retirees defray the cost of health insurance premiums. For 2003, \$3.8 million (GF). For 2004, \$3.9 million (GF).
- ▶ **Fund the increased cost of group life insurance for state employees.** Provides additional funds to cover an increase in the group life contribution rate paid by state agencies on behalf of their employees. This program provides state employees with life insurance coverage. For 2003, \$4.2 million (GF). For 2004, \$4.4 million (GF).
- ▶ **Fund the increased cost of the disability program for state employees.** Provides funding for the increase in the contribution rates for the Virginia Sickness and Disability Program paid by state agencies on behalf of their employees. This program provides sick leave and disability benefits for state employees. For 2003, \$5.9 million (GF). For 2004, \$6.2 million (GF).
- ▶ **Implement across-the-board reduction for agencies of the Executive Department.** Aids in the balancing of the budget through the creation of a reversion account representing the Executive Branch share of an across-the-board reduction in state agency appropriations in each year of the biennium. This action continues the two percent reduction begun in 2002, and adds another four percent reduction in 2003. The four percent reduction is continued into 2004 with no additional reduction. These reductions exempt key law enforcement officers, direct aid to public education, and debt service payments. For 2003, a reduction of \$176.7 million (GF). For 2004, a reduction of \$178.9 million (GF).
- ▶ **Fund retirement contributions using the actuarially calculated rates.** Applies the rates calculated by the actuary for the Virginia Retirement System for the purposes of funding retirement contributions for fiscal years 2003 and 2004. These rates are based on a valuation of fund assets and liabilities as of June 30, 2001. This results in contribution rate reductions for the State Police Retirement System (SPORS), Judicial Retirement System (JRS), Virginia Law Officers Retirement System (VaLORS), and state employee retirement. Utilizing the actuarially calculated contribution rates will have no impact on current or future retirement benefits. For 2003, a savings of \$29.0 million (GF). For 2004, a savings of \$30.3 million (GF).
- ▶ **Achieve savings attributed to VRS unclaimed property.** Generates savings in the Virginia Retirement System (VRS) attributed to abandoned retirement accounts. These accounts become abandoned when VRS cannot locate individuals who were once enrolled in the retirement system but have left VRS coverage. The savings will be collected through a reduction in the retirement contribution rates paid on behalf of state employees in fiscal year 2003. This action has no impact on current or future retirement benefits. For 2003, a savings of \$25.0 million (GF).
- ▶ **Achieve savings from the Governor's Opportunity Fund.** Captures savings resulting from a reduction in the amount of general fund support for the Governor's Development Opportunity Fund. Specifically, this action reduces the biennial funding for the Governor's Development Opportunity Fund by \$10 million from the current level of \$30 million. The \$20 million remaining after the reduction is split equally between fiscal years 2003 and 2004. For 2003, a savings of \$20.0 million (GF). For 2004, an increase of \$10.0 million (GF).

- ▶ **Transfer local health insurance appropriation.** A technical adjustment to transfer the appropriation for the health insurance program for localities from Central Appropriations to Administration of Health Insurance, a “holding account” for funds used to pay for the cost of employee health insurance. A reduction of \$65 million (NGF) in each year.
- ▶ **Achieve general fund savings from college tuition and fee plans.** Saves general fund dollars by requesting public colleges and universities to operate more efficiently, but affords the college and university boards of visitors the flexibility to propose, on a case-by-case basis, tuition or fee increases in order to offset general fund savings. Each institution will be required to submit a tuition increase plan for approval by the Governor, subject to a maximum increase of \$100 per student per semester. Since 1997, the Governor and General Assembly have increased funding for public colleges and universities by over \$500 million, or 48 percent. Public colleges and universities will retain most of those increases. After six years of a tuition freeze in Virginia and a 20 percent tuition cut in 1999, tuition and fees have been reduced by 25 percent since 1997, while tuition averages at public colleges and universities across the country increased over 20 percent. As a result, Virginia parents and students have saved more than a cumulative \$450 million since 1997. In 1997, Virginia ranked as the third most expensive state in which to obtain a college education. In 2001, Virginia’s affordability ranking has dropped to 12th. In the absence of the Governor’s affordability policies, if Virginia had followed national trends, tuition would cost a Virginia parent or student over \$1,300 per year more at a four-year institution and over \$500 more at a community college than it does today. Thus, even a \$100 maximum increase per semester in 2002 would preserve the cost savings generated over the last four years, and a college education will remain more affordable than it was in 1997. For 2003, a savings of \$43.1 million (GF). For 2004, a savings of \$90.1 million (GF).
- ▶ **Provide funding for Virginia Equine Center Foundation.** A grant for the Virginia Equine Center Foundation. The activities of the horse center promote agribusiness in the Commonwealth. In each year, \$1.3 million (GF).
- ▶ **Provide funding for semiconductor manufacturing education grant.** An increase in funds for a major semiconductor manufacturer that has recently announced a significant expansion in the City of Manassas. The funds are to be used by the major semiconductor manufacturer to support a variety of semiconductor education programs throughout Virginia in partnership with schools of engineering at public institutions of higher education, and with the various community colleges of Virginia. For 2003, \$1.5 million (GF).
- ▶ **Provide funding for semiconductor manufacturing performance grant programs.** An increase in funds for the initial semiconductor manufacturing performance grant payments under the Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program (\$3.7 million) and Semiconductor Memory or Logic Wafer Manufacturing Performance Grant Program II (\$3.0 million). The grant payments are based on the volume of manufacturing and sales of memory and logic wafers, the amount of new investment, and the number of new jobs created. For 2004, \$6.7 million (GF).



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Detail Tables

	Fiscal Year 2003			Fiscal Year 2004		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
CENTRAL APPROPRIATIONS						
2002 legislative appropriation	847,233,296	181,344,746	1,028,578,042	847,233,296	181,344,746	1,028,578,042
Adjustments to legislative appropriation	48,180,955	(27,751,714)	20,429,241	16,887,778	(38,366,083)	(21,478,305)
Activity-based budget	895,414,251	153,593,032	1,049,007,283	864,121,074	142,978,663	1,007,099,737
Recommended funding changes:						
▶ Transfer local health insurance appropriation	0	(65,000,000)	(65,000,000)	0	(65,000,000)	(65,000,000)
▶ Implement across-the-board reduction for agencies of the Executive Department	(176,752,034)	0	(176,752,034)	(178,935,174)	0	(178,935,174)
▶ Fund retirement contributions using the actuarially calculated rates	(29,007,434)	0	(29,007,434)	(30,268,632)	0	(30,268,632)
▶ Achieve savings attributed to VRS unclaimed property	(25,005,579)	0	(25,005,579)	0	0	0
▶ Achieving savings from the Governor's Opportunity Fund	(20,000,000)	0	(20,000,000)	10,000,000	0	10,000,000
▶ Achieve general fund savings from college tuition and fee plans	(43,100,000)	0	(43,100,000)	(90,100,000)	0	(90,100,000)
▶ Fund performance-based salary increase for state employees	22,975,606	0	22,975,606	42,416,502	0	42,416,502
▶ Fund salary increases for state-supported local employees	7,773,084	0	7,773,084	13,325,287	0	13,325,287
▶ Fund increased health benefit premiums for state employees	24,530,099	0	24,530,099	23,966,422	0	23,966,422
▶ Fund the increased cost of the retiree health credit for state employees	3,753,314	0	3,753,314	3,916,498	0	3,916,498
▶ Fund the increased cost of group life insurance for state employees	4,222,477	0	4,222,477	4,406,063	0	4,406,063
▶ Fund the increased cost of the disability program for state employees	5,920,005	0	5,920,005	6,177,397	0	6,177,397
▶ Fund anti-terrorism response initiatives	4,969,400	0	4,969,400	7,747,000	0	7,747,000
▶ Continue personal property tax relief	(36,159,669)	0	(36,159,669)	111,334,229	0	111,334,229
▶ Provide funding for semiconductor manufacturing education grant	1,500,000	0	1,500,000	0	0	0
▶ Provide funding for semiconductor manufacturing performance grant programs	0	0	0	6,720,000	0	6,720,000
▶ Provide funding for Virginia Equine Center Foundation	1,260,000	0	1,260,000	1,264,000	0	1,264,000
Total recommended funding changes	(253,120,731)	(65,000,000)	(318,120,731)	(68,030,408)	(65,000,000)	(133,030,408)

	Fiscal Year 2003			Fiscal Year 2004		
	General	Nongeneral	All Funds	General	Nongeneral	All Funds
Total recommended funding	642,293,520	88,593,032	730,886,552	796,090,666	77,978,663	874,069,329
% change over activity-based budget	(28.27%)	(42.32%)	(30.33%)	(7.87%)	(45.46%)	(13.21%)
Position level:						
2002 legislative appropriation	5.00	0	5.00	5.00	0	5.00
Recommended position level changes	45.00	0	45.00	95.00	0	95.00
Total recommended positions	50.00	0	50.00	100.00	0	100.00
Total for Central Appropriations						
Grand total recommended funds	642,293,520	88,593,032	730,886,552	796,090,666	77,978,663	874,069,329
Grand total recommended positions	50.00	0	50.00	100.00	0	100.00